

# **The elements of the success of opening Islamic windows in traditional banks( an analytical reading about the most important requirements for their establishment through the reality of Islamic banking globally)**

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## **Abstract :**

The subject of this research is concerned with studying the phenomenon of the tendency of many interest-based banks to establish subsidiary branches that provide Islamic banking services, and given the difference in the nature of the work of each of the interest banks and the Islamic branches affiliated to them, this research aims to identify the reality of the Islamic branches, the reasons for their origin and the characteristics that distinguish them from other branches The traditional nature of its work and the relationship between it and the interest-based banks that establish it, and this research aims to clarify the position of those interested in the affairs of Islamic economics from the Islamic branches and the ruling on dealing with them, and the economic effects of establishing those branches on the traditional banking system in general and Islamic banking in particular.

**Keywords:** Islamic windows, Islamic banking, Traditional Banking, Islamic branches.

**Code JEL :**G2,20,21,29

## **Introduction :**

The great development that Islamic banking has witnessed during the past decade, in addition to the positive view of this banking after the global financial crisis, as it is based on ethical principles, transparency and mutual benefit in its operations, has received great attention by a group of international bodies and international banks,

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due to the range of successes it has achieved since Several years, in attracting savings and undertaking investment operations other than various financing formulas, in addition to these advantages that Islamic banks possess, they have contributed to attracting traditional banks to adopt the Islamic banking model, even in some of its forms, as the latter provided Islamic services within its traditional services, In an attempt to attract the largest segment of customers, some of them established specialized Islamic branches, and some of them had decided to gradually convert their branches into Islamic branches, and some chose to gradually convert activities instead of converting branches, and some of them opened Islamic windows in all or some of its branches Some of them used to sell their Islamic products alongside their traditional products. However, experiences in the field of Islamic banking confirmed the success of Islamic windows are transforming into independent banks despite the challenges that these windows face in terms of modest capital compared to independent banks and separate financial transactions entirely, except for the view of community members in dealing with Islamic windows for traditional banks that deal with the traditional banking system, and some clients have reservations about Dealing with a bank that offers dual services.

The experience of practicing traditional banks for Islamic banking through Islamic windows or branches is considered a successful experience due to the tangible positive results that resulted from it, represented in the growth of Islamic banking at an annual rate estimated by researchers at 15% annually, and in the continuous increase in the number of banks practicing this work and its spread in All over the world, and with the ever-increasing amount of money it is managing.

Despite the multiplicity of approaches adopted by traditional banks in entering the field of Islamic banking, the distinguished experience of the National Commercial Bank of Saudi Arabia in adopting the approach of gradual transformation to develop and develop Islamic banking in it is the best example of the success of Islamic banking through a conventional bank. It is an experiment that differs, in fact, in many aspects from the philosophy of working Islamic branches and windows in other traditional banks. It aimed primarily at serving the individual sector, not limiting itself to the corporate sector, which was often the focus of other traditional banks. It is also an experience that was not primarily aimed at mobilizing more deposits or investments by penetrating another segment of customer segments in the market, but the goal was the careful and thoughtful pursuit of expanding and developing Islamic banking without ceilings or limits. There is no doubt that the success of this experiment makes it the focus of attention and attention of bankers and specialists to follow up on its achievements and view it as a banking case that requires absorption and study. Hence, this experiment was given special attention in this research.

#### **The problematic:**

After collecting and reading the scientific material, and defining the framework for research, the problematic milestones are revealed to us in the following question: **"What are the most important ingredients for the success of opening**

## **Islamic windows in traditional banks? What are the most important obstacles you face?"**

### **The importance of the topic**

The importance of this study is evidenced by the keenness of many traditional banking, financial and international institutions to adopt Islamic banking after noticing the great turnout in dealing with it, through the presence in its markets in various forms, and your children's traditional commercial sense of the strength of the current demanding Islamization of banking transactions, and their keenness to compete Islamic banks in attracting deposits, and gaining a larger customer base,

**Themes of Research:** The themes of research are manifested in the following elements:

#### **1.global developments and their impact on the business of Islamic banks**

#### **2. the theoretical framework of the Islamic windows in traditional banks**

#### **3.the economic obstacles and effects of opening Islamic windows in traditional banks**

#### **1.global developments and their impact on the business of Islamic banks**

The Islamic Bank is defined as a financial institution that conducts banking and other transactions in light of the provisions of Islamic Sharia, with the aim of preserving Islamic values and morals, and achieving the maximum social economic return to achieve the good and decent life of the Islamic nation. In short, we mean by banks in the Islamic system the financial institutions that carry out exchange operations and invest money in accordance with the provisions of Islamic Sharia<sup>i</sup>. Islamic banks are considered part of the global banking sector, and represent an important part of the banking market in many Islamic countries.

##### **1.1 The steady increase in the spread of Islamic banks across the world**

The real launch of Islamic banks in their modern concept was in 1975, with the establishment of each of the Dubai Islamic Bank in the United Arab Emirates, which is a private bank that deals with individuals, and the Islamic Development Bank in Jeddah in the Kingdom of Saudi Arabia, which is an intergovernmental bank whose capital the OIC countries contribute. And it deals mainly in its finances with these countries.

After about a decade, the number of Islamic banks reached 661 in 1996, then 176 banks in 1997, with total capital reaching 7.3 billion US dollars, with total deposits reaching 112.6 billion dollars. .<sup>ii</sup>

By the end of 2001, this number reached about 2000 banks and Islamic financial institutions spread across more than 40 countries and distributed across the five continents of the world, with total capital reaching 148 billion dollars, and the volume of funds with which they deal reached 300 billion dollars, and these banks achieved growth ranging between 15-20 percent annually<sup>iii</sup>.

##### **1.2Increasing the number of branches of Islamic transactions or the total transformation to Islamic banking**

The phenomenon of opening branches or windows for Islamic transactions in traditional banks began for the first time in Egypt in 1980, when BanqueMisr (an Egyptian public commercial sector) obtained a license from the Central Bank of Egypt to open the "Hussein for Islamic Transactions" branch, from which it spread to many Arab and Islamic countries. Such as Saudi Arabia and Malaysia.

It seems that the traditional commercial banks have felt the strength of the current demands for the Islamization of banking transactions, and in order to compete with Islamic banks in attracting deposits and gaining a larger base of customers, they opened windows or windows to provide banking services in accordance with the provisions of Islamic Sharia, and the number of these branches has increased continuously throughout Past years in light of competition and globalization.

In Egypt, for example, and after permitting the establishment of a branch for Islamic transactions in 1980, the number increased to 35 in 1981<sup>iv</sup>. Then it reached 75 branches in 1996 AD belonging to about twenty commercial banks, and this number increases in the same Islamic banks' branches operating in Egypt at that date.<sup>v</sup>

The matter was not limited to the Arab and Islamic worlds only, as many international banking and financial institutions were keen to adopt Islamic banking after noticing the great turnout in dealing with it, through the presence in its markets in various forms, such as the case of Chase Manhattan, the American, and the German Deutsche Bank, And the Swiss Union Bank UBS and the Swiss loan, and these Swiss banks are headquartered in Zurich, and opened its branches for Islamic financial transactions relatively early in 1985, in order to serve its Arab and Muslim clients, and it is the most famous bank in Switzerland. As for the second, it opened a branch for the same purpose affiliated with its branch in London<sup>vi</sup>.

The most famous example in this regard is the establishment of the American Citigroup Foundation for a fully independent but fully owned Islamic bank, which is Citibank Islamic in Bahrain in 1996, with a capital of 20 million US dollars<sup>vii</sup>.

As we mentioned earlier, the traditional banks 'practice of Islamic banking has taken many forms, either by establishing an administrative unit or a department for Islamic banking, such as the case we mentioned in each of the United States of America, Germany and Switzerland, or a window for Islamic banking, such as most of Malaysia's bank or an integrated branch or Specialized in Islamic banking, such as the Egyptian case, and this business may take the form of independent Islamic banks owned by the parent bank, such as the case of Islamic Citibank in Bahrain<sup>viii</sup>.

In addition to opening branches of Islamic financial transactions, some of your traditional children decided to completely switch to Islamic banking and gradually, especially those operating in Arab and Islamic countries. For example, the Saudi Al-Jazira Bank decided to gradually shift towards Islamic work, which is the bank that represents 15 branches In the cities of the Kingdom, the city branch of Buraidah has been completely Islamized<sup>ix</sup>.

It appears that other conventional banks have followed the example of the Saudi Arabian Bank, where the National Bank of Sharjah announced its firm desire to convert to an Islamic bank<sup>x</sup>.

### **1.3Global Islamic banking developments**

In light of the above, the number of Islamic banks around the world has reached 510<sup>xi</sup> Islamic banks, including a window for Islamic banking services in conventional banks at the end of 2018. The opening of these banks and windows of Islamic banking services in many countries was accompanied by major differences in the nature and quality of financial transactions in force, in addition to the difference in the banking laws prevailing in countries that apply to Islamic banks, or countries that have Islamic windows in interest-based banks, in addition to some voices. Which calls for the unification of these laws and Sharia controls for all Islamic banks and financial institutions.

**Table No. 01: The Assets of Islamic Banks Globally (2018-2019-2020)**

2020	2019	2018	المنطقة
854.0	704.8	683.0	مجلس التعاون الخليجي
240.5	266.1	232.0	جنوب شرق اسيا
584.3	540.2	569.0	الشرق الأوسط وجنوب آسيا
33.9	13.2	27.1	افريقيا
53.1	47.1	46.4	الأخرين
1.765.8	1.571.3	1.557.5	المجموع

**Source:** Islamic Financial Services Board, Islamic financial services industry stability report, Kuala Lumpur, Malaysia, 2020,2019,2018.

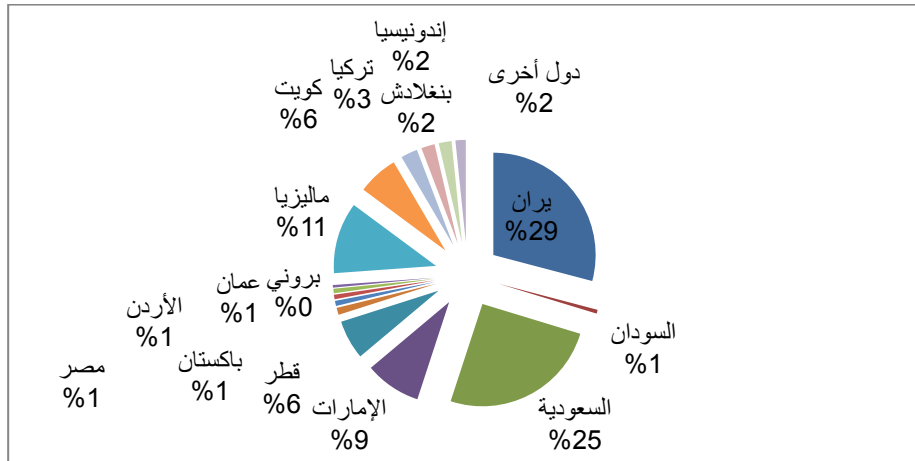
In 2019, the global Islamic banking services sector witnessed an improvement in asset growth on an annual basis by 12.7% compared to 0.9% in 2018, as the total assets in the third quarter of 2019 reached 1.77 trillion US dollars, while the total assets in 2018 reached 1.57 trillion. American dollar . The recorded growth is attributed to the improvement in the assets of Islamic banking in some jurisdictions, especially the Gulf Cooperation Council region, which has witnessed major mergers of Islamic banks to enhance competitiveness, attract stable deposits and enhance efficiency. The effect of the exchange rate on the nominal assets of the Islamic banking sector in the period of 2019 was minimal compared to 2018. The total bank assets in the Gulf Cooperation Council amounted to \$ 854.0 billion in 2020, compared to what it achieved in 2019 with \$ 704.8 billion and \$ 683.0 billion in 2018. An increase of \$ 21.8 billion in three years, nearly \$ 171 billion.

As for Southeast Asia, the Islamic banking sector witnessed steady growth at the global level, whether in the incubator regions of Islamic banking or even in emerging countries, and it achieved growth rates despite the global economic scene, with total bank assets in 2020 amounting to 240.5 billion dollars compared to the year 2019. It generated \$ 266.1 and \$ 232.0 billion in 2018, an increase of \$ 8.5 billion over three years.

As for the Middle East and South Asia region, it has achieved clear growth rates, as the total of Alawwal banking in 2020 reached 584.3 billion dollars compared to 540.2 billion dollars in 2019 and 569.0 billion dollars in 2018 AD, while Africa is considered one of the regions that is going at a slight pace in the Islamic banking sector compared to In the rest of the world, where the total bank assets in 2020 reached 39.3 billion dollars and achieved growth compared to the years 2019 and 2018, which recorded the total bank assets at 13.2 and 27.1, respectively, and the

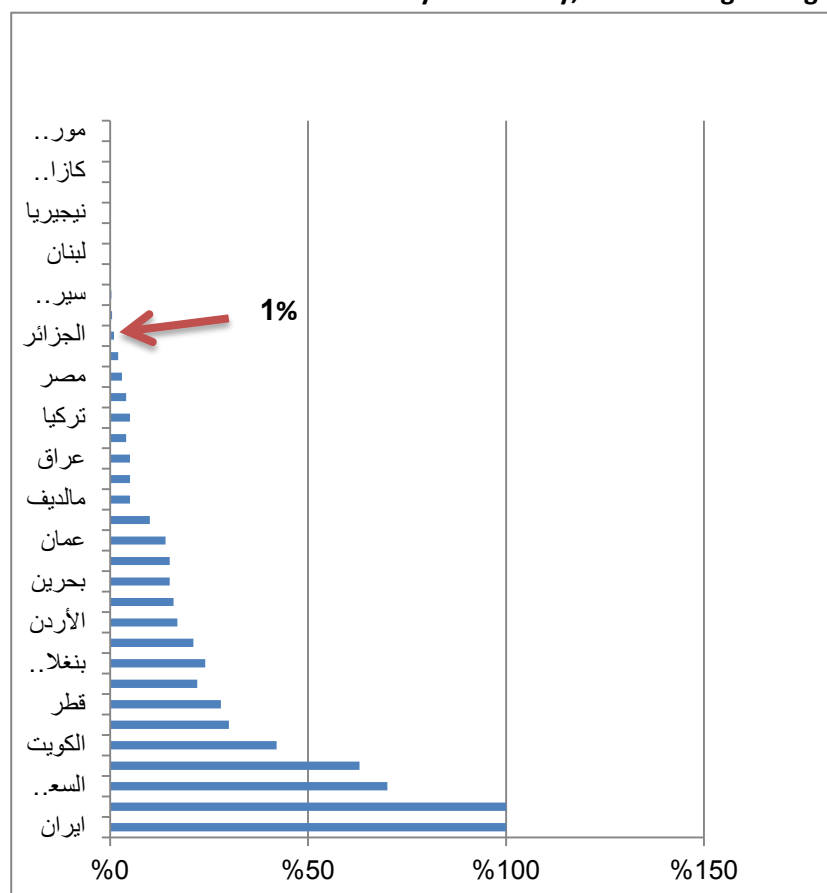
rest of the total Islamic banking assets are distributed in the rest of the world by 53.1 billion dollars in 2020.

**Figure 01: Distribution of Islamic Banking Assets**



**Source:** Islamic Financial Services Board, Islamic financial services industry stability report, Kuala Lumpur, Malaysia, 2020,p13.

Based on the figure and the data in our hands, the number of countries in which Islamic banking services achieved outstanding importance was 13 countries in the third quarter of 2019. Palestine is the latest addition to the list of prominent countries in the Islamic banking industry, where the share of Islamic banking in the total value of the local bank market reached 15.5%. Moreover, apart from Iran and Sudan which has a 100% local share, there are two jurisdictions with an Islamic banking share of more than 50% in their domestic banking assets, namely Saudi Arabia and Brunei, where the share of Islamic banking services has increased in Saudi Arabia. To 69.0% in the third quarter of 2019 compared to 52% in 2018; While Brunei's share declined marginally to 62.8% in the third quarter of 2019. Kuwait and Malaysia recorded 48% market shares in 2019. Market share improvements have also been made across other jurisdictions of systemic importance, including Bangladesh which recorded a share of 25.3% in 2018.

**Figure 02: Bank assets ratios by country, including Alger**

**Source:** Islamic Financial Services Board, Islamic financial services industry stability report, Kuala Lumpur, Malaysia, 2020, p15.

Through the figure, we note the percentages of the jurisdictions that own the assets of Islamic banking services globally, from the highest to the lowest, with Iran and Saudi Arabia occupying the first place. Iran is estimated at 28.6%, Saudi Arabia 24.9%, and Malaysia is estimated It is 11.1%, while the United Arab Emirates has 8.7% and Kuwait, which is still at 6.3%. The other countries that are in the top ten in the field of Islamic banking, by size, are Qatar, Turkey, Bangladesh, Indonesia and Bahrain. As for Algeria, it represents less than 1% of the volume of services for Islamic banking assets, which is a low percentage compared to many countries, whether Arab or the rest of the world.

## **2.the theoretical framework of the Islamic windows in traditional banks**

### **2.1 Know the Islamic windows:**

Islamic windows mean "providing Islamic financial services through a unit or section within the traditional bank. Islamic windows also mean that traditional banks allocate a part or space in their main headquarters or in their traditional branches, which are specialized in selling Islamic products and services without others, aiming to meet the needs of some Clients wishing to deal with the Islamic

banking system so that it does not convert to dealing with Islamic banks, and these windows are specialized in selling Islamic products and services exclusively<sup>xii</sup>.

Some researchers generalize the meaning of windows to all forms of Islamic banking offered by traditional banks, as the researcher Rida Al-Khulaifi defined them. "Islamic windows in traditional banks have taken multiple pictures. According to the provisions of Sharia law, including that the bank allocates special branches for Islamic banking transactions<sup>xiii</sup>. As for the researcher Fahd bin Saleh Al-Hamoud, he differentiates between the general and the private connotations in his definition of Islamic windows<sup>xiv</sup>:

The meaning is general: it includes all forms of Islamic banking in your traditional children, and it is called (Islamic transactions in traditional banks), and it refers to all the Islamic transactions that are provided by the traditional bank by finding a branch of its own, or creating a window that provides those transactions in an interest branch, or finding funds An investment managed by Islamic management, or providing products with an Islamic format through its Islamic branch or through windows.

Special meaning: it means providing integrated Islamic financial services through a unit or department within the traditional bank.

From the previous acquaintance, we conclude that the Islamic window is an independent section in the traditional bank, through which the traditional banks provide Islamic banking products and services, and this division is supervised by a specialized Sharia body whose task is to ensure that the department adheres to the provisions of Islamic law, and the department should enjoy complete independence from the rest Traditional banking business and activities.

## **2.2 The reasons for the emergence of the Islamic branches**

Opinions have varied about the reasons why many interest-based banks set up branches specializing in providing Islamic banking services, and these reasons, although they differ from one bank to another, but in general the most important of them can be summarized as follows<sup>xv</sup>:

- 1- The interest of usurious banks to maximize their profits and attract more Islamic capital to acquire a large share of the capital market.
- 2- Meet the large and growing demand for Islamic banking services, as a large segment of individuals in many Islamic societies are reluctant to deal with interest-based banks.
- 3- To prevent the increasing need to establish more Islamic banks.
- 4- Preserving the clients of usurious banks from emigration to Islamic banks.
- 5- Love of competition and tradition and dissatisfaction with the absence of the bank's name in this new field
- 6- Ease of control of the main bank over the branch with regard to controlling an independent bank, in addition to the ease of legal procedures for establishing a branch with regard to establishing a new bank.
- 7- In addition to the previous reasons, which were mainly focused on the material side and the spirit of competition, however, the doctrinal aspect should not be underestimated, as some interest-based banks are driven by the establishment of Islamic branches mainly by the desire to gradually shift towards working with the Islamic banking system.



8- With regard to interest-based banks in Western countries, the continuous and large increase in the number of Muslims in those countries and their desire to deal according to the Islamic banking system is the main reason behind the establishment of these banks for branches that deal in accordance with the provisions of Islamic Sharia to benefit from the money of Muslims there.

**2.3 Elements of Islamic windows in traditional banks:** We can discern the elements of Islamic windows in traditional banks in the following points<sup>xvi</sup>:

- The formation of the window for a department, division, or unit administratively subordinate to the bank or its traditional branch so that it does not reach the level of the independent branch or bank, and this element also appears spatially in the window as it requires that the window be spatially linked to the bank or its traditional branches;
- Allocating a certain amount to be a capital for the window or for a group of windows in the traditional bank or its various branches so that the window can provide Islamic banking services with a profit margin of independence from the capital of the bank or the traditional branch.
- The practice of Islamic banking, and this element includes the Islamic window carrying out all the activities of well-known Islamic banks, as it acts in terms of providing services as if it were an independent Islamic bank.
- Subject to the supervision and supervision of the Sharia Supervisory Board for the window to be formed by the bank or its branch to which the window belongs, regardless of the number of members of this body, as long as there are more than three persons who are specialists in Sharia matters and who have experience in banking fields;
- Submitting to the provisions of the law, as the window should be subject to and bound by the provisions of the laws in force in the countries in which it operates without violating the provisions of Islamic Sharia law in its banking dealings, and this element is necessary to give legal status to the work of the window and not to expose it to legal accountability.

**2.4 Characteristics of the Islamic branches:**<sup>xvii</sup>

The Islamic branches in interest-based banks are distinguished by some characteristics that distinguish them from the rest of the traditional branches in these banks, and the most important of these characteristics are the following:

- 1- The nature of the work of the Islamic branches and all the activities that they carry out, taking into account that you are in accordance with the provisions of the Sharia. As for the other traditional branches, the nature of their work is mainly based on interest.
- 2- Many of the Islamic branches are subject to a Shari'a superintendent or a Shari'a supervisory body, and this is not included in the traditional branches.
- 3- The most important forms and methods of investment in the Islamic branches are speculation, musharakah, murabahah, and leasing, while the matter in the traditional branches is limited to one form, even if its forms and names differ, which is granting

usurious loans.

4- Investment accounts in Islamic branches include organizing the relationship between the Islamic branch and the customer on the basis of the Shariah speculation contract. In the traditional branches, the relationship between the branch and the customer is a debtor and credit relationship.

5- When the Islamic branch needs financing, the main bank deposits an investment deposit with it, provided that it is subject to profit and loss in the same way as any other depositor.

### **3.the economic obstacles and effects of opening Islamic windows in traditional banks**

#### **3.1 Obstacles related to windows and Islamic branches**

These obstacles vary according to the situation from one bank to another, as they also vary in the degree of their importance between banks that choose to simply open Islamic windows and those that choose to convert traditional branches into Islamic branches, especially if the goal is to serve the individual sector that requires expansion in the network of these branches. Converted and possibly opening new Islamic branches. Therefore, it may be useful for us to review them all here in order to record the experience, and to generalize knowledge, especially with regard to transferring branches for use in banks wishing to follow the same approach in providing Islamic banking services in the future. These obstacles are represented in the following:<sup>xviii</sup>

- **Administrative obstacles**

Lack of clarity on the level of the bank as a whole about the management's plans regarding its introduction of Islamic banking, especially in the case of a gradual expansion of this approach in the future. This may lead to the absence or limited participation of other administrations in formulating this approach. Which in turn leads to the emergence of the following negatives:

- Humility in the personal convictions of some officials of the safety of this dual approach of the bank
- The emergence of practical friction that extends, as previously indicated, to include non-constructive competition between those in charge of managing branches, both Islamic and traditional.

The lack of willingness of other bank departments to assist in developing Islamic alternatives to their products.

- **Obstacles related to human resources**

This type of obstacles becomes more apparent in the case of transferring branches and the more blurring the vision towards the real reasons for introducing Islamic banking in the bank. In addition to the limited human cadres with experience in treasury tools, investment and financing services, we find that this ambiguity in the vision may lead to a state of uncertainty among the bank's employees and the prevalence of "rumors" and a low morale among them. This unclear vision is also reflected in the limited financial resources that are allocated to training the bank's employees on the nature and tools of Islamic banking. A gap arises between the objectives and means, which adds to the feeling of confusion and uncertainty.

- **Constraints related to systems and policies**

Experience indicates that many banks that wished to introduce Islamic banking in them side by side with traditional banking do not give sufficient attention to the following two matters:

The inappropriateness of the accounting system in place and based on traditional foundations with the requirements of Islamic banking

Sometimes slowdown in meeting the needs of the Islamic banking application in terms of technical systems and procedures, which is reflected in the work itself in the form of lengthening and complexity of procedures and the relative weakness of the level of customer service

- **Constraints related to product development**

Since the previous stage was the stage of the new "birth" of Islamic banking, it, like all new things, suffered from a shortage here or there. The limitation of Islamic products was one of the things that was talked about a lot during this initial stage, and I would like to point out here that this deficiency was most evident in the field of treasury business and its tools, which I believe is still in place to this day.

- **Obstacles related to market development**

These obstacles were manifested in the following matters:

- Attempting to serve all sectors and market segments without focusing on specific sectors or segments, especially in those banks that targeted serving the individual sector in their markets

Some clients are reluctant to deal with a bank that provides dual services

The continuous increase in the intensity of competition, especially from large foreign banks

The difficulty of advertising and direct publicity for Islamic products sometimes

### **3.2 The elements for the success of establishing Islamic windows:**

It can be said that these components are a common point for the success of Islamic banking, whether it comes to establishing Islamic windows in interest-based commercial banks or expanding the services of Islamic banks.

Consciousness, the competent authorities have a set of requirements, including<sup>xix</sup>:

-Legalizing banking work: What is meant by this is that the business of Islamic banks is governed by specific laws and legislation issued by the official and competent authorities in the country, so that a special law deals with the provisions of their establishment and control over Islamic banks, as failure to enact laws in this field will lead to many Of the problems in supervision, supervision, accounting and auditing standards, and the relationship with the various institutions that operate in the banking market

In addition, the enactment of a banking law for Islamic banks and Islamic windows will provide a clear legislative framework to organize their work in line with the requirements of the national economy, and to achieve this, it is necessary to create a set of procedures and policies, the most important of which are:

- ✓ Including the file of Islamic banks and Islamic windows in the files for reforming the banking system;
- ✓ Forming a specialized committee of legitimate economic and banking experts, and assigning them to watch over the preparation of a law for Islamic banks and the development of Islamic banking in Arab and Islamic countries and the need to benefit from their experiences in this field;
- ✓ Full cooperation between the concerned authorities in this matter to make it successful;

**-Organizing the relationship with the central bank:**

The difference and distinction in the nature of the work of Islamic banks imposes on the central bank in any country to deal in a special and distinct manner also with these banks, without that means leaving it from its control circle. This relationship is necessarily the result of what was mentioned previously about the enactment of a special law that regulates its relationship with Islamic banks in its basic aspects, including: the legal reserve ratio, the role of last resort for lending, the liquidity ratio, the capital adequacy ratio.

**-Training and Sharia education for employees of Islamic banks:**

The workers' awareness of Islamic banks and their full knowledge of the principles of Islamic financial transactions and the correct legal rooting for investment formulas and Islamic financial services contribute to eliminating many gaps and treating the imbalance that afflicts many Islamic banks, so it is necessary to prepare scientifically and practically qualified frameworks to work in the bank and Islamic financial institutions, and this is done from Through:

- ❖ Establishing an educational and training center specializing in Islamic banking sciences, in order to prepare, train and graduate the qualifying banking frameworks referred to previously, and if this is not possible in the near future;
- ❖ Islamic banks establish specialized departments in developing Islamic financial engineering and supporting financial innovation, and specialized centers to train workers locally within the bank. In this context, it is possible to benefit from the experiences of leading Islamic banks in this field, such as the Islamic Research and Training Institute of the Islamic Development Bank in Jeddah, and the Economic Center The Islamic subsidiary of the International Islamic Bank for Investment and Development in Cairo.
- ❖ The necessity to benefit from the efforts of some regional and international bodies working to develop Islamic banking, such as: the Accounting and Auditing Organization for Islamic Financial Institutions in Bahrain, which sets accounting standards compatible with internationally applied accounting standards on the one hand, and is compatible with the provisions of Islamic Sharia on the other hand, and the Board Islamic services, which sets rules of prudence and caution compatible with international standards such as Basel standards on the one hand, and takes into account the privacy of working in banks on the other hand;

**3.3The economic effects of opening Islamic windows:** We summarize the most important economic effects of opening Islamic windows in the following points<sup>xx</sup>:

- The increasing demand for Islamic banking services and Islamic investment formulas will, in the long run, lead to a redistribution of deposits between the Islamic banking system and the banking system, looking to expand the first over the second if those in charge of Islamic banks make good use of this opportunity;
- Opening Islamic windows in traditional banks leads to achieving more efficiency in the banking system and creating an atmosphere where competition prevails in the banking market.
- Islamic windows are a strong catalyst for Algerian conventional banks in establishing separate Islamic banks with their assets, deposits and employees.
- This experience has shown in many Islamic countries that there are large segments of the members of Islamic societies who wish and are looking for an Islamic alternative to traditional banks.
- Islamic windows cooperate with each other to form a basket of medium and long-term investments, such as establishing large investment companies;
- The traditional Algerian banks opening Islamic windows is a practical recognition of the success of Islamic banking, especially after the global financial crisis.
- Islamic windows can contribute to expanding the area of banking business by stimulating traditional competitive banks to provide service, and by developing cooperation with banks and international financial institutions that have sought on their part to develop new Islamic products.
- Islamic windows also contribute to the development of Islamic financial products, as the management of both Islamic windows and Islamic banks compete to exert more efforts to create Islamic financial instruments that have economic efficiency, legitimate credibility, and satisfy customers' desires.
- Islamic windows contribute to increasing the assets of Islamic banks and thus increase their effectiveness in managing their bank liquidity.
- If the Islamic windows succeed in achieving higher results for their banks than the results of other traditional branches, this will push the bank management to expand the phenomenon by opening other windows that operate in the same approach instead of opening more traditional branches.
- Investing the money by depositing it in Islamic windows will undoubtedly contribute to reducing unemployment as much as possible, increasing production and redistributing national income. Instead of these funds being idle and hoarded with individuals, they will deposit it in these windows that will be keen to invest and operate in accordance with Islamic law, This contributes to enhancing production and leads to the use of new manpower that was unemployed, as well as increasing wages. This success may also encourage foreign banks to request the opening of Islamic windows.
- Depositing large funds in the Islamic windows will certainly increase the profitability opportunities of the traditional banks, as these profits

ultimately go to the branch and then to the main headquarters of the traditional bank and then to the state treasury.

**Conclusion :**

In the end, we see that establishing or opening Islamic windows at the level of interest-based banks is a sound idea that contributes to spreading the culture of Islamic banking, and an important factor to attract individuals through their turn towards these windows to invest their savings and maximize their financial returns, and awareness can be presented through our study of this group of The proposals that could help the monetary authority to establish and embody this idea in reality.

**Results :**

Through this study, we reached the following:

- Experience has shown good success in achieving its objectives in terms of the growth in the number of traditional banks that have embarked on Islamic banking at the regional and international levels.

- Those interested in the affairs of the Islamic economy have many opinions about the experience of traditional banks establishing Islamic windows that specialize in providing Islamic financial services.

Opening Islamic windows in traditional banks can contribute to increasing the efficiency of the banking system.

The establishment of Islamic windows in traditional banks contributed to the transformation of many of them into full and independent Islamic banks.

**Recommendations:**

- Research centers must be established or specialized in studies and applied research related to developing Islamic banking products that compete with traditional products.

- It is imperative that the legal and legislative framework for this idea be available as soon as possible due to the urgent need to move towards Islamic banking.

- There must be political will that supports this trend towards working with products and the various forms of Islamic financing.

- It is imperative to assign the news houses of these studies based on previous experiences and to supervise the Islamic windows in accordance with their special nature.

- Ensure that the Islamic windows work in accordance with the provisions of Islamic law and that their money and profits not be mixed with the interest-based bank.

These specializations must be listed at the level of universities and specialized institutes.

<sup>i</sup> عوف محمود الكفراوي، البنوك الإسلامية : النقود والبنوك في النظام الإسلامي، ط3 ، مركز الاسكندرية للكتاب، الاسكندرية- مصر، 1998 ، ص140.

<sup>ii</sup>directory of islamic banks and financial institutions ; international association of islamic banks, jeddah, K.S.A,1997, p1.

<sup>iii</sup> مجلة المستثمر، العدد ١١ ، يناير ٢٠٠٢ ، ص 21.  
<sup>iv</sup> سمير مصطفى متولي، فروع المعاملات الإسلامية ما لها وما عليها، مجلة البنوك الإسلامية ، العدد 43، ربيع الثاني 1404 هـ ، ص 21 فبراير 1984م ، ص 21  
<sup>v</sup> الغريب ناصر ، أصول المصرفية الإسلامية وقضايا التشغيل ، ط1 ، دار أبو لولو ، القاهرة ، 1996م، ص 339.

<sup>vi</sup>Stéphanie parigi, des banques islamiques argent et religion,éditions RAMSAY, paris, 1989, p12.  
<sup>vii</sup> رشدي صالح عبد الفتاح صالح ، البنوك الشاملة وتطوير دور الجهاز المصرفي المصري ، دون دار نشر، 2000م، ص 5.  
<sup>viii</sup> الغريب ناصر ، التمويل المصرفي الإسلامي ، بحث مقدم إلى ندوة التطبيقات الاقتصادية الإسلامية المعاصرة ، دار البيضاء – المغرب ، 1998م.

<sup>ix</sup> مجلة اتحاد المصارف الإسلامية العربية ، العدد 952 ، يوليو 2002، ص2.

<sup>x</sup> محمد صفوت قابل، البنوك الإسلامية و اتفاقية تحرير الخدمات المالية ، مجلة صالح كامل للاقتصاد الإسلامي ، جامعة الأزهر ، العدد 16 ، السنة 6 ، 2002، ص 143.

<sup>xi</sup>ThomsonReuters.

<sup>xii</sup> فاروق العاني، دراسة في أسباب تحول المصارف التقليدية نحو النموذج الإسلامي ، مجلة إسرا الدولية للمالية الإسلامية، المجلد الثالث، العدد الثاني ، الأكاديمية العالمية للبحوث الشرعية ماليزيا ، 2012 ، ص 101  
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<sup>xiii</sup> فهد بن صالح الحمود، التبادل المالي بين المصارف الإسلامية والمصارف الأخرى ، دراسة فقهية اقتصادية تطبيقية، دار كنوز اثيبيليا ، المملكة العربية السعودية ، ط1 ، 2011، ص99.

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