An Empirical study of factors affecting successful converting to the Islamic finance through the Islamic banking Windows in Algeria
- A Case Study of CNEP/BANK -

دراسة تطبيقية للعوامل المؤثرة في التحول الناجح إلى التمويل الإسلامي من خلال النوافذ الإسلامية في الجزائر

- دراسة حالة الصندوق الوطني للتوفير والاحتياط CNEP/BANK -

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Abstract:

The main purpose of conducting this research was to investigate the factors affecting successful converting to the Islamic finance through the Islamic finance windows in Algeria, in particular in the National Savings and Reserve Fund CNEP/BANK, To attain the objectives of this research, We proceeded by a quantitative study of a sample of 130 bankers responding to a questionnaire of 24 items divided by five axes, the data of which are processed by SPSS. The findings indicated that Supportive banking law and regulation, availability of an Islamic Capital Market and Qualified Human Resources significantly and positively influenced the successful converting of CNEP/BANK to the Islamic finance through the Islamic finance windows. It is suggested that the government and financial institutions should support convertion to the Islamic finance by develop proper legislation and regulation, as well as the supporting infrastructure, including the necessary skill set.

Keywords: Bank Convertion; Islamic banking windows; Islamic Banks, CNEP/BANK.
JEL Classification Codes: G2, 20, 21,29

ملخص:

تهدف من خلال هذا البحث إلي الكشف عن العوامل المؤثرة في التحول الناجح للبنوك الجزائرية إلى التمويل الإسلامي من خلال نوافذ التمويل الإسلامي، وبالأخص الصندوق الوطني للتوفير والاحتياط CNEP Bank، وذلك من خلال دراسة ميدانية لعينة من 130 مصرفيًا موظفين بالصندوق للإجابة على استبيان، وتمت معالجة بياناته بواسطة برنامج SPSS، أشارت النتائج المتوصل إليها إلى أن القوانين واللوائح المصرفية الداعمة، وتوافر سوق رأس المال الإسلامي والموارد البشرية المؤهلة لها أثر معنوي وموجب في التحول الناجح للبنك CNEP Bank إلى التمويل الإسلامي. ونقترح أن تدعم الحكومة والمؤسسات المالية التحول إلى التمويل الإسلامي من خلال تطوير التشريعات واللوائح المناسبة، والبنية التحتية الداعمة.

الكلمات المفتاحية: التحول المصرفي ؛ نوافذ الصيرفة الإسلامية. البنوك الإسلامية، CNEP Bank.

تصنيفات **JEL**: G2, 20, 21,29

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1. Introduction:

The transfer of conventional banks to work according to the Islamic legislation became one of the most important changes the banking sector is witnessing, after conventional banks realised that many investors and customers invested with Islamic banks due to the religious reason, conventional banks started to open windows that offer services to those who want to invest on the interest-free basis. There are many conventional banks that provide services in accordance with Shariah principles. However, at first, these conventional banks could not receive large number of clients because those clients have doubt that these banks are unable to provide interest-free banking services. Recently, Islamic windows of conventional banks have improved and attempted to offer various services that are similar with interest-free banks to their customers. Opening Islamic windows in conventional banks is a complex process. There are many rules and regulations that should be applied by conventional banks to establish an Islamic window.

Algeria tried to keep pace with the situation by opening Islamic windows on the level of conventional banks, in response to the demands on the banking system operators on one hand and seeking to attract the savings of the agents who refuse dealing in usurious products on other hand. But opening of these Islamic banking windows process did not achieve the desired objectives to attract clients, due to the reality of insufficient experienced staff and scholars in Islamic banking; and also the doubt of the customers that the financial services including contracts and transactions provided by the Islamic windows of these banks may not be Shariah-compliant.

Under such context, this paper discusses the factors affecting successful converting to the Islamic finance through the Islamic banking Windows in Algeria, but more particularly at The National Bank for Savings and Reserve "CNEP-Bank", which exercises Islamic activity in Algeria in parallel with its conventional activity since 2017. This leads us to pose the problem which is articulated as follows:

What are the factors affecting successful converting to the Islamic finance through the Islamic banking Windows in Algeria exactly in CNEP/BANK?

In order to deal with the subject and provide answers to the problem, this paper structured as follows. The following section provides a brief literature review on Islamic banking and Successful conversion of conventional banking into Islamic banking. The third section describes the Islamic banking in Algeria. The fourth section presents Case study The National Bank for Savings and Reserve "CNEP-Bank" and the fifth section presents an empirical study of this paper and the final section presents results and conclusion of the study.

2. Literature Review:
2.1. Definition of Islamic banking:

Islamic financial system offers most of the banking and finance services similar to conventional banking with a few key differences. Islamic financial activities adhere to the principles of Sharia law, which are known as Fiqh al-Muamalat (the jurisprudence of transactions). The tenets that govern all commercial transactions like borrowing, lending, and

investing money are derived from the teachings of the Quran,. As with other types of banking, the Islamic financial system's practices base themselves on the moral principles of finding a responsible way to conduct banking.

The term Islamic banking refers to a full set of banking operations in accordance with Islamic principles. Kouser et al., (Kouser, 2011, p. 55) define Islamic banks as "a complete system based on Islamic rules of financing". Another definition of the system was by Ali and Farrukh (Ali, 2013, p. 28) who reports that Islamic banking system refers to "a conduct of banking operation in consonance with Islamic teachings". ENTISSAR ELGADI (2008, p.4) (ELGADI, 2016, p. 10) define Islamic banking as "the provision and use of financial services and products that conform to Islamic religious practices and laws".

2.2. Business models for Islamic banking:

Islamic banking has matured to set up different business models across the globe, as per the applicable region. Often, the catalyst behind such setups is the parent conventional bank's strategy to tap into a budding market and provide additional financial services for their segmented customers. In such an ecosystem, an Islamic financial institution can be any of the following (Johri, 2013, p. 3): a full-fledged standalone Sharia-compliant bank. an Islamic window-these are separate Sharia-compliant units within conventional banks, offering Islamic investment products. An Islamic subsidiary of another conventional bank.

Islamic windows are an interesting concept because they sit within conventional banks which offer regular run-of-the-mill financial services and products while also catering to a target customer base that wants to invest in Sharia-compliant instruments.

Thus, an Islamic window is defined as 'a department or a division or even a separate finance company set up by a conventional financial institution which offers Islamic products and services to customers who prefer Islamic finance over conventional finance (Nizwa, 2014, p. 113). Thus, "Islamic windows offer products to those conventional clients' who choose interest-free transactions, Islamic banking window refers to a situation whereby a conventional banking system offers some of the Islamic banking products or services". Some customers of Islamic windows are new while some other are the old customer of the conventional bank and they switch their accounts from conventional to interest-free account through Islamic windows (Salh, 2019, p. 2)

2.3. Modes of financing for Islamic banking

Islamic banks have three modes of financing: the sharing of profits and risks, leasing, the loan Islamic, while the main Islamic instruments are (Boudabbous Sami, 2016, p. 2):

- *Mudaraba*: it refers to the financing of an investment by the Bank with the sharing of losses and profits according to a predetermined rate.
- *Musharaka Mizaka*: it refers to the co-financing by the Bank and the proponents without forgetting with sharing of losses and profits according to a rate set at the beginning.
- *Kard Hasan*: it refers to a loan without interest but the bank charges real are borne by the borrower.

- *Bay'mu'ajjal* the acquisition of an asset, which presents a need for the client, by the bank then resale to its client with compensation delayed.
- *Bay As-salam:* the acquisition of an asset of the customer by the bank then resale to term to the latter.
- *Ijara:* the acquisition of an asset by the Bank in order to rent to its client in respect of a commitment of sale to term.
- *Murabaha*: the loan without interest in the short term with banking margin defined. Sukuk: the bond borrowing backed with a leasing contract.

2.4. Successful conversion of conventional banking into Islamic banking:

Islamic banking has its own rules and principles which differ from profit-oriented conventional banking system. Perhaps the greatest difference is the Islamic prohibition of interest. The Islamic financial system discourages speculative use of capital and ensures efficient utilisation of financial capital leading to a sustainable economic growth. Unlike Western financial instruments, the Islamic banks finance enterprises and project on profit and loss sharing (Hassan, 2001) . The underlying concept is that, savers of Islamic banking would not receive fixed interests on their saving accounts; rather, they shared in the profits or losses of banks (Marai Abdalla, 2015, p. 158). Due to the differences in business philosophy, converting a conventional bank to a bank that complies with Shariah principles is not straightforward.

The challenges and complexities associated with a successful conversion of a traditional bank into Islamic form are numerous. Administrative issues, market awareness and acceptance, as well as human resources constraint are the common barriers to converting conventional financial institutes into Islamic model. In relation to that, this paper considers the following factors as key determinants to successful conversion of a conventional bank into Shariah-compliant bank : Shari'ah Compliance, supportive external environment (Islamic capital market and banking law), skilled and committed workforce (qualified human resources and willingness to change).

2.4.1 Qualified human resources

The religious foundation of finance and banking is important to Islamic banking but it is rarely highlighted in the literature. Researchers (Amin et al., 2009; Bhatti et al., 2011; Hossain and Leo, 2009) found that competence and attitudes of employees have a great impact on service quality delivery in Islamic banking sector. As in other industries,In addition to necessary skills and competencies to work in the banking sector, a good understanding of Islamic finance is a prerequisite to work in Islamic banks (Marai Abdalla, 2015, p. 128) However, recruiting and retaining highly competent workforce represents a challenge for Islamic banks due to Shariah law. Well-trained bankers are generally attracted by the generous performance-based rewards offered by commercial banks and the Islamic prohibition of interest poses a challenge to hiring competent personnel. The shortage of competent employees may explain the reluctance and difficulty of conventional banks to convert into Islam basis (Marai Abdalla, 2015, p. 158). Due to the limitation in giving

financial incentives to attract highly skilled employees as traditional banks do, motivation and commitment of personnel.

2.4.2 Willingness to change

Research on change management has long recognised the resistance to change as the key barriers to organisational transformation and strategic renewal (Harris and Ogbonna, 1998; Jackson et al., 2000; Reger et al., 1994). Resistance to change is related to the individuals' psychological aspects such as the feeling of insecurity, risk avoidance, and fear of the unknown. People usually tend to keep things familiar or stick to routines; and at the same time, they are afraid of making changes because of the uncertain and unknown conditions (Oreg, 2003). Many authors and researchers have addressed the relationship between the employees' willingness to change and organisational transformation. For instance, Harris and Ogbonna (1998) pointed out that the willingness to change represents one of the fundamental factors affecting the successful implementation of change in organisations. Reger et al. (1994) suggested that the willingness as a psychological condition that links the individual to the course of action within the organisation to carry out a range of actions necessary for the successful implementation of change initiatives. Thus, it is argued here that willingness to change is one of the key determinants of the success of transforming conventional retail banking into Shariah compliant financial system (Marai Abdalla, 2015, p. 159).

2.4.3. Islamic Capital Market

Islamic capital market is an essential part of Islamic financial instrument. It functions similarly with the conventional capital market and it aims to enable efficient mobilisation of financial resources (Di Maoro et al., 2013) by allocating capital from those with excess funds to those in a shortage of funds. According to Di Maoro et al. (2013), nations with a surplus and a high saving rate are likely to drive demand for Islamic financial services and products, especially in oil and commodity-producing economies. for that reason, many scholars maintain that the presence of an active Islamic financial market as one of the key determinants to build a financial instrument that conforms to Shariah principles (Ahmad and Hassan, 2007; Ebrahim and Tan, 2001; Zaher and Hassan, 2001).

2.4.4. Supportive Banking law and regulation

To a great extent, Islamic banking sector is influenced by the external environment factors namely banking laws and regulation. Financial institutions are subject to financial regulations governed by self-regulatory bodies and governments. Conventional retail banking systems the supervision of the banking authorities in each country. Islamic banks adhere to additional layers of supervision Shariah Supervisory Board -- which aims to ensure the banks functioning in line with the tenets of Shariah . A well-defined regulatory framework for Islamic banks has an impact on the performance of the banks (Marai Abdalla, 2015, p. 160)

Banking law and regulation not only have direct effects on the successful transition to Islamic bank but also indirect effects of internal environment. In particular, external intervention in organizational transformation may interact with internal environment factors,

and weaken or reinforce its impact on transformation. Although some studies have examined the impact of regulation on performance in the Islamic banking sector, there is relatively little knowledge regarding the combined effect of external and internal environment factors on organisational transformation, with an emphasis on converting conventional retail banking into Islamic lines (Marai Abdalla, 2015, p. 160).

2.4.5 Shari'ah Compliance:

The distinguishing factor that differentiates Islamic banks from Conventional Banks is the shari"ah compliance rules and principles and this factor is what boosts the confidence of customers into patronizing banks. Mohd. Zamil (Zamil, 2014) revealed that the setting up of Islamic banking and finance is wholly governed by the shari"ah principles, and it is expected that the whole operations of Islamic banks adhere to shari"ah rules with the ultimate aim of contributing to shari"ah objectives (maqasid al-Shar"ih).

On the basis of a related study by Iqbal and Mirakhor (1999), lack of compliance to the rules established by shari"ah would expose Islamic banks to shari"ah risks, which are of two types. The first type stems from the non-standard practices in terms of various contracts in various jurisdictions, and the second one stems from the failure to adhere to the shari"ah rules. In relation to this, shari"ah rules form the core of the Islamic banking system and serve as its main driver. Shari"ah principles form the basis of the Islamic financial system and the guidance and framework for long-term performance of the industry. It is important for Islamic banks to meet the shari"ah requirements in order to solidify relationships among major players – banks, stakeholders, top level management, suppliers, customers and employees. in this context, it is important for the converted bank to adhere to the shari"ah rules to maintain customers" confidence and to transform the stereotype of what they were before (ZURINA SHAFII, 2016, p. 6)

3. The state of Islamic banking in Algeria:

Islamic finance has been practiced since 1991 with the first mixed-capital bank (public and private) to be established in Algeria, Al Baraka Bank of Algeria is also the first Algerian bank allowed to carry out all its operations in accordance with Sharia law. Algerian officials have preferred to allow the supply of Islamic products to individuals rather than see this sector move into the informal. Islamic banks in Algeria hold only a very small share in terms of resource raising by comparing it to total resources, representing a share of 1.06% in 2006 against 1.69% in 2014 .In terms of financing, these banks hold only a very small share valued at 2.40% in 2006 and 2.05% in 2014. The maximum threshold reached was in 2008 and 2009 with a share of 3.10% and 3.11%, respectively. These peaks were achieved by Al Baraka bank, given that Al Salam bank began its operations in late 2008. The network of the Group of Islamic Banks consists of only 31 open branches, including 25 Al Baraka Bank branches, against 1092 public bank branches and 218 conventional private banks (SAMI, 2017). Al Baraka holds 15% of the shares held by private banks in Algeria, or 2% of the global market. Al Salam Bank is the second Islamic establishment to be established in Algeria. Having been approved by the authorities on 17 October 2006, the Bank did not officially start operations until early October 2008. Since 2017, the conditions for the exercise of banking operations under "participatory finance" by banks and financial institutions have

been laid down in a regulation published in Official Journal No. 73. This Regulation states that participatory finance operations are considered "receipt of funds, investment, financing and investment transactions that do not give rise to the collection or payment of interest". According to this text, these transactions concern in particular Murabaha, Musaraka, Mudaraba, Ijara, Istisna'a, Salam, as well as deposits in investment accounts. To set up participatory finance products, the bank or financial institution must obtain prior authorisation from the Bank of Algeria (BEZTOUH, 2020, p. 359). In this context, these financial institutions must first establish a "participatory finance window".

Algeria has experienced in recent years the establishment of several Islamic windows within conventional banks. Public banks missed the first launch of Islamic products which was initiated by private banks such as the Gulf Bank Algeria (AGB), Housing Bank and Trust Bank. In addition to these private banks, CNEP-Bank launched its first Islamic product in 2015, the "Rasmali savings book". As well as the BDL which in turn launched in 2016 the "El Badil savings", a product without interest rate (Azzaoui Khaled, 2020, p. 378).Certainly, the development of Islamic finance in Algeria is conditioned by the presence of a specific legal framework for participatory products. However, Islamic banks as well as windows in conventional banks have marketed Islamic products for years in Algeria, despite the absence of a regulatory framework. The official journal of the Algerian Republic, published on December 9, 2018, included the Regulation n ° 18-02 of November 4, 2018 laying down the conditions for the exercise of banking operations under participatory. The purpose of these regulations is to define the rules applicable to so-called "participatory" products that do not give rise to the receipt or payment of interest (Azzaoui Khaled, 2020, p. 378).

Regulation No. 02-20 of March 2020 specifies the banking operations related to Islamic banking and the rules for their practice by banks and financial institutions. According to this regulation, in order to be considered an Islamic banking operation, bank transactions should not result in a collection or payment of interest. A bank must obtain prior authorization from the Bank of Algeria before offering Islamic banking. The regulation establishes the National Sharia Fatwa Board for the Islamic Financial Industry. The new body grants certificates of compliance with Sharia (Islamic law) to banks and financial institutions. A bank must obtain a certificate in order to offer Islamic banking (national, 2020). Also the regulation creates the "Islamic banking window" as a body within a financial institution exclusively assigned to Islamic banking products and services. It also requires that the "Islamic banking window" be financially independent from other structures of the financial institution.

4. Case study The National Bank for Savings and Reserve "CNEP-Bank"

The National Bank for Savings and Reserve "CNEP-Bank" was established as the first financial intermediary specialized in mobilizing popular savings under Law No. 64-227 of 10 August 1964, as a public institution with civil personality and financial independence, Since its creation in 1964, the CNEP-Bank has continued to assert itself in the financial center not only as a housing finance bank, but also as a universal, citizen, modern bank and closer to Algerians, also has developed as follows (cnep-bank, 2020):

1997: Change of status: CNEP (found for Savings and Reserve) becomes universal bank: CNEP-Bank,1998: Launch of Consumer Credit, 2005: Strategic repositioning of CNEP-bank real estate financing, 2008: Launch of Banc assurance,2011: Strategic repositioning of the CNEP-Bank: authorization of the financing of companies,2013: Dematerialization of the savings account an d launch of the savings card, 2015: Launch of the unpaid savings account (RASMALI), 2016: Opening of the first automated agency KHATABI (Algiers center),2018: The share capital of the CNEP-Banque increases from 14 to 46 billion D.

The Regional Directorate of the Bank was also opened in Chlef on January 1, 1992. It is based in the eastern district of "Lasia" previously, and it is one of 13 regional directorates distributed throughout the entire national territory. The regional directorate of Chlef includes 16 banking agencies, however, with the opening of new regional directorates, the agencies of "Ami Moussa, Wadi Arheo and Mazouna" were dispensed with in favor of the regional directorate of Oran, and those thirteen agencies are distributed according to the states as in Table 1.

4.1. CNEP-Bank's Islamic window: Following the need and the growing demand of customers wanting to benefit from Sharia-compatible products, the CNEP-Bank embarked on Islamic finance by integrating a new management through Islamic windows in 2015 which supports the supply of Islamic products and services. This approach was less and less easy for the CNEP-Bank since it had the authorization to market Islamic products, said specific by the Bank of Algeria, since 2009.

4.2 Islamic window products Currently, the Islamic window of the CNEP-Bank four Islamic products: Mourabaha, Mudaraba, and El Ijara (cnep-bank, 2020). Each product is presented by a contract which contains all the details of the operation between the window and the client. In the case of the Mourabaha contract, the profit margin imposed by the window is determined in two cases.

As far as the authors of this study are aware, there are no empirical studies examining or investigating the factors affecting successful converting to the Islamic finance through the Islamic finance windows in Algeria which are the subject of this study.

5. An empirical study:

5.1 Methodology and sample:

In this study we used a quantitative approach based on a questionnaire composed of 05 axes including 24 items, dealing with the majority factors effecting successful converting to the finance through Islamic banking windows in CNEP Bank, This questionnaire was addressed to a sample of 130 bankers working at the CNEP Bank, recording a return of responses from 125 questionnaires as a result of the refusal of certain employees to respond.

It consists of two sections, the first covers demographical and functional characteristics. The second Consists of 24 statements that imply the fife factors effecting successful converting CNEP Bank to Islamic finance through its Islamic windows. In the analysis phase of the collected answers, we used the SPSS "Statistical package for the social sciences software".

Table (1) : Questionnaire distribution results

State	Agencies	code	number of questionnaires distributed
Chlef	Chlef Agency1	501	10
	Chlef Agency2	517	12
	Tennis Agency	502	08
	Boukadir Agency	503	12
Tiaret	Tiaret State Agency	504	10
	Shallala Palace Agency	505	10
	Franda Agency	506	10
	Sougar Agency	507	10
Tissemsilt	Agency of Tissemsilt state	508	08
Ain Defla	Ain Defla Agency	509	10
	Miliana Agency	510	10
	Khemis-Mliana Agency	511	10
	Attaf Agency	512	10
Overall	13 Agencies	/	130

Source: Established by the authors

The result obtained from the distribution of the 130 research Questionnaires paper given to the employees of the CNEP bank. Thus registering a recovery of 115 questionnaires, including a zero cancellation rate. Concluding to this effect, that our sample will be composed of 115 questionnaires to be processed, representing a rate of 96% of the total distributed. The difference observed is expressed by the 15 bankers who refrained from responding.

5.2 Demographic Characteristics of Respondents

The background of the respondents consists of their age, gender, marital status, education, employment status, and type of employment.

Table (2): Demographic Characteristics of Respondents

Education	Number	%	Employ	Number	%	Professional Experience	Number	%
secondary	15	13.0	head service	16	13.9	1-5 years	33	28.7
professional	48	41.7	supervisor	27	23.5	6-10 years	35	30.4
graduation	47	40.9	director	53	46.1	11-15 years	30	26.1
Post-graduation	05	05.0	stud manager	17	14.8	16-20 years	12	10.4
/			Other	02	01.7	21-30 years	05	04.3
overall	115	100		115	100	Overall	115	100

Source: Established by the authors on the basis of the SPSS results (look Annex1)

5.3 Testing the validity of Questionnaire: pearson's correlation In order to measure the validity of the questionnaire, it is necessary to base oneself on the test of the correlation, illustrated the table below.

Table (3) : Pearson's correlation

Axes									
Axis1 X_1		Axis2 X_2		Axis3 X_3		Axis4 X_4		Axis5 X_5	
Number of question	p	Number of question	p	Number of question	p	Number of question	p	Number of question	p
A_1	**0.892	B_1	**0.892	C_1	**0.875	D_1	**0.916	E_1	**0.904
A_2	**0.900	B_2	**0.898	C_2	**0.872	D_2	**0.872	E_2	**0.920
A_3	**0.849	B_3	**0.903	C_3	**0.857	D_3	**0.900	E_3	**0.907
A_4	**0.864	B_4	**0.789	C_4	**0.817	D_4	**0.808	E_4	**839
A_5	**0.860	B_5	**0.829			D_5	**0.		
A_6	**0.832								

* At the level of significance (0.05); P: Pearson correlation coefficient.

** At the level of significance (0.01).

Source: Established by the authors on the basis of the SPSS results (look Annex3)   s.

It is clear from the above table 3 that all the correlation coefficients of the questionnaire are statistically significant at the level of significance 0.01, and this indicates that there is internal consistency between each of the axes phrases and the axis to which it belongs, and then we conclude that the measurement tool used in the study has structural validity and can be Reliance on measurement.

5.6 Reliability Analysis

Cronbach's alpha ranges from zero for a completely unreliable test (although technically it may be below zero) to a completely reliable test. For the Cronbach's alpha value for the reliability of the questionnaire, an alpha score above 0.75 is usually used to illustrate a scale of high reliability, generally ranging from 0.5 to 0.75 as a relatively valid scale (Hinton, 2004). Therefore, according to Table 4, none of the variables has low reliability due to none of them being below 0.5.

Table (4): Reliability Test (Cronbach's Alpha)

Variables	Number of questions	Cronbach's Alpha
axis 1 (X_1) Shari'ah Compliance	06	0.931
axis 2 (X_2) willingness of employees to change	05	0.912
axis 3 (X_3) qualified human recourses	04	0.876
axis 4 (X_4) Islamic capital market	05	0.912
axis 5 (X_5) Supportive banking law and regulation	04	0.912
overall	24	0.967

Source: Established by the authors on the basis of the SPSS results (look Annex2).

5.7. Research Model

The aim of this paper is to investigate the factors affecting successful converting to the Islamic finance through the Islamic finance windows in the National Savings and Reserve Fund CNEP/BANK where the factors Independent Variables (IV) are:

X_1 Shari'ah Compliance, X_2 the willingness of employees to change, X_3 qualified human recourses, X_4 Islamic capital market, X_5 Supportive banking law and regulation.

Dependent variable (DV) Y is: successful converting to the Islamic finance through the Islamic finance windows in CNEP-Bank.

A conceptual model of the relationship between factors defined and successful conversion to the Islamic finance through the Islamic finance windows is presented in Figure1

Figure (1): Conceptual model
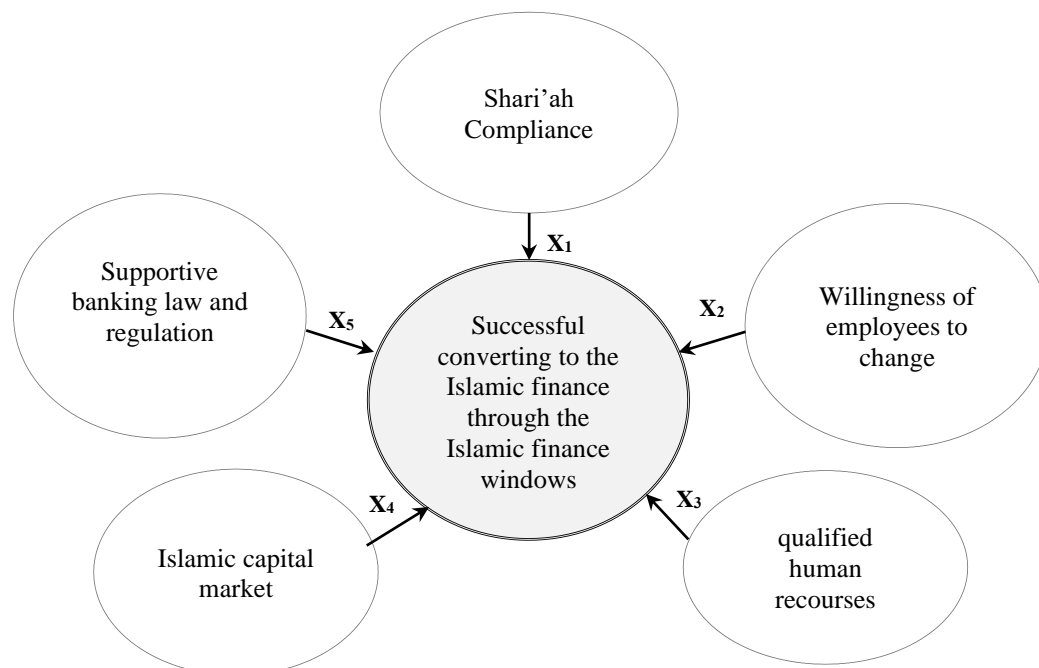
Source: Established by the authors

We, therefore, hypothesis that:

H01 Shari'ah Compliance by employees in "CNEP - Bank" does not affect the successful converting to the Islamic finance through the Islamic finance windows.

H02: the willingness of employees in "CNEP - Bank" to change does not affect the successful converting to the Islamic finance through the Islamic finance windows.

H03: qualified human recourses in "CNEP - Bank» does not affect the successful converting to the Islamic finance through the Islamic finance windows.

H04: The availability of an Islamic capital market does not affect the successful converting to the Islamic finance through the Islamic finance windows.

H05: Supportive banking law and regulation does not affect the successful converting to the Islamic finance through the Islamic finance windows.

H16: It is the alternative hypothesis for all five hypotheses above, according to the state of each hypothesis.

These five hypotheses, each of which touches on one of the axes or variables of the model will be answered after its formulation and analysis, which will take the mathematical formula corresponding to the form of Multiple Regression Analysis.

The Model: To discover the factors affecting successful conversion to the Islamic finance through the Islamic finance windows in the National Savings and Reserve Fund CNEP/BANK, the following model is used for signifying this connection:

$$Y = \alpha + \beta_1.X_1 + \beta_2.X_2 + \beta_3.X_3 + \beta_4.X_4 + \beta_5.X_5 + \varepsilon_t$$

Where:
Y represents successful conversion to the Islamic finance through the Islamic finance windows
X1 Shari'ah Compliance
X2 willingness of employees to change
X3 qualified human recourses
X4 Islamic capital market
X5 Supportive banking law and regulation
β : slope values of the independent variable.
α (Alpha) is the Constant

ε is the residual term, which represents the composite effect of all other types of individual differences not explicitly identified in the model.

5.8 Multiple Regression Analysis

Multiple regression is based on correlation but provides more complex discoveries than the interrelationships between a set of variables. It illustrates the degree of the variance that can be explained by the IVs. It also indicates the relative contribution of each IV. Tests allow the researchers to determine the statistical significance of the results, both model and individual (Pallant, 2005).

We use this test the coefficient "VIF (*Variance Inflation Factor*)" where: $VIF = \dfrac{1}{Toleronce}$

While VIF>5 exist problem of multilinearity.

In this study, a linear regression analysis was used to find the factors affecting successful conversion to the Islamic finance through the Islamic finance windows in the National Savings and Reserve Fund CNEP/BANK. Table 5 below shows the result of the linear regression analysis for this study.

Table (5) : Linear Regression Test

variables	*Toleronce*	*VIF*
X_1 Shari'ah Compliance	0.406	2.462
X_2 willingness to change	0.310	3.226
X_3 qualified human recourses	0.389	2.574
X_4 Islamic capital market	0.302	3.307
X_5 Supportive banking law and regulation	0.372	2.691

Source: Established by the authors on the basis of the SPSS results. (Look Annex4).

It is clear from the results of the previous table that the values of VIF for all the independent variables are less than "5", and from this there is no problem of linear multiplicity between the independent variables and therefore does not affect the validity of the model.

5.9 Correlation: Linear Correlations Test

Correlation analysis was employed to explain the direction and strength of the linear relationship between DV and the six IVs. Correlation coefficients of Durben-Watson can only obtain values of 0 to 4, however, a correlation close to zero shows that there is strong positive correlation between successive residuals, a result close to "4" indicates a strong negative correlation, and the optimal result ranges between "1.5" and "2.5", which indicates that there is no autocorrelation between adjacent values. for the independent variables.

Hence, in this study, Durben-Watson's correlation analysis is used to examine the relationship between the DV and the IVs.

Table (6): Linear Correlations Test

variables	Axis	Correlation Durben-Watson
X_1 Shari'ah Compliance	Axis1	1.87
X_2 willingness to change	Axis2	1.73
X_3 qualified human recourses	Axis3	1.60
X_4 Islamic capital market	Axis4	1.62
X_5 Supportive banking law and regulation	Axis5	1.77

Source: Established by the authors on the basis of the SPSS results*(look Annex5)*.

From the previous analysis, we note that the D-W statistical values for all variables fall within the range [1.5 - 2.5], so we can say that there is no autocorrelation between the variables that affects the validity of the model.

5.10 Estimation:

After conducting the various necessary statistical tests for the validity of the data of the statistical variables included in the model, we now present the results of the regression analysis of the five independent variables "x1, x2, x3, x4, x5" on the dependent variable "y" successful converting to the Islamic finance through the Islamic finance windows, using the statistical data analysis program SPSS,the following results were obtained:

Table (7): Estimation Results - Alternative Model Specifications-

i	Independent Variables	Dependent variable Y			
		P–Value		Statistical significance	Decision
X_1	Shari'ah Compliance	β	0.030 (0.36)	0.715	no impact exist
X_2	willingness of employees to change		–0.121 (–1.21)	0.228	no impact exist
X_3	qualified human recourses		** 0.168 (1.84)	0.068	impact exist
X_4	Islamic capital market		*0.206 (2.05)	0.042	impact exist
X_5	Supportive banking law and regulation		*0.464 (5.46)	0.000	Impact exist
α	Constant		0.78 (3.78)	0.000	–
R^2	square determination coefficient		0.610	–	strong explanation
R	The coefficient of determination		0.781	–	–
F	Fisher statistic		34.065	0.000	exist statistical significance

Source: Established by the authors on the basis of the SPSS results*(look Annex6).*

5.11 Diagnosing the model:

Through the results presented in the above table, the following can be read:
- According to Student's test, whose probability of t-statistic for all parameters of the model (except x1 and x2) is less than 0.10 (10%), which indicates that the model's coefficients are statistically significant, and indicates that the variables affecting the dependent variable are x3, x4, x5;
- From Fisher's test, we note that the value of "F = 34.065" with a statistical significance of less than 5% "0.000 < 0.05" and this leads us to reject the null hypothesis and

accept the alternative hypothesis, which means that there is a significant effect of the independent variables on the dependent variable;

- As for the impact strength test only, the value of the coefficient of determination R2, which is equal to 0.610 "R2 = 0.610" indicates that the independent variables explain the dependent variable by 61%, which is a good explanation;
- According to the graphic representation of the relationship between the dependent variable and the independent variables, the relationship is a linear regression relationship according to the form of scattering in Appendix2,3
- Depending on the form of the residual distribution shown in Annex 6, the residuals follow a normal distribution.

5.12 Hypotheses Testing:

Statistical analysis of the study results and hypothesis testing: After diagnosing the study model, the mathematical formula for the regression relationship between the influential independent variables and the dependent variable can be written as follows:

$$Y = 0.78 + 0.16.X_3 + 0.2.X_4 + 0.46.X_5 + \varepsilon_t$$

X_3 qualified human recourses
X_4 Islamic capital market
X_5 Supportive banking law and regulation

As can be seen in Table 8 below, from the fifth hypotheses of this study, the hypotheses related to Shari'ah Compliance, and the willingness of employees to change, are rejected, while three hypotheses of qualified human recourses ,Islamic capital market, , and Supportive banking law and regulation are accepted.

Table (8): Hypotheses Testing

Hypotheses	Hypotheses text	Decision
H_01	Shari'ah Compliance by employees in "CNEP - Bank" does not affect the successful converting to the Islamic finance through the Islamic finance windows.	H_0 accepted
H_02	the willingness of employees in "CNEP - Bank" to change does not affect the successful converting to the Islamic finance through the Islamic finance windows.	H_0 accepted
H_03	qualified human recourses in "CNEP - Bank» does not affect the successful converting to the Islamic finance through the Islamic finance windows.	H_1 accepted
H_04	The availability of an Islamic capital market does not affect the successful converting to the Islamic finance through the Islamic finance windows.	H_1 accepted
H_05	Supportive banking law and regulation does not affect the successful converting to the Islamic finance through the Islamic finance windows.	H_1 accepted

Source: Constructed by the authors on the basis of the SPSS results

The results show that the factors effect on the successful conversion are Supportive banking law and regulation, Islamic Capital Market and Human Resources, Moreover, the significant effect coefficient showed that Supportive banking law and regulation (0.46) and Islamic Capital Market (0.2) had the most important positive impact on successful converting of CNEP bank to the Islamic finance, followed by Human Resources (0.16) respectively (H_03, H_04, and H_05 accepted).

5.13. Discussion of the Findings

based on The result of the statistical analysis according to the decision-making rule was that the null hypothesis was rejected and the alternative hypothesis The findings of this study show that from fifth hypotheses three of them, which related to qualified human recourses, Islamic capital market, and Supportive banking law and regulation are accepted. While the hypotheses related to Shari'ah Compliance, and the willingness of employees to change, were rejected, the details of the accepted hypotheses are shown in table 8.

Our main findings are as follows. First, the findings confirmed that these variables (Supportive banking law and regulation, qualified human resources, Islamic capital market,) have positive impact relationship with the success of converting conventional banks (in particular CNEP bank). Second, the willingness to change, and Shari'ah Compliance does not affect the successful transformation of the bank and That means that the willingness to change and Shari'ah Compliance is realized and present among the sample members, but it does not affect the successful converting CNEP bank, which indicates the presence of other factors and obstacles, so that desire (willingness), which is not usually associated with ability and does not lead to achieving desired things.

6. Conclusion:

The following conclusions were arrived at:

- Many banks proved successful in transforming to Islamic system through Islamic banking windows.
- The results show that the factors effect positively on the successful conversion of CNEP Bank to the Islamic finance through the Islamic finance windows are Supportive banking law and regulation, Islamic Capital Market and qualified Human Resources,
- Supportive banking law and regulation is regarded as one of the most important factors that will affect positively the process of transfer from a conventional to an Islamic banking system.
- Availability of a financial market that provides the infrastructure for Islamic banking will ease the process of transfer from conventional to Islamic banking.
- Public banks in Algeria (in particular CNEP/ Bank) currently suffer from low growth of Islamic finance through his Islamic banking windows, may want to further develop this segment of finance. As an initial step, it is essential to develop proper legislation and regulation, as well as the supporting infrastructure, including the necessary skill set.

Recommendations of the study may be summarized as follows:

- It is necessary that specialists in Islamic legislation and banks clarify the legislation (Fatwa) behind any financial issue to remove any ambiguities regarding their banking windows in conventional banking activities.
- Revealing the Islamic banking contracts and solutions that achieve profit compared to conventional banks, while developing it with respect to the financial sector needs.
- The CNEP Bank has to develop advanced financial tools that complies with the Islamic legislation to produce an Islamic financial market that covers the Islamic banking sector needs.
- Employees of the CNEP banks should be given sufficient opportunities to understand the process of change and necessary adjustments to reduce the level of uncertainty and resistance to change.
- The Central Bank of Algeria has to conduct a scientific research that draws the path to pass a new law that organizes the process of converting from conventional to Islamic banking models

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Appendices:

Annex2

المصدر: مخرجات برنامج SPSS

Annex1

المؤهل العلمي

		Fréquence	Pourcentage	Pourcentage valide	Pourcentage cumulé
Valide	ثانوي	15	13,0	13,0	13,0
	مهني	48	41,7	41,7	54,8
	جامعي	47	40,9	40,9	95,7
	دراسات عليا	5	4,3	4,3	100,0
	Total	115	100,0	100,0	

الوظيفة المهنية

		Fréquence	Pourcentage	Pourcentage valide	Pourcentage cumulé
Valide	عون تنفيذ	16	13,9	13,9	13,9
	عون ضبط	27	23,5	23,5	37,4
	إطار	53	46,1	46,1	83,5
	إطار مسير	17	14,8	14,8	98,3
	أخرى	2	1,7	1,7	100,0
	Total	115	100,0	100,0	

الخبرة

		Fréquence	Pourcentage	Pourcentage valide	Pourcentage cumulé
Valide	من سنة إلى 5 سنوات	33	28,7	28,7	28,7
	من 6 إلى 10 سنوات	35	30,4	30,4	59,1
	من 11 إلى 15 سنة	30	26,1	26,1	85,2
	من 16 إلى 20 سنة	12	10,4	10,4	95,7
	من 21 إلى 30 سنة	5	4,3	4,3	100,0
	Total	115	100,0	100,0	

Annex3

المصدر: مخرجات برنامج SPSS

Annex4

Coefficients^a

Modèle		Statistiques de colinéarité	
		Tolérance	VIF
1	المحور01	,406	2,462
	المحور02	,310	3,226
	المحور03	,389	2,574
	المحور04	,302	3,307
	المحور05	,372	2,691

a. Variable dépendante : y

المصدر: مخرجات برنامج SPSS

Annex4

Tests de normalité

	Kolmogorov-Smirnov^a			Shapiro-Wilk		
	Statistiques	ddl	Sig.	Statistiques	ddl	Sig.
المحور01	,123	115	,000	,945	115	,000
المحور02	,106	115	,003	,955	115	,001
المحور03	,151	115	,000	,950	115	,000
المحور04	,125	115	,000	,963	115	,003
المحور05	,125	115	,000	,954	115	,001
y	,111	115	,001	,958	115	,001

a. Correction de signification de Lilliefors

المصدر: مخرجات برنامج SPSS

Annex 6

Récapitulatif des modèles^b

Modèle	R	R-deux	R-deux ajusté	Erreur standard de l'estimation
1	,781^a	,610	,592	,56224

a. Prédicteurs : (Constante), المحور01, المحور03, المحور05, المحور04, المحور02

b. Variable dépendante : y

ANOVA^a

Modèle		Somme des carrés	ddl	Carré moyen	F	Sig.
1	Régression	53,841	5	10,768	34,065	,000^b
	Résidu	34,456	109	,316		
	Total	88,298	114			

a. Variable dépendante : y

b. Prédicteurs : (Constante), المحور04, المحور02, المحور01, المحور03, المحور05

Coefficients^a

Modèle		Coefficients non standardisés		Coefficients standardisés	t	Sig.	Intervalle de confiance à 95,0% pour B	
		B	Erreur standard	Bêta			Borne inférieure	Borne supérieure
1	(Constante)	,780	,206		3,789	,000	,372	1,187
	المحور01	,030	,083	,034	,366	,715	-,133	,194
	المحور02	-,121	,100	-,130	-1,213	,228	-,319	,077
	المحور03	,168	,091	,177	1,846	,068	-,012	,348
	المحور04	,206	,100	,224	2,056	,042	,007	,404
	المحور05	,464	,085	,536	5,463	,000	,296	,633

a. Variable dépendante : y

Activer Windows
Accédez aux paramètres de l'ord

المصدر: مخرجات برنامج SPSS

Annex5

Récapitulatif des modèles^b

Modèle	R	R-deux	R-deux ajusté	Erreur standard de l'estimation	Durbin-Watson
1	,571^a	,326	,320	,75564	1,874

a. Prédicteurs : (Constante), المحور01

b. Variable dépendante : y

Récapitulatif des modèles^b

Modèle	R	R-deux	R-deux ajusté	Erreur standard de l'estimation	Durbin-Watson
1	,559^a	,311	,305	,73950	1,735

a. Prédicteurs : (Constante), المحور02

b. Variable dépendante : y

Récapitulatif des modèles^b

Modèle	R	R-deux	R-deux ajusté	Erreur standard de l'estimation	Durbin-Watson
1	,603^a	,363	,357	,70546	1,609

a. Prédicteurs : (Constante), المحور03

b. Variable dépendante : y

Récapitulatif des modèles^b

Modèle	R	R-deux	R-deux ajusté	Erreur standard de l'estimation	Durbin-Watson
1	,679^a	,461	,457	,64980	1,624

a. Prédicteurs : (Constante), المحور04

b. Variable dépendante : y

Récapitulatif des modèles^b
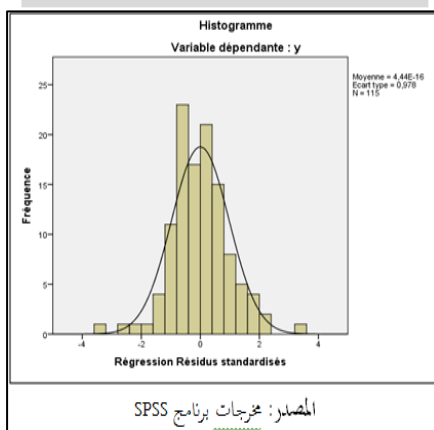
Modèle	R	R-deux	R-deux ajusté	Erreur standard de l'estimation	Durbin-Watson
1	,754^a	,568	,564	,58095	1,772

a. Prédicteurs : (Constante), المحور05

b. Variable dépendante : y

المصدر: مخرجات برنامج SPSS

Annex8

Histogramme — Variable dépendante : y

المصدر: مخرجات برنامج SPSS

Annex 7

Régression Résidus standardisés — Nuage de points — Variable dépendante : y