

Digital Islamic Finance Strategy in Al Baraka Banking Group in Algeria

إستراتيجية التمويل الإسلامي الرقمي في مجموعة البركة المصرفية بالجزائر

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Abstract:

The study aims to analyze the role of digital Islamic finance strategy in Al Baraka Banking Group in Algeria, And exploring the reality of the application of digitization in the performance of its financing activities. The results of the study were that the trend towards digitization increased the pace of competition between banking institutions, as it become the survival and continuity of those who provide services and products according to renewable methods has become, and information technology has become a new concept that contributes to support innovation in the digital Islamic economy sector, and the Al Baraka Group relies The digitization of Islamic financing operations should serve other sectors, but it is still in its early stages and always striving towards its development.

Keywords: Digital Economy; Information Technology; Digital Islamic Finance; Digital Strategies; Al Baraka Banking Group; Algeria.

Jel Classification Codes: G21, O30

ملخص:

تهدف هذه الدراسة إلى تحليل دور إستراتيجية التمويل الإسلامي الرقمي في مجموعة البركة المصرفية بالجزائر، واستطلاع واقع تطبيق الرقمنة في أداء أنشطتها التمويلية. من نتائج الدراسة أن التوجه نحو الرقمنة زاد من وتيرة التنافس بين المؤسسات المصرفية، وفي ظل هذا التحدي أصبح البقاء والاستمرارية لمن يقدم خدمات ومنتجات وفق طرق متجددة، وأصبحت تكنولوجيا المعلومات مفهوما جديدا يساهم في دعم الابتكار في الاقتصاد الإسلامي الرقمي، كما أن مجموعة البركة تعتمد على الرقمنة في عمليات التمويل بالطرق الإسلامية، إلا أنها لا زالت في بداية مراحلها وتسعى لتطويرها.

كلمات مفتاحية: اقتصاد رقمي، تكنولوجيا المعلومات، تمويل إسلامي رقمي،

إستراتيجيات رقمية، بنك البركة.

تصنيف JEL : G21, O30.

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1. INTRODUCTION:

The banking and financial industry is one of the sectors in which it has facilitated the use of financial transactions and reduced the cost of access to finance, which has made it pursue this rapid technological development, enabling it to develop a platform for financial innovations in accordance with Islamic law and contributing to the development of its performance to gain a larger share of the world's financial markets, where the Islamic economy has become a fertile ground for innovation, its culture and products need to be promoted and defined as important.

The latest development in the world, especially those related to the rapid growth of electronic financial transactions, both for banking and investment transactions in financial markets, have brought with them new and growing challenges that require more cooperation and coordination to find suitable solutions to deal with these challenges and to achieve more growth in the sector. the company's main focus is to provide a wide range of services to the public digital transformation.

1-the study problem:

Al Baraka Banking Group seeks to modernize its activities by adopting the strategy of digitization, as Al Baraka Banking Group offers its products and services In accordance with the provisions of Islamic sharia law in the framework of joint cooperation with international companies, and in light of the following problems can be formulated:

What digital strategies can transform digital Islamic finance in Algeria's Al Baraka Banking Group?

This question can be divided into the following sub-questions:

1-what is digital Islamic finance?

2-what is the reality of Islamic digital finance in Al Baraka Banking Group?

3-what are the efforts of Al Baraka Islamic Bank to adopt digital finance strategies under the framework of achieving interaction with Islamic digital developments.

2-The study hypothesis:

Based on the problem of the study, we have formulated the following hypothesis:

Al Baraka Banking Group has developed strategies led by the transformation of Islamic Digital Finance, through innovation, better product differentiation, and expanding its branch network and client base, establishing its ability to grow in a compliant environment of Islamic law and regulations

3-The study's importance:

Since its inception, Islamic financial transactions have been given close attention by scholars, specialists and supporting scientific institutions in order to develop their tools to keep up with the latest scientific and technological

developments to serve their economies on the one hand and service to its customers on the other hand within the framework of Islamic legal transactions, and considering the large role and effects of society on the one hand and the financial and banking institution on the other hand, this made its study an urgent necessity required by the current reality data, and therefore, the importance of the study is manifested mainly in the following:

-The main focus of the project is to clarify and highlight the importance of the Islamic bank of Al Baraka in adopting a digital financing strategy.

-Reach results related to the extent to which Islamic Digital Finance formulas are applied.

-Make some suggestions that would contribute to make financial activity operators aware, particularly in banking activities of the feasibility of large-scale Islamic digital finance.

4-study objectives:

The study aims to:

-The study of the changes in the transformation toward Islamic digital finance in Al Baraka Banking Group in Algeria, and what these techniques are creating in the formulation of new concepts in the quality of its activities, as well as the change is making in dealing with money and other services in Islamic banks in the field of electronic exchange of money and the development of Islamic financial products .

-Creating and developing Islamic financial transactions in banking institutions.

-Investing in the human component and information technology to achieve client satisfaction and to activate permanent communication locally, regionally and internationally on the one hand and to keep up with developments in the digital economy on the other hand.

5- Study curriculum:

In order to answer the questions of the study and test its hypothesis, as well as to identify the various aspects and variables related to Islamic digital banking finance, we have relied on the analytical descriptive approach, which allows for studying strategies for the transformation toward Islamic finance Digital at Al Baraka Bank in Algeria, this is through Based on various authoritative references such as books and letters.

6- Previous studies:

Khawla Azaz, Saida Memo, Islamic Finance formulas as a mechanism to support the profitability of Islamic banks - case study of the Islamic Bank of Qatar with reference to the experience of the Algerian Al Baraka Bank, Al Afaq Journal of Economic Studies, Tebessa University, 2019, (6), The study aimed at identifying how important Islamic finance formulas are in supporting profitability Islamic banks to make this study more profound, the extent to which Islamic finance formulas are generated has been studied and analyzed for profits at the

Islamic Bank of Qatar, and reference to the experience of the Algerian Bank of Al Baraka, I concluded that the highest ratio of profits in the Islamic Bank of Qatar come from the forms based on ownership (participation, speculation), Although the Bank attaches greater importance to the Murabaha formula, by allocating half of the total assets of the financing to it the least risky formula, the fastest liquidity cycle, and the most secure for customers, By contrast, the Baraka Bank provides mostly short- and medium-term funding that combines peace, Murabaha, conglomerations, and neighbor, may this diversification has contributed to positive annual results, but there are many obstacles to keeping pace Progress in pilot experiments, the most important of which are barriers to management, organization, training, qualification and efficiency in selection optimal formulas for funding.

Zeid Ayman's study, with Amina's Budraa, Islamic financial technology and the need for innovation is an experiment AlgobaHrin, Journal of Legal and Economic Studies, 2018; folder)3(7,The researchers address the subject of Islamic finance technology as one of the contemporary topics that are gaining its importance and extent is the reality of the domestic and Banking, member banks have followed the big problem.

Algobah Rin is a qualitative approach to research, innovation, and marketing innovative solutions, this is to enhance the value to customers, it is also a recent financial activity in some developed countries.

Fadl Abdel Karim Al-Bashir's study, the role of the digital economy in promoting the growth of Islamic finance, Bait el machoura Magazine, 2018 (9), the contours of the new reality that humanity is living are beginning to form under new technologies. Ideas, information, and knowledge became tradable assets, using digital technologies that were based on them fast and flexible, The research aims to examine the changes in the transformation toward the digital economy, such as the Internet things, artificial intelligence, big data, cloud computing, their advantages and cons, and their implications for economic aspects, with emphasis on the role of digital platforms in promoting the growth of Islamic finance and creating a shift qualitative in its activities, using the analytical descriptive approach, Research is a space for financial Islamic institutions' use of platforms for electronic money exchange, digital financial services, and financial product development The research has reached a number of results, the most important of which are: Use and handle these technologies at A wide range in the Islamic finance sector, and its use in offering educational and training programs in finance Islamic Jihad to reach the biggest number of educated and trained people to shout this sector with qualified cadres.

2. The theoretical framework of Islamic finance:

To be sure, technology and the knowledge revolution have become a key factor and a key component of any wealth increase an organization of any kind, in

the light of technological and scientific development and the communications revolution, it can be considered a new concept of the enterprise's assets and must be invested in it. Perhaps Islamic banking institutions and industry Islamic finance-based banking and finance are the fastest-growing global finance sector, so it must the development of an Islamic digital finance strategy capable of keeping pace with the accelerating technological development and enabling it to A curriculum of financial innovations and innovations consistent with Islamic law; It contributes to the development of its performance to gain a greater share of the global financial markets and a better competitiveness. (Azaz & Memou, 2019, pp. 28-49)

2.1. Definition of finance in Islamic banks:

Islamic banks are defined as a financial institution that is engaged in banking with its obligation by not treating benefits as a free transaction, and by taking away any action contrary to the provisions of the Islamic Shariaa. (Kahaf, 2004, p. 12)

By the above, it is the specificity of Islamic banks not to deal with interest, take advantage of, and invest in Projects that benefit the public interest of society, linking economic development to social development.

Islamic finance is: provide a wealth in kind or in cash with the intent to profit from the owner to someone else who manages it and acts for a return under Islamic Shariaa. (Daas & Aouissi, 2018, pp. 243-259)

Islamic finance also points to:

From the two previous definitions, Islamic finance is based on the following characteristics:

Islamic finance relies on legitimate controls and standards. funding in the amounts requested shall be of benefit to another Party.

The main purpose of funding is to develop private or public projects.

To provide funding in a timely manner, in the sense of when it is needed.

Islamic finance is based on the process of linking finance with actual or real activity.

2.2. Islamic finance formulas

set of formulas for Islamic banks to finance projects and lending is essentially the same in:

- **Murabaha:** It is in the form of a contract between two parties, which involves the sale of a commodity to a second party in exchange for a profit margin add to the price of buying it from the market. After the receipt of the goods by the second party, the goods can be paid immediately, or over a fixed period of time as agreed in contract. (Taleb, 2019)

- **The partnership:** In this formula the bank finances the project subject to participation with a sum of money, and the customer with another sum. The bank

and the customer become owners of the company's capital, and the profits are distributed according to the agreement. The loss is the amount each party has a share of capital relative to and proportion (rokaybet, 2016, p. 12), and to implement this formula a partnership contract must be prepared the Bank's financial sector is also the most effective in terms of the Bank's financial and financial services in decreasing participation.

- **Speculation:** Islamic banks use speculation in what is known as collector funds, in which a bank takes over arranging the speculative process is the speculators, and other banks participate as the owners of the money, and are invested Money in different activities, it is common to invest in Murabaha (Abdelmalek, 2012, p. 96) and using this formula needs to be a contract

Speculation, In the case of combined funding of Murabaha operations, a speculative contract and a framework contract for operations must be prepared Murabaha, all according to the legitimate control.

- **leasing:** It is that someone else leases something that he or she cannot get, or does not want for certain reasons.

This is for a known wage to be offered to the owner of the object, and therefore a contract involving the determination of the lease-eye transaction the tenant is empowered and the owner has pledged to maintain it. This is within a fixed period and an agreed procedure between the parties in Contract. (Yousri, 1995, p. 85)

- **Ladder:** In this form the bank buys from the customer a sufficient description of the goods that are described to be delayed delivery to fixed appointment. (Bouregghba, 2011, p. 22)

- **The sale:** It is the payment of land from its owner to those who plant it and share the transplant between them and the farmer is a partnership contract, the other partner is to provide work on the ground, and the Islamic Bank for Agriculture is financing a type of partnership between two parties is the Islamic Bank, which is the provider of financing and the landowner who needs it funding. (Saouan, 2001, p. 177)

- **the sinners:** is a type of company, which is also made up of trees by the end of their legs and care by another person, the fruit has been shared between them, and the sinners are legitimate, such as agriculture, and it is in it to fill the need of the owners of the trees who do not they are familiar with making a commitment, In this case they need to treat those with experience and such contracts a prize because it benefits her friend and society. (Archid, 2007, p. 150)

3. Theoretical crops for digital Islamic finance

Digital Islamic finance is a recent trend toward investment-oriented and efficient development, maybe the diversity and development of banking activities on the one hand and the evolution of information and communication technology and various programs that facilitate these activities on the other hand, this have

led to the development of the mechanisms adopted in this financing under the economy digital.

3.1. The digital economy:

The last decades of the last century have seen major technological developments, which have brought about radical changes in sectors economic activity, perhaps the most prominent of which is the banking sector. Different banks have begun to intensify their use of the latest modern ICT technologies that can be limited to computers and devices telecommunications, in particular the Internet; The trend toward e-exchange is instead this has led to the efficient adaptation of this sector to the creation of new services. And developing their methods in order to keep pace with developments in this type of industry and as a result of increased competition in the banking industry and its expansion into open global market competition.

Definition of Digital Economy:

The term digital economy comes back in 1995 by the Canadian scholar Don Tapscott, in his book: Digital Economy – hopes and risks in the age of Smart Networks and then came a group of interested and researchers to analyze the content of this concept, which they disagreed in its name, including what he called an economy Knowledge, including those he called the Internet economy. Some of them knew him as an information economy although it has multiple features, the meaning and content of the term remain the same because it shares the fundamental advantage that the goods are products are converted from the physical, tangible, to the digital form, where they can be stored in form numbers, which are the exchange in the digital market, This is reflected in several areas, so digital content should be viewed within the context of the environment and the mechanisms to develop and store it Delivery and delivery, and our understanding of digital content must go beyond technology to include dimension legal and cultural.

Benefits of Digital Economy:

There are a range of advantages to the digital economy, the most important of which are: (Taleb, 2019)

- Increased opportunities for inter-institutional cooperation at an accelerated pace in various forms of partnership leading to the emergence of institutions network, plus, Changing the nature of work and introducing new work models increase workers' wages the sector is largely.
- To change industry and develop products in new ways that benefit customers and service providers alike through the consumer determines the specifications for the product that is right for them, And the transition from large production to demand production for service providers.
- The major changes that digital transformation has brought about, especially in financial and accounting, related to a system payment, executing an electronic

command that performs a lot of and checking (Back Office), from transactions such as:

Audit buyer's credit provide the product, send confirmations on audits, and follow up on payment accounts receivables, invoicing, etc., as used in the direct-made stock trade Confirmation of completion is sent immediately; According to a study by the international company of Exsencher specialized in Management consultations and technical services the 1% growth in the digital transformation of government services is increasing GDP by 0.5%, matched by 1.9% growth in the country's foreign trade, encouraging an increase Competition among States, The 10% increase in digital technologies also reduces unemployment by 0.86% in countries that adopt a digital orientation.

To expand the community's information base and access to financial services, as well as to reduce the cost of information And social development for enterprises, individuals and the public sector, and it encourages innovation.

3.2. Digital Islamic Finance

Islamic digital finance depends on the existence of a difference in the extent to which services are approved services Online E.Banking. E.Banking is all the innovative and developed banking tools that rely on ICT and, in many cases, on the Internet, In order to serve customers in every time and everywhere, whether via computer, telephone or any other device, financing through Islamic methods is Probably considered. This is also a key activity in the financing and investment process.

Definition of Islamic Digital Finance:

The financial services provided by Islamic finance institutions are highlighted and compared with those of traditional institutions as a challenge for these institutions, financial services are homogenous, and successful institutions are being provided services in a studied scientific method, focused on fulfilling the wishes of their customers and earning their satisfaction and benefiting from contemporary technology such as banking technology or a mobile bank, for example – offers a great deal of security services - Mobile Banking for both the customer and the organization, It allows the organization to communicate with its customers through text messages that he sends to market his products, introduce his new services, and also make the banking phone available in at the same time, multiple services for customers, including identifying customer account balances and their deposit movement and withdrawal, It also provides customers with the ability to take immediate action from anywhere on situations such as the decline in the balance below the minimum (Albachir, 2018, pp. 52-62). The development of Islamic finance needs to be used appropriately financial technology, which has become an important element in the financial services industry, traditional processes have been transferred Overall, to the digital interface, this rapid technological development has become a real threat to financial services

Traditional technology companies have been involved in developing financial systems including banking and payment services and phone technologies and more and catalyze them to take advantage of the technology revolution to change existing operational methods in a way mural and efficient (Zayd & Boudraa, 2018, p. 151).The traditional banking sector recognized the importance and impact of financial technology, where it saw the introduction of products financial services have evolved considerably new products have been introduced payment channels have also been updated through payment gateways electronic by introducing more secure and fully accessible technologies to reduce transaction costs the payment system sector is one of the most benefiting from current technology

Importance of Islamic Digital Finance:

The digital economy is important as follows:

Islamic financial instruments are an alternative to traditional, interest-rate-based financial instruments, but even to them Capable of pursuing digital transformation in the global economy and able to cover all aspects of finance in Economy, A strategy for innovation and development must be developed, because the pursuit of more market global banking requires that, and that more importance be given to scientific research that is specialized in this field and in a way that raises Of the efficiency and effectiveness of existing financial instruments.

The digital economy in which new technologies of information technology have proliferated is astonishingly communications, the Internet, or the so-called communications revolution; to the extent that it is very difficult to imagine that the world lives without it to run its domestic or foreign business. That is if we know, for example, that the digital economy today achieves tremendous economic value and revenue within the G-20, bringing it to 50% of the total GDP of the group countries, i.e. about 32 trillion dollars. Any development on a level the domestic or global economy should be reflected in the terms of the Islamic banking industry as long as it has reached many communities and its spread has become remarkable. Our Islamic bank has the task of working hard on a situation. A strategy that aims to innovate, and move scientific research and its tools to a level that keeps up with scientific development and technology and readiness to deal with the benefits of the digital economy.

What distinguishes Islamic banking operations is that they are based on the commitment of Islamic Sharia ethics and rules It is consistent with the latest developments in the world economy. Giving exceptional priority is the development of ideas and philosophy on which the Islamic banking sector and its financial institutions operate is so that there is no stalemate and uncertainty the ability to progress in line with rapid changes in the global economy, and its financing instruments are effective in contribution to global economic stability.

The effectiveness of e-banking activity:

The aim of the electronic activity is to achieve a set of objectives for which the banks were established, perhaps the most important of which are (Albaraka, 2019):

1 – its effectiveness within the banking activities themselves:

The development and applications of ICT in different transactions and activities in banking institutions develop their business, and improve their range of service, and develop the competencies of employees in financial institutions, It has also allowed the weaving of effective coalition networks that have enabled financial institutions to increase their activities

To interact with the requirements of competition and stay in the competition arena locally and internationally; banking activities also allowed E-commerce solution to many problems in financial institutions by giving them new opportunities, especially as:

- an effective engine for the transfer, use and storage of data and information;
- effective cost-cutting and time-consuming tools that are available;
- an effective tool to improve customer relationships by providing innovative and new services that meet their renewed aspirations

2- Customer effectiveness:

Many research has suggested that electronic banking services can flourish only when they are realized motivations, desire, and group engagement for their users, where they must have a minimum of knowledge using information technology and digitization such as the Internet, various computers and software programs for their activities, so that not they face problems and challenges that reduce their work performance, as well as taking time with the speed and ease of use required Use Western researchers may have been able to identify the mechanism of electronic action in achieving good performance with different customers; By subscribing to services, the customer is more engaged and more engaged innovation ideas.

One researcher sees that bank business and electronic activity allows customers to access their account at first a potential use of bank mechanisms, through the ability to transfer, withdraw, or deposit funds, as they have effective during cross-line billing from payment or payment, And compare the different offers of banks and consultants' suggestions, and this is achieved through it applications.

3- Its effectiveness between the bank and the customer:

Often, bank activities are somewhat similar in terms of service, mechanisms used, and even methods customer funding, as it applications evolve and banks' activities are developed electronically the pursuit of efficiency and effectiveness is an indicator among these banks, because achieving excellence involves those who offer the best. Of during this approach, banks are seeking to provide other products and services through resource allocation and realization

interaction between all staff within and outside the Bank; To strengthen the relationship between the bank and its customers, it is working banks strive to provide their best service, by focusing on quality and more efficient services for the customer and the bank itself trust is perhaps the most important criterion for increasing the effectiveness of banks' activities electronically.

The way and the tools:

Through this element we will review the meta-study of Al Baraka Banking Group strategies in Algeria by introducing Al Baraka Banking Bank and the most important mechanisms it adopts in the digital finance process in the Islamic way, reference is made to the reality of digitization in its financing activities. This is done using documents published on the Web site Al Baraka Banking Group to present and analyze the mechanisms of applying Islamic finance strategies using technology its strategic directions for expansion and development.

1. Digital Islamic Finance in Al Baraka Banking Group:

Al Baraka Banking Group is working to meet the needs of its clients by relying on all methods of Islamic finance the dominant and mainly financial technology, through which products are offered in accordance with Islamic law.

1.1. Definition of Banking Baraka Group:

The bank pool group known as the bank pool (S.A.B) is licensed as an Islamic wholesale bank from the Central Bank of Bahrain, and is listed in the two exchanges of Bahrain and Nasdaq Dubai. The company is a leading Islamic banking company in the world, They offer their services the bank is a unique bank to about one billion people in the countries where it work, and Al Baraka Banking Group is located in Manama, Bahrain, founded in June 2002, has granted the International Islamic Agency (IEA) credit rating BBB+ (long range A3/ (short range) at national rating level, It has also been awarded an institution Global Standard & poor's Group Credit Rating BB (long term) and B (short term), advance Al Baraka banks are their products and banking and financial services in accordance with the provisions and principles of Islamic law in banking fields retail ,trade investment as well as treasury services.

The authorized capital of the group is 2.5 billion US dollars, and the group has a wide geographical spread representative in subsidiary banking units and representation offices in 17 countries, where more than 700 branches are administered, and currently for the Group: Algeria, Bahrain, Egypt, Jordan, Lebanon, Pakistan, Sudan, Turkey, South Africa, Tunisia, Saudi Arabia, Syria, Morocco and Germany plus one branch in Iraq and two offices represented in each from Indonesia and Libya.

1.2. Digital Islamic Finance Strategy of Al Baraka Banking Group:

Al Baraka Banking Group has partnered with Gulf of Bahrain Financial Technology, the largest hub for financial technology in the Middle East and North

Africa region, The partnership is part of a series of initiatives financial technology that Al Baraka Banking Group is taking to establish a culture of innovation and to foster financing Islam in an age of digital transformation.

The group recently announced the launch of the first Islamic Financial Technology Union (ALGO), as it revealed a number of financial technology activities are taking place in its banking unit, the Bank of Turkey for Shares such as the establishment of a pool incubator, which acts as an accelerator for emerging technology companies and financial technology companies,

Also organizing the Al-Baraka Financial Technology competition which received more than 500 requests for participation from all over turkey. Al Baraka Banking Group has announced the expansion of new markets, by establishing a digital bank in Germany, as part of its strategy of digitization and financial technology, believes in the pond partnerships and cooperation in the digital age and the financial technology age are the key to developing and improving the experience of customers.

The Bank of Turkey in Germany launched the Inshaa service, to provide digital banking in Europe's "INSHA" service was developed based on Solaris AG's main banking infrastructure Berlin a fully licensed bank by the German Banking Regulatory Authority Baffin Audit Institution, and the Germany Central Bank which provides a banking platform for commercial companies, and in the first phase, the "INSHA" service will be provided basic banking services such as bank account opening, account management, debit card and payment bank transfers, Al Baraka Bank Turkey plans to include all banking services offered by participating banks this is the second stage of the service in order to spread banking engagement on either digital or traditional channels throughout Europe, the creation service consists of digital processes and products only, and does not require a condition physical documentation or going to the bank branch providing convenience for users to open the account in a few minutes.

The "INSHA" service is not just an application that provides financial services, but a service that focuses on everyday life for users and includes a series of applications that make their daily lives easier, such as the Zakat Account Assistant and in the first stage, you will introduce "INSHA" Services in German, Turkish and English, but there are plans adds Arabic to the languages supported by the service in later phases. And the Users can access directly to the "INSHA" service by downloading their app from the App Store and Google Play Visit www.getinsha.com for detailed information on the products and services that are available. It also provides service and this service is a leading strategy for breaking the European market and providing comfort to Turks citizens and other Muslim communities in Germany through digital banking all.

Some 20 million Muslims live in Europe and one-quarter live in Germany, and Muslims there are no local languages and they have reservations about

banking with interest, they have encountered difficulties with making use of financial services in these countries, One of them is the difficulties they face in conducting some transactions mandatory banking and transfer of funds to their countries of origin. And to provide a solution to the issues that Turcs citizens face and other Muslim communities and to improve banking by participating globally, so it has lost the Bank of the United States has moved forward in its vision of being the best bank to participate in the world from the launch of the “INSHA” service and its own The first is Germany while its ultimate goal is to provide this service to Muslim communities around the world.

2. Digital Islamic Finance reality at Al Baraka Bank in Algeria:

Islamic finance in Algeria is relatively recent given that the Algerian banking system lives different changes and reforms.

3.1. Definition of Islamic Baraka Bank in Algeria:

Al Baraka Bank is the first public-private Islamic bank to be formed on May 20,1991 as a joint stock company under the Monetary and Loan Act, its headquarters in the capital, is to be subcontracted by several banks. As for shareholders, they are the Bank of Agriculture and Rural Development (Algeria) and Al Baraka Banking Group (Bahrain), Under Act No. 03-11 of September 26, 2003, the Bank has the right to practice all Banking operations are funded and invested in accordance with the principles of Islamic Shariaa law and the most important stages Algerian Al Baraka Bank passed by:

1991: establishment of the Algerian Baraka Bank;

1994: Financial stability and balance of the Bank;

2000: first place for private capital banks;

2002: redeployment in new market sectors, in particular professionals and individuals;

2006: increase the bank's capital to 2.5 billion Algerian dinars;

2009: Second increase in bank capital To 10 billion Algerian dinars;

2012: the first comprehensive and central banking system that is identical to the principles of Islamic law;

2016: leading consumer finance at the Algerian country level;

2017: a third increase in the bank's capital to 15 billion Algerian dinars;

2018: the best Islamic bank in Algeria for the sixth consecutive year (Global Finance) Rating Magazine;

2018: is one of the most irrigated units of Al Baraka Banking Group;

2018: one of the most prominent banks in the Algerian banking arena;

2.2. Al Baraka Bank objectives:

Al Baraka Bank was established to pursue a set of objectives, especially those related to it covering economic needs, finance and investment away from usurious transactions; The main objectives are (Albaraka, 2019):

- Develop chip cards that allow their use at the electronic payment terminal level, which are devices traders are placed with and allow customers to pay for their purchases using memory cards, which are connected to SATIM after each purchase of an electronic card, the value of the goods is transferred electronically from the customer's account to the merchant's account.
- Diversify and intensify services and introduce an E-Banking or E-bank service. Profit on legitimate investment methods and transactions. To attract and employ human resources through legitimate means; And the provision of funding to meet the needs of the different sectors.
- Developing and channeling funds toward participation in investment in a non-bank manner.

3.2. Functions and activities of Islamic Baraka Bank in Algeria:

Islamic Baraka Bank in Algeria has several activities the most important of which are: (Albaraka, 2019)

➤ Banking services:

The bank offers various activities whether it comes to accepting cash deposits and opening up current accounts The collection of commercial paper, the opening of documentary credits and the transfer of funds, and the management of property and dealing in foreign currency, special studies for bank clients and services and information Various consultations and more.

➤ Social services:

The Bank acts as the Secretary-General in the area of the organization of social services for documentation the interconnection of different members of society is achieved by providing a good loan for the productive ends of individuals to help them ensure a stable life at work, the bank has created funds for various purposes target social.

➤ Finance and investment:

By providing finance, whether by speculation, participation and profit to employ funds that the owners wish to jointly invest with the other resources available to the bank.

➤ Other activities:

Ownership, sale, investment and lease of movable and immovable assets such as land creation self-insurance and cooperative insurance funds for the benefit of the bank or its clients receive Zakat and accept donations voluntary contributions, and supervision of their expenditure in areas of a social nature, enter into professional associations regional and international cooperation with Islamic banks.

2.4. Al Baraka Bank's legitimate Regulatory Authority:

The Shariah Board aims to verify compliance of all banking transactions with the Islamic Shariaa Republic, as well as offering advice and guidance to achieve the purposes of the true religion, and its tasks summarized in particular in a study and the issuance of legal opinion in the legal issues before it, the revision of

contract forms, agreements and all banking and its approval before it is put into practice, And their involvement in modifying the models of those contracts where appropriate, and if necessary, the agreements assist in the preparation of contracts that the Bank intends to conclude with a view to ascertaining the contracts, agreements and processes mentioned are free from legitimate violations, supporting the public administration in providing advice or legal opinion on how banking transactions are in conformity with Islamic law.

Its decisions and opinions are binding on the public administration to ensure the legitimacy of contracts and transactions banking, the proper application of opinions and decisions issued by them, and in the event of a defect, lack or violation, you shall the Board may make recommendations to the Bank's management to correct and if possible adjust the operations that have been completed, and the bank's advisory opinions are well applied and questions are responded to customers for the legality of actions and transactions.

1. Digital Islamic Finance Strategy in Algerian Al Baraka Bank:

The Algerian Al Baraka Bank enters the world of digitization from its wide door to respond and anticipate the needs of its customers, where innovate and accompany their partners on the road to success by providing a variety of finance products will help them to complete their investment projects and meet their exploitative needs, as the totalitarian Algerian Baraka Bank offers a list of innovative products in line with the latest in modern technology the aspirations of its clients.

3.1. Future Vision of the Pool Group:

The Bank's vision over the next five years is:

- Strengthening the Bank's property rights;
- Improvement of market shares;
- Strengthening the Bank's leadership position in the sectors in which it is located;
- Further development of information technology and digital transformation;
- Doubling the exchanges between units;
- Better distribution of customer portfolio among the three sectors(firms, professionals, and properties).

3.2. Its Prospects: The most important long-term projects are:

- Digital transformation and digital agency opening;
- Allocate space in each agency for remote banking workers;
- Electronic document management;
- Preparation of a system to combat money-laundering;
- Listen and telephone inquiry center (call Center);
- Visa, Corporate, Online Payment Development (TDing)
- Web March and Billing customers);
- Developing a new system that allows customers to communicate with the bank by SMS;

- Supply of electronic propulsion equipment to dealers;
- Launch of mobile Banking;

3.3. Digital Financial Services provided by the pool group:

3.3.1. Smart Card:

As part of the digital strategy, the Bank of Al Baraka of Algeria, its new product launches Al Baraka Smart Company Service provides three services to the bank's private clients, professionals and institutions digital and modern: The Company Net Remote Bank, mobile banking and paintings Electronic App.dz and corporate SMS Banking, therefore,

Once opened the Algerian Al Baraka Bank customer can benefit from the Al Baraka Smart services at preferential rates, Within 24 hours, for a week, wherever they are, from home or from the office, the customer can access their bank by clicking on: <https://ebanking.albaraka-bank.dz/customer>, and taking advantage of a wide range from banking services (Albaraka, 2019).

Al Baraka Net: follows up on the balance of accounts and the date of operations carried out, following up on the funds available from the bank; making bank transfers (within the bank, between banks in Algeria, paying taxes due to interests Mobile)... DGI; request for payment, download and print a RIB.

Al Baraka App.dz: Customer's subscription to the Electronic Banking service provides "App.dz can get all the services on their Smartphone or digital board after loading the Al Baraka App.dz via Google Play or IOS.

Messages of Al Baraka: The bank provides its customers with the right solution to inform them in a timely manner of all transactions executed on their accounts such as creditor and debtor movements, the balance of accounts is ready for payment at the branch level; in order to benefit from the smart service, the client of the Algerian Al Baraka Bank must ask the client's advisor Subscribe to Smart to obtain any additional information, the customer must contact: Email fil-istimaa@albaraka-bank.com.

3.3.2. Electronic push-off CIB:

For a good commodity or service you receive that pays a certain amount of money, That is the basis of the world's leading trade and in Algeria the payment was limited to two methods: Paying in cash or paying for an instrument. The world has been leading for a short time to a new service that cancels the two previous services, the electronic payment service to benefit from the service, a CIB code bank card must be available. This Algerian Al Baraka Bank is issued the type of card is an electronic payment service, i.e. transfer of funds directly from one account to another. These can be used The card is in the stores with a CIB logo on its front, and there are a limited number of services to be able to do payment is electronic and is often paid for water and Internet bills, and the packaging of the balance on the mobile phone as well as the payment the

electronic stores are also in the same way as the shops, especially in the major markets (Albaraka, 2019).

The card can also be drawn from the ATMs that are spread in the country and are usually associated with the bank's customer account, it is an instant debit card, as the device does not respond to the customer so it was his account does not cover the withdrawal, does not receive the process and the card is to be received by the holder. Sometimes, some banks empower their customers from overdraft to certain balance sheet benefits, which are divided into two types: Classic for those with medium financial capacity or monthly payrolls, gold for those with high financial capacity or businessmen, and card Properties are: (Margaret & Thompson, 2000, pp. 12-39)

- Is issued to customers who have a bank credit account and the bank charges the issue.
- The account holder is the same as the card holder most often and the card holder may not be the same owner account;
- The customer's account is automatically charged once the card is used and the customer's account is reduced by the amount of the draw;
- Use within the borders of the People's Democratic Republic of Algeria;
- The term of office is renewable for two years;
- Allows Pay and withdraw within 24 hours and 7 days a week on all automatic buckets for all banks on a level 48 mandates;
- The purchase of goods from different merchants, companies and shops, and the purchase is carried out under a mandate that has been granted;
- The merchant has obtained him from the bank with which he signed the agreement's
- Receive benefits and services from hotels, offices, and more so that the customer can use the card for benefit from a particular service;
- Cash withdrawal: So that the customer can draw as much as they have in their balance.

3.3.3. Remote services:

These are the technology to send check over the image, which allows this service handle various banking transactions in a fast time, especially with the introduction of a new check via picture; it is a technology that allows the bank's customers to collect their checks at any branch of the bank in cash within 48 hours. The technique is to photograph the check and send it to the settlement agency, which is affiliated with the bank, in order to verify the information that is available in the check is correct, The check will then be paid to the customer at the agency that In addition to this service, the Bank provides SWIFT service, where the Agency uses its transactions the Swift External Trade System is a system that facilitates the exchange of data and financial transfers from and to abroad.

III. Findings and discussion:

With technological and scientific development and the communications revolution, it has become a new concept that contributes in supporting innovation in the digital Islamic economy, which is evolving to make it more appropriate than the economy traditional for the development of digital developments. In these challenges, results can be discussed in strategic configuration pool banking:

- Islamic banks are seeking to make a qualitative shift in the banking sector by relying on digitization, using an approach Qualitatively, to enhance the value offered to customers, especially as it is a recent financial activity in some countries, Algo Bahrain's financial technology experience is the world's first. It is a union between Al Baraka Banking Group, Kuwait Finance House and Bahrain Development Bank, the world's first union Islamic financial technology to enhance the reality of Sharia compliant financial technology solutions Equipping Islamic banks for a qualitative shift that revolutionizes the banking sector.
- Modern technology has contributed at the Al Baraka Banking Group, has facilitated the circulation of ideas and information Knowledge, through the use of speed and flexibility-based digital technologies, is why it is growing digital Islamic finance and modernization of its activities, especially those related to electronic exchange of funds and financial services digital products and Islamic financial products development.
- Al Baraka Bank of Algeria offers to its clients a variety of services in line with modern banking standards and technology Innovative, Such as finance, investment, payment and other payments in and out of the country.
- The Islamic Baraka Bank of Algeria work on development of Islamic financing instruments in line with the requirements of the Islamic Finance Bank the age to benefit from and spread it more widely under digital coexistence and finding scientific and practical solutions for contemporary challenges through the development of e-cards by the funding agency that facilitate communication between clients and the bank.
- Islamic digital finance is still growing making it more appropriate than traditional financing for borrowing digital updates.
- Al Baraka Banking Group is leveraging new technologies for innovation in the finance industry digital Islamism which is important in supporting the growth of other key economic sectors.
- Financial technology is a new way for the Bank of Algeria it help him to identify more about their products its services, therefore, are actively expanding its applications and are included in its electronic development strategy in the system Islamic banking.

4. CONCLUSION:

The bank's survival and sustainability bets in the environment in which it is active are subject to its continuity technological developments in a digital economy are the survival of the stronger competitor with its practices and various financing transactions.

This study has found a number of findings, including:

- Al Baraka Banking Group relies on a set of digital strategies to shift to finance digital Islamism in which it announced the expansion of new markets, through the creation of a digital bank in Germany, is a key asset as part of its strategy;
- the reality of the digital Islamic finance of Al Baraka Group by launching the first Islamic financial technology union “Algo,” in which the bank believes that partnerships and cooperation in the digital age and the financial-technology age are the key to developing and improving their customers' experience. The Baraka Bank of Germany has also launched an INSHA service to introduce digital banking in Europe, developed Solaris AG in Berlin;
- One of the efforts of Islamic Baraka Bank in Algeria is to develop digital finance strategies in the light of the interaction with Islamic digital developments through the adoption of innovation to improve and distinguish their services and expand their branch network and base its customers a target of growth in an environment dominated by Islamic regimes. In the light of the results that have been achieved, it is possible to present some of the recommendations that would benefit from them are as follows:
- To spread the culture of digital Islamic finance in banking and in society more broadly through programming electronic forms published to all community parties, to operate under administrative, legislative and publicly accessible controls and the participants are very confident and secure.
- Adopt the innovation approach and introduce financial instruments that fit the global digital economy and prove that they are capable of dealing with the digital world efficiently and complying with the provisions and philosophy of Islamic law.
- The need to seek to complete the legislative and legal frameworks for the digital Islamic finance environment.
- Offering educational and training programs in Islamic finance to reach the most learners and trainees to fill out this cadre sector.
- The need to pay attention to good practices in the area of information security and to provide all means to protect Electronic financial systems.
- Contribute more to the legitimacy and legal approach to the formulation and structure of Islamic digital finance contracts.

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