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ISLAMIC BANKS AND THEIR ROLE IN STRENGTHENING THE BANKING SECTOR

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Abstract:
The banking sector has developed over several centuries, to express a desire to invest the capitals in the hands of individuals, through large institutions, and to reinject money into economic projects, within the framework of the rule: indebtedness, between the bank and its dealers, which imposes a fixed interest rate on it. Islamic law forbids dealing with money in the form of: interest or usury.
As a result of the embarrassment that some find themselves in when dealing with the traditional banking sector, Islamic banks have been developed, which operate according to the basis of partnership between the bank and its clients, in profit and loss, the Islamic bank enters the investment process as a partner in the business, not a party that gets the benefits of investing capital.
The activity of the Islamic bank, and its operations, have contributed to pushing many individuals to employ their savings of money in the banking sector, which is considered a supportive activity for the banking sector.

Keywords: The banking sector, Banks, Islamic banks, Usury, Economic Development

INTRODUCTION:

Islamic majority countries are characterized by the existence of societal problems in accepting the traditional banking system, because the latter is based on systems that depend on fixed interest rates, which many see as a usurious system because it is based on providing a fixed monetary return for the amount of cash that an individual keeps in the banking system, and on the effect the embarrassment associated with that dealing, some people tended to put forward and develop the idea of the Islamic banking system, in the last decades of the twentieth century, harmonizing the Islamic economic system with the developments taking place in the global banking systems.

Islamic banks are considered part of the Islamic economic system, just as they are part of the traditional banking system, and are working on pairing them, and these banks have been able to present a model in which there is a degree of innovation about the existence of a financial industry that deals in accordance with what is imposed by Islamic Sharia, especially in the issue of interest-based dealing. In view of the large number of Muslims, and that the banks view the person as a potential customer, they work to win him over. Some international banks have opened windows and branches that accept dealing and providing Islamic financial services, such as: (City bank Group and HSBC Bank), in their branches in each of the Emirates and Bahrain.

This research is concerned with the issue of the existence of a banking industry that accepts and deals with Islamic concepts, and not with the traditional concepts of the global banking system, which necessitates a reference to the nature and development of Islamic banks, the most important obstacles and challenges they face, and it will be noted that these banks have achieved good successes in the field of banking work and the competition of traditional banks, which is shown by the expansion of the number of these banks and the expansion of their geographical spread, and the growth of their banking activities, and the available data between 1992-2020 show that it has increased the number of Islamic financial institutions ranged from 90 to about 600 institutions operating in 70 countries, the number of those dealing with these banks increased from about 8 million to about 100 million people, and the assets of these banks around the world and their activities rose from about 75 billion dollars to about 1.9 trillion dollars, while the value of Islamic financial financing assets amounted to about 350 billion to about four trillion dollars, and the financing assets of Islamic financial institutions located in the Arab region amounted to about 92% and 81%, respectively, until these institutions in general, including Islamic banks,

World Bulletin of Management and Law (WBML)
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Volume-16 November-2022
ISSN: 2749-3601

became among the banking institutions mission in today's world.

As a result of the advantages associated with providing a service to customers who are looking for transactions far from the usurious nature, some international financial and banking institutions began targeting those customers, or potential customers, and provided Islamic banking services, such as: City Bank, HSBC, Barclays, and UBS, when they opened specialized windows for investment and Islamic banking. In addition, Islamic banking institutions have expanded their activities, and started expanding towards the movement of dealing with Islamic investment tools, and established mutual investment funds that operate in accordance with the provisions of Islamic Sharia, this prompted the creation of the Dow Jones Index, and the Financial Times, for Islamic financial markets in 1999, in addition to the establishment of what was known as: the Islamic Financial Services Board in Malaysia in the year 2002, which began setting and regulating standards for these services, .. which is an indication of the importance of this aspect of financial transactions in the world.

Research problem:

The research problem revolves around the extent of the ability of Islamic banks to be an important addition in the banking sector, and whether the mechanisms they adopt for banking transactions and services give Islamic banks familiarity with the rules of the banking system, and then give them economic strength, and the ability to support national economies.

Research Importance:

The research deals with an important topic, the importance of which is represented in the following aspects:

1. Focus on the existence of alternative channels to deal with the desires of banking individuals in Muslim societies, away from using interest rates, by making use of diligence in the field of jurisprudence of economic transactions and working to apply it in the field of banking activities.

2. Islamic banks are a practical application of the foundations of the economy in the Islamic world, through their creation of banking transactions that did not exist in the traditional banking sector, including the introduction of profit sharing between the bank and its dealers, instead of granting a fixed interest rate, along with innovation new systems for investment dealings in the financing and investment sectors, including: profit, participation and speculation, instead of adopting debt-only dealings between the two parties in accordance with the traditional banking transaction.
3. Working in the Islamic banking sector has created the foundations of responsibility for the stability of transactions, after several decades of inventing this type of banking transaction, and this sector has become sheltered behind banking jurisprudence, and adopted measures for financial control and banking confidence, in addition to the ability of Islamic banks to enhance their resources, this is evident from the increase in the number of these banks, their capital and profits.
4. Part of the importance of the research comes from the fact that it focuses on the fact that the Islamic banking sector has become an important part that enhances stability throughout the banking sector, because it has found solutions for individuals who adhere to the adoption of Sharia in banking financial transactions.

Research objectives:

The research seeks to achieve several goals, namely:

1. The research is based on shedding light on the Islamic banking sector and paves the way for it by defining the concept of Islamic banking and its characteristics and diagnosing the role it plays in national economic growth.
2. The research focuses on monitoring the financing methods in Islamic banks, and how the Islamic banking sector invents new methods for individuals to earn money and deal with it in various economic activities.
3. The research studies the elements of the activities of Islamic banks, in terms of the elements of success and the challenges facing the business of these banks.
4. The growth of the Islamic banking sector indicates that there is a new banking industry, which is represented by indicators of the increase in the number of banks and the number of countries in which they operate, and the increase in the capital dealing with them, and the level of confidence obtained by those banks.
5. The people whose concerned with the Islamic banking sector are interested in developing the working mechanisms of the Islamic banking sector, enhancing its competitiveness, integrating banking services and strengthening its relations with the stability of the banking sector.

Research Hypothesis:

The research starts from a hypothesis, which is:

The Islamic banking sector has become an important place in the banking sector in countries, especially Arab and Islamic countries, and therefore it is difficult

World Bulletin of Management and Law (WBML)
Available Online at: https://www.scholarexpress.net
Volume-16 November-2022
ISSN: 2749-3601

to ignore its role in the stability of the national banking sector.

Research Methodology:

The research method is a design through which plans can be developed that can collect data and reveal the relationship between variables, analyze them and reach the goals in their light, and here the research adopted the descriptive analytical method.

Research Limitations:

The limits of the research can be determined by the following:

- Spatial boundaries, not restricted, because the search is not restricted to a specific country.
- Time limits, the research will focus on the period following the year 2000.
- Objective limits These limits are represented by studying the reality of the roles of Islamic banks, and how they represent an important sector within the banking sectors in the world today.

Research Structure:

The research discusses the issue of Islamic banking through four points besides the introduction and conclusion, as follows:

First:- The concept of Islamic banking and characteristics

Second:- Finance and banking activities in Islamic banks

Third:- The components of Islamic banking activities: success and challenges

Fourth:- The roles of Islamic banks: the integration of banking services and their relationship to the banking sector, which can be explained as follows:

First: - The concept of Islamic banking and characteristics

Banks appeared from the meaning of the word: exchange, meaning (selling cash for cash) as a process or violin, and in the English language it corresponds to the word: **Bank**, which derived from the Italian word **Banko**, and it appeared in the European Renaissance, and the first appearance of the word was in 1397 in Italy, its meant the table or the table on which the money changers were sitting, who were doing two operations together: accepting the deposit of the money of the rich and the merchants, such as the trust, and giving its owner a security paper that proves the amount of money he deposited, and the money changer gives the money to those who want, In the first case, the owners of the money are given commissions on their money, and in the second the money changers get commissions in exchange for trading with money, and the matter later developed for the banks to appear, including: the Amsterdam Bank, which founded in 1609, then in 1619 a bank was established: Banco di giro Hd (transfer bank) in Italy, then the functions and activities of banks began to develop, especially with the change in the form of currency from gold, silver and coins to paper currencies, and the change and expansion of economic activities(Osama, 2020,p.80-81).

The banking sector represents one of the important phenomena in today's world, the financial capabilities of individuals are distributed in an inconsistent manner and launching development projects requires large resources. Sometimes the will of governments is not directed to finance them for many reasons, including a lack of funding or the presence of more important priorities, so the banking sector as a safe site to save money that is surplus to the needs of individuals, especially in the presence of paper money, which the bank employs and invests, so that several benefits are achieved simultaneously: a benefit for the owner of the original money, for the bank and for the beneficiary as an individual or as an economic sector that needed financing (Abdel Bari, 2019, p.24-26).

The bank is: "a financial institution that provides a wide variety of financial services, especially lending, savings, and payments. It also provides a wide range of financial services necessary for institutions, and they are like institutions that accept money as deposits and respect the requests of their depositors to withdraw them, and grant loans or invest excess deposits", thus, the bank is a safe site to save the money that is surplus to the needs of the individuals who deal with it, and the bank pays annual interests on the origin of the saved money" (Khidir, 2011, p.161).

Banks, then, were established to carry out several tasks, including: depositing and employing money, lending individuals the money they need in return for interest given to the bank, and carrying out several other banking activities, such as: discounting bonds and receipts (bills) for a predetermined commission, and transferring and exchanging currencies, to as well as investment activities that you can carry out, and therefore, the aspects of commercial profit achieved from the presence of banks are achieved through several activities, including: the difference between deposit benefits and credit interests that it grants to individuals dealing with the bank, in addition to the revenues of bills of exchange fees, currency exchange, and other activities Banking (Amina, 2022, p. 305-306).

The principles and foundations upon which banking is based are not consistent with the specificity of Islamic law, which forbids obtaining money except

World Bulletin of Management and Law (WBML)
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Volume-16 November-2022
ISSN: 2749-3601

through commercial operations or by making an effort, and accordingly it prohibits usury, i.e. obtaining additional money in exchange for transactions with money only, and accordingly some have tended to develop what is known In Islamic banks that do not give fixed percentages on the placement of money in banks, and do not take fixed percentages on granting credit to individuals, but rather work in the profit formula, which bears the existence of profit or loss in financial operations and transactions, when the Islamic bank enters as a party participating in commercial or economic activity, the Islamic bank does not grant interest-bearing loans, but rather enters into a purchase process, and then conducts a sale with a mortgage process, until the value of what was sold and purchased is paid, which makes the process from the point of view of some seem legitimate (Osama, 2020, p. 211).

Thinking about the establishment of banks that operate according to the perspective of Islamic thought began in the mid-thirties of the last century in Pakistan when a monetary institution was established to receive deposits from wealthy people, and in return lend them to farmers, on condition that they return that money without interest later, and the institution receives wages for it, symbolic to cover its administrative costs, and in the sixties of it, the experience of an Islamic savings institution appeared in Egypt, with the same meaning, in a desire to find alternatives to usurious banking institutions, however, the real breakthrough of the Islamic banking sector was in 1971, when Nasser Bank was established in Egypt, which does not deal with interest with the customer, and then the Islamic Development Bank (as an international Islamic bank) was established in Jeddah, Saudi Arabia in 1974, it was an advanced experience in banking, then Islamic banks rapidly increased in number and the size of their capital, including: Dubai Islamic Bank in 1975, and Faisal Islamic Bank of Egypt in 1977, this transformation prompted some traditional banks to open windows for Islamic transactions, in addition to establishing Islamic financial companies, which carry out activities: investment, financing, insurance and solidarity. The world finds itself in front of several phenomena, including: the increase in the emergence of Islamic financial institutions, the transformation of some traditional banks into Islamic financial institutions, including Al-Jazira Bank in Saudi Arabia and Sharjah Bank in the UAE, and international financial institutions such as: HSBC and Citi Group, providing Islamic banking operations, and the number of banks has reached. The Islamic financial institutions amounted to 90 institutions operating in 19 countries, and the number of dealers with them was about 8 million, and their assets were estimated at about 75 billion dollars, and the value of Islamic finance assets was about 350 billion dollars, in 1992, to expand the phenomenon’s size to: 217 banks operating in 48 countries, in addition to The provision of Islamic banking services by 300 conventional banks, and the number of dealers with them is about 30 million people, and the assets of these banks were estimated at about 261 billion dollars, with an annual growth rate estimated at 15%, according to the data of the year 2004, then the size of the phenomenon increased to reach: 600 Islamic banking institutions, It operates in 70 countries, the number of people dealing with it is about 100 million, and its financial assets are about 1.9 trillion dollars, and the value of the assets of Islamic financial financing is about four trillion dollars, and most of these institutions are located in the Arab region, as they are estimated The arrival of financing for Islamic financial institutions located in the Arab region amounted to about 81%, according to the data of the year 2020, and these institutions pledge and abide by the Sharia regulations in their financial transactions, and pledge that the bank and the customer simultaneously enter the risks of banking business, and therefore privacy here pushes these banks to innovate Tools to deal with the issue of Islamic finance, especially in the context of large surpluses of money among individuals, the need for development for more money, and the increase in the number of those who adhere to Islamic law who prefer rules and transactions that adhere to Sharia, which makes Islamic banking profitable for these institutions (Ahmed, 2005, p. 3-4).

Some define the Islamic bank as: “a banking financial institution to collect and use money and provide banking services in a manner that does not violate Islamic Sharia and its purposes, and in a manner that serves society and distributive justice by placing money in its proper Islamic path, through a loyal, efficient and self-commitment team, with the aim of achieving development economic, livelihood improvement and social solidarity within the societies of the Islamic nation” (Nagham, Raghad, 2010, pp. 124-125).

The Islamic bank is distinguished from conventional banks, as it is: economic financial institutions, but they do not only seek to maximize their profits through the exchange of capital, but rather seek to encourage investment by making the business an essential partner for the capital, which makes the return a halal gain, according to Islamic law. That is, they are financial institutions to accumulate funds, and repurpose them in accordance

World Bulletin of Management and Law (WBML)
Available Online at: https://www.scholarexpress.net
Volume-16 November-2022
ISSN: 2749-3601

with the provisions of Islamic Sharia, i.e. the obligation not to deal with usurious interests in the case of accepting deposits, while they do not provide credit in return for fixed interests, but rather invest in various projects with the real benefit of all shareholders in those banks. Thus, these banks correct the function of capital in society, as they proceed from the function of commercial banks and their financial dealings, but they consider the necessity of introducing work into banking operations, and being a participating party in profit and loss, and the customer is not indebted but a participating party (Abdul Razzaq, 2021, p. 160).

The development of the existence and work of Islamic banks was accompanied by the emergence of specialized institutions that support Islamic banking, set standards for it, and prepare for it all the requirements for its success, including: "The Accounting and Auditing Organization for Islamic Financial Institutions, the General Council of Islamic Banks and Financial Institutions, the International Islamic Financial Market, and the Services Council Islamic Finance and the International Islamic Rating Agency.

The pillars of Islamic banking work that the source of money, and the mechanism of its employment must be in accordance with what is permitted by Islamic law. With the principle of: sheep in debt, that is, sharing in profit and loss, because it is included in the financing of economic projects through: participation, speculation, Murabaha, or Salam sale (a deferred sale or a debt in particular, or it is: a sale in which the price is advanced and the sale is delayed for a term) (Adnan, 2004, p. 27), and other aspects of financing, and Islamic banks declare that their work is subject to review by Shari'a supervision, in addition to complying with the standards of banking work that several Islamic financial institutions have taken to set, including: The Islamic Financial Services Board in Malaysia, which was established in 2002, and others) Islamic Financial Services Board, 2022, at the link: https://www.ifsb.org/ar_index.php). It is not possible to imagine that the establishment of the Islamic bank comes to focus on the issue of economic and social development, but it remains a profitable institution, but its work is organized according to Islamic law.

Islamic banks are institutions for collecting funds and repurposing them within a framework that Islamic law and its purposes do not object to. distinguish it from other specialized or traditional banks, and the most important of these characteristics are (Hassan, 2021, https://kenanaonline.com/users/ahmedkordy/posts/157181):Doctrinal character, Islamic banks are part of the Islamic economic system, which is governed by the vision that: Islamic law came to regulate all aspects of life, and thus Islamic banks are subject to Sharia, and these banks investigate religious rules in all their work, and set bodies for legal supervision over their work, to ensure the compatibility of their activities with Islamic law:

1. Do not dealing with interest (usury), the basis upon which these banks are based is to refrain from dealing with interest, unlike traditional banks that depend on the existence of pre-determined interest for deposit or credit.
2. Establishing the principle of profit and loss sharing, meaning that Islamic banks replace the existence of interest with the method of participation, that is, distributing the profits and risks of investment financial operations between all parties: the one who deposits the money, the bank and the applicant for financing, meaning that there is no guarantee of the return or the capital. The legal rule states: **Al-ghunm bil-ghurm**

The secondary or side results appear from the activities of Islamic banks, which are that individuals will tend to deposit their money or request financing from it, if it is not usurious, and then this will lead to achieving development in society (Suad, 2010, p. 18).

Second:- Finance and banking activities in Islamic banks

The issue of finance is the main nerve in the existence and activities of all banks. Funds are found in varying levels of concentration among individuals, and all individuals are looking to enhance their money, but most of these funds cannot have the desired effect on their own, and accordingly banks have become the function of accumulating capital, in deposit formulas, different banks then invest them, and banks turn to individuals to deposit their money, and traditional or specialized banks provide fixed rates for deposit so that the concerned bank has sufficient funds for its investment, and most of the activities of these banks do not exceed granting credit to the two loans, in return for fixed interest rates, in addition to doing Some banking activities, including: currency exchange, cheque issuance, and others (Sadiq, 2019, p. 432).

While in the case of Islamic banks, there is a degree of difference in these operations: First, they do not pledge to depositors to grant fixed interest rates, rather, they pledge that they will adopt the system of sharing profits and risks and distribute profits among the beneficiaries, who are the depositors' clients and the bank, while it does not it grants credit at fixed interest rates but enters in the capacity of a co-investor with the applicant for financing. It also resorts to speculation and other trade offers (Mohammed Al-Fateh, 2020, p. 147).

World Bulletin of Management and Law (WBML)
Available Online at: https://www.scholarexpress.net
Volume-16 November-2022
ISSN: 2749-3601

The analysis of the sources of financing banks in general, they come from several sources, namely: the capital contributing to the establishment of the bank, the deposit of clients, the investment portfolio, the profits from banking operations, and perhaps the bonds that the bank may issue, or any other source that is compatible with the laws and regulations in force in the country. Following those sources, the following notes (Ahmed, 2005, p. 5-7):

1. Capital accounts, which include several titles for capital, namely: the paid-up capital by shareholders, the various reserves that exist in the form of current funds, and the profits that have not been distributed.

2. Deposit accounts and investment accounts, both of which are considered a main source of funds in various banks, including Islamic ones. However, in traditional banks, these funds are subject to the fixed annual interest system, but in Islamic banks they are subject to the type of savings accounts for savings accounts, and all of them fall under a general address: the bank disposing of it in accordance with the speculation contract, however, depositors sometimes do not place conditions on the method of investing their money, and sometimes they restrict the bank to invest their deposits in a specific project. Analysis of these accounts shows that they fall under several headings, including: The current accounts deposited by the customer as a temporary trust, and these accounts are not subject to the profit and loss system, the investment accounts that customers give to the bank with the intention of speculating in them, the investment portfolio that represents money deposited with the bank for the purpose of investing it through speculation, and the bonds issued by the bank and calling for subscription to them to obtain funds Profits are distributed after the expiry of the term, Islamic peace bonds, which are instruments issued by the bank to buy a commodity with money and sell it later and distribute profits with customers, and barter bonds in which customers present their money to the bank by withdrawing certificates issued by the exchange to carry out specific speculative operations in projects of economic feasibility, provided that they are distributed profits as specified in those certificates,..

3. Other resources, including cash insurance, and perhaps even accounts and zakat funds set by some countries or Islamic institutions and endowments in those banks.

4. The manufacturing contract, in which the bank obtains money from a party requesting the manufacture of a specific commodity, when the bank needs a very large financing and undertakes to finance the manufacture of a specific commodity for the customer, and at the same time concludes a contract with a contractor to manufacture the commodity (Kamal, 2013, p. 201).

5. Lease ending with ownership, that is, it is a contract that ends with the nominal bank selling the commodity at the end, after a period during which it is dealt with as an item under lease, until its price is paid (Idris, 2021, p. 215). The abundance of funding sources gives Islamic banks the ability to meet the financing requests of those dealing with those banks, or even the banks to enter profitable commercial operations.

Regarding the banking activities that Islamic banks can enter, they are numerous, the most prominent of which are the following (Ali, 1996, p. 139):

A. Cash assets, whether as a direct liquidity ratio with the bank or as accounts with other banks it deals with, but without interest.

B. Specific or restricted investment accounts in specific fields that the bank cannot deviate from, within a contractual relationship, whether it is in the form of a conflicting contract or an investment agency. These accounts are not included in the elements of the bank's financial position, and the bank's right to dispose of is not absolute.

C. The good loan, sometimes provided by the bank, without interest or profit rates, to improve its social image.

D. Direct investments, which include investing available funds in profitable projects, purchasing certain assets or commodities, renting them, or reselling them with the intent of profit, and contributing to companies that operate in accordance with the provisions of Islamic Sharia, and all these activities represent areas of profit.

Third:- The components of Islamic banking activities: success and challenges

The Islamicization of the designation and activities of Islamic banks only makes them restricted by limits and restrictions in their banking dealings, whether with customers, funds, or applicants for financing, or the type of banking activities that they can carry out.

The tasks of Islamic banks are based on mobilizing and mobilizing financial resources, whether they are in the form of

World Bulletin of Management and Law (WBML)
Available Online at: https://www.scholarexpress.net
Volume-16 November-2022
ISSN: 2749-3601

deposits or in the form of investments, and they converge in this matter with traditional banks, but from here the discrepancy between banks begins on the existence of: the loan, while Islamic banks tend to build a relationship: speculation between the two parties, and while the debt contract is based on the existence of interests, while the speculative contract is based on the assumption of the two parties: the depositor (client) and the speculator (the bank) for the possibilities of profit and loss from investing money (Abdullah , 2015, p. 51).

The investment mechanism for money, and the search for profit from behind the management of available funds, makes the Islamic bank keen to avoid risk, but with the search for high profits, while the bank continues to provide banking services such as: issuing checks and issuing documentary credits and transfers, in addition to buying and selling currencies, and subscribing to joint stock companies, .., being a financial institution looking for profit. The foregoing does not negate the fact that Islamic banks are relatively recent in the banking business compared to the traditional banking business, it is still based on re-adapting the views of jurisprudence in dealing with banking activity and adapting it according to Islamic law, and emphasizing the non-interest-based dealing in the formulation of the banking financial institution and its activities, until those banks were able to develop several mechanisms to deal with money, and several mechanisms to deal with investment activities, there are several institutions working to regulate the Islamic banking sector, including, for example: the Accounting and Auditing Organization for Islamic Financial Institutions in Bahrain, the General Council of Islamic Banks in Bahrain, and the Islamic Financial Services Board in Malaysia.

One of the most prominent indicators of the success of the experience of Islamic banks is their high growth rate, which averages about 15%, such as the growth of the number of banks globally, or the growth of the volume of their capital and banking activities, in the third millennium, in addition to their ability and success in creating different mechanisms for investing money (investment funds, and investment instruments,...), and through them succeeded in helping to increase the rates of economic development for Islamic countries as a result of the increase in the projects that these banks either finance or implement directly, not to mention, of course, that they carry out some charitable projects such as educational, medical and housing projects,... (Muhammad, 2021, p. 294).

However, in addition to the successes achieved by these banks, they faced some challenges and risks, which reduce their ability to achieve their goals. Also analyzing the challenges faced by these banks, it is noted that they are determined by the following (Nagham, Raghad, 2021, pp. 144-146):

1) The lack of legal cover in most cases that regulates the activities of these banks based on the specificity of their view of money and ways of investing it. The laws that regulate the existence and activities of banks in general include their relationship with the Central Bank, and what is imposed on banks from the adoption of the rate of reserves, cash liquidity and financing restrictions, and they and others do not suit the needs of Islamic investment based on capital investment to achieve profitability.

2) The need for qualified competencies and cadres that can deal according to two criteria: banking work, and commitment to Sharia in banking transactions, which requires organizing specialized courses and workshops in cooperation with specialized bodies in the two fields: banking and Islamic jurisprudence. In addition to the absence of indicators to measure the performance of Islamic banks, nor of standards and procedures for control rules, similar to what exists in conventional banks. Not to mention, of course, the inconsistency of accounting standards, as a result of the differences between the accounting of Islamic banks and the accounting of conventional banks.

World Bulletin of Management and Law (WBML)
Available Online at: https://www.scholarexpress.net
Volume-16 November-2022
ISSN: 2749-3601

3) Islamic banks still suffer from a lack of banking tools and methods, despite their innovation of a number of Islamic banking formulas and mechanisms. The goal remains, first and foremost, not development but profit, and development comes as an accompanying goal as a result of these banks financing various schemes.
4) Economic work suffers from the presence of risks, and therefore the employment of savings and amounts deposited by clients, in the absence of dealing with interest through credit to cover the depositors' profits, banks enter into the adventure of profit or loss in economic activities, so these banks choose from among the low-risk tools in dealing with the economic activities that it enters in its capacity as an investor, and so that it can overcome the problem of retaining a large part of the cash flow to meet any direct or sudden withdrawal process, these banks expand their investments in securities and investment funds, because both allow a quick withdrawal for money when necessary.
5) Among the other challenges that Islamic banks suffer from is the expansion of competition. In the world of globalization, the borders are open, and all towns allow foreign banks to enter into national financial activities, which has allowed for an increase in the circle of competition, and the owners of capital aim to profit when dealing with sinks, foreign banks were able to increase their banking services, and some of them resorted to providing services in accordance with Islamic transactions and transactions in order to withdraw the largest possible segment of dealers in accordance with Sharia, that is, not to deal in interest, and to open outlets for investment in the markets in accordance with the principles of Islamic Sharia. This requires Islamic banks to increase their tools and mechanisms for entering the markets and investment activities so that they can win customers and attract capital.

The weight of Islamic banks and their capital is still limited compared to the major international banks. For example, the largest banks in the world, according to S&P Global Market Intelligence, LRVIH, TD KD, D,V; According to the data at the beginning of the year 2021, they are: "The Industrial & Commercial Bank of China and its assets are 5.1 trillion dollars and it employs 460 thousand employees, and the China Construction Bank with its assets of 4.3 trillion dollars and it employs 333,000 employees, and the Agricultural Bank of China with its assets of 4.3 trillion dollars, and the Agricultural Bank of China Bank of China with assets of $4.1 trillion and employing 440,000 employees, Bank of China with assets of $3.73 trillion and employing 310,000 employees, and Mitsubishi UFJ Financial Group with assets of $3.4 trillion and employing 107 thousand employees JPMorgan Chase and its assets are $3.8 trillion and employs 89,000 employees, the French bank BNP Paribas with assets of $3.08 trillion and the number of employees estimated at 207,000 employees, and HSCB with assets of $2.98 trillion. It employs 235,000 employees" (David, 2022, https://www.spglobal.com/marketintelligence/en/news-insights/research/the-worlds-

While the largest Islamic bank in the world is Al-Rajhi Bank in Saudi Arabia and the size of its assets is 126.58 billion dollars, then Kuwait Finance House Bank with assets amounting to about 70.7 billion dollars, then Dubai Islamic Bank in the UAE with assets amounting to about 78.18 billion dollars, and Al-Inma Bank with assets amounting to 42.3 billion dollars. dollars, and the Abu Dhabi Islamic Bank in the UAE, with assets of about 34.5 billion dollars (analysis of the performance of the 10 largest Arab Islamic banks, Union of Arab Banks, 2022, at the link: https://uabonline.org/ar/)

World Bulletin of Management and Law (WBML)
Available Online at: https://www.scholarexpress.net
Volume-16 November-2022
ISSN: 2749-3601

6) Islamic banks suffer from irregularity in the foundations of their work, the most important of which is in the foundations of fatwas issued by the Shariah supervisory boards of Islamic banks. Looking at how the depositor's capital is employed and how to deal with it is still subject to variation and relative difference.
7) Islamic banks leave many areas in which profit rates are high, including government bonds, although they enjoy a large cash surplus and liquidity, and the reason for this is that they do not deal with interest, but rather focus on financing economic activities.

In addition to these challenges, there are a number of risks that affect the nature of the work of Islamic banks, including those related to Islamic financing formulas, and perhaps the most prominent of these risks is what is associated with the practical right to interfere in investment management activities in speculative and participation contracts, and the client may not be able to understand the basics of investment and economic work in a way that may harm the position and interests of the Bank. In addition to the difficulty of estimating the profits of the bank because it depends on its activities in financing and investment, which are activities from which a profit may be obtained or a loss may be realized, therefore, the bank is more keen to study any financing request or any offer to establish a project or enter into a project, and the result of that risks, the bank often tends to restrict the ability of customers and depositors to interfere in the scope of its work except in a very narrow scope, in addition to securing a appropriate guarantees regarding financing that reach the bank, controlling or interfering in the financial operations of the project in which the investment is made, and ensuring existence of insurance on speculative and participation contracts with Islamic insurance companies. (Ahmed, 2005, p. 21).

Fourth:- **The roles of Islamic banks: the integration of banking services and their relationship to the banking sector**

In order for an Islamic bank to perform its tasks, it is keen to observe: the integrity of its procedures in accordance with Islamic law, as advised by the Shariah board approved by each bank, the soundness of the regulatory procedures in force in the bank, and the safety of technical procedures related to the place in which funds are invested or an assessment of the needs of Financing in the least amount of risk possible (Faril, 2022, p.46).

The nature of the work of banks is based on carrying out a number of banking operations or services, which collectively represent the most important part of the banking sector's business, which aims at profit, and to the extent that they finance economic projects or meet financing needs, it leads to a secondary result, which is to help move the national economy, in general, those operations or services are determined by the following: Bank services (from opening bank accounts, providing loans, check payment, issuing bills and bonds, foreign currency exchange, bank guarantees, money transfer, issuing credit cards and ATM service), insurance services (i.e. guarantees against risks), whether related to individuals or commodities), investment services (linking with the business sector and companies, trading in securities, offering shares for subscription and managing investment portfolios), and currency exchange services (selling and buying currencies according to the existing or forward exchange rate) (Mohammed, 2013, p. 159).

Islamic banks do not stray from the origin of the previous idea, as they are banks that obtain some of their financing from depositing customers' savings, and they aim at profit, but they differ from traditional banks in some banking operations, as they do not give a fixed interest to the customer, but rather enter with him in the scope of the risk of having profit or loss, and it depends on the financial activities carried out by those banks, and they do not provide credit with interest, but rather provide financing or enter as an investor, and banking services in Islamic banks are a means of serving customers in a way that does not contradict Sharia, and therefore they provide their banking services in the interest of Stability and Economic Development (Khaled, 2018, p. 211). To follow the banking services provided by these banks, it is noted that they vary, and perhaps the most prominent of what they provide is (Mohammed, 2017, p. 161):

1) Banking services for credit operations, but they are carried out as investment operations and not in return for a fixed, pre-determined interest, and they include: profit, lease, lease ending with ownership, industrialization, speculation, participation, and good loan.

2) Non-credit banking services, which are implemented as a banking service and a commission is taken for carrying them out, this service includes the following: establishing current accounts, accepting term deposits, accepting documentary credits, submitting letters of guarantee, owning, and dealing with securities, and dealing with remittances.

These services provided by the bank take into account that the bank receives commissions from some of them, or the practice of some of them in one of the methods that have been agreed to be carried out, such as: profit and participation, .. Perhaps some of the banking services that Islamic banks share with conventional banks, for example: the securities service, which includes various activities, including subscribing to shares, trading in them, investing in investment portfolios, .. and accepting commercial papers as collateral, providing credit card services, and renting funds within the bank. To secure specific amounts or papers by clients, all in return for commissions that cover the activities related to the issuance of those services (Abdul Latif, 2016, p. 56).

Whatever the type of banking services or activities, whether credit or non-credit, the bank operates according to the logic of profit, that is, as a commercial institution, and it cannot be a comprehensive bank, i.e. in which all traditional and non-traditional banking services are practiced, in a manner that has less risk ratios, as a result of the expectation of diversified revenues as a result of diversification in the bank's lending and investment portfolio, and the provision of an integrated package of financial and banking services in a way that contributes to meeting all the needs of the bank's customers, and interacts positively with all transformations in economic activities, although the Islamic bank obtains many resources and provides various services it includes many activities:

Estate, industrial, commercial, health and educational, .. but that these banks provide services that traditional banks may not perform, such as managing inheritances, executing wills, owning movable and immovable funds, and disposing of them for different purposes, however, traditional banks may be more comprehensive than the performance of banking services from Islamic banks (Mohammed, 2005, p. 228).

The performance of their roles by banks depends on the legal license to practice their profession, whether it is for national banks or for foreign banks. In both cases, the one who monitors the performance of these banks is the central bank in the concerned country, without this implying the absence of the possibility of regulating the activities of banks through unions and other regulatory institutions (Jinan, Nagham, 2022, p.9).

The function of the central bank is to achieve financial and monetary stability in the banking system, the central bank often sets frameworks, rules and principles for organizing and supervising the work of banks, and most importantly ensuring the soundness of their financial conditions, in addition to ensuring their commitment to applying global standards and work procedures, because the central bank considers to

World Bulletin of Management and Law (WBML)
Available Online at: https://www.scholarexpress.net
Volume-16 November-2022
ISSN: 2749-3601

banks of whatever type, traditional or Islamic, as part of the national banking system, and that they are subject to an equal work environment in their circumstances and legal system (Ali, 2020, p. 232).

The contrast of banks' procedures and activities in dealing with money, between being based on the existence of a relationship: a debtor in conventional banks, and being based on speculation and participation in Islamic banks, it is assumed that the relationship between these (Islamic) banks and the Central Bank is based on the existence of a kind of privacy, because the application of banking standards to banks will vary between one and the other, given the specificity of the procedures and activities of each type of banks, in addition to the fact that the Central Bank looks at the procedures with a neutral view and it will not be viewed from a legal angle (Abd al-Rahman, 2021, pp. 450-452).

As for the relationship of Islamic banks with commercial banks, it is clear that the starting point is one: profit, and the end point is one: support for the national economy, and part of the operations are interrelated and overlapping, although the Islamic bank provides financing or enters investment in accordance with the rules and principles of Sharia, in addition to assessing risks and profit expectations. , while the ordinary bank is satisfied with providing credit and financing in consideration of profit, and each of the two banks may enter into joint cooperation relations, whether in financing operations for economic projects, or establishing joint investment funds, and in issuing letters of guarantee, buying and selling currencies, and others (Abdul Majid, 2017, p. 184 -185). The general and limited remedies that have been proposed represent quick needs for fiscal and monetary policy at the level of the national economy, starting from it will push the national economy to stimulate, and work to carry out a gradual correction of its conditions (Faril, 2022, p173).

In summary, the Islamic bank is a financial institution, intended for profit, and it practices various types of banking services and activities, and enters into relations with traditional banks, but its first and last goal remains related to making profit, and it supports development indirectly through its contribution to financing economic projects or entering as an investor, and the outputs of economic projects and their impact on development will be the final outcome.

CONCLUSION:

The research showed that the world has developed, over several decades, dealing through the banking sector as an important way to deal with the national economy, and to increase the level of development within countries, because the banking sector carries out several activities that start with investing in money, financing, lending, and credit, and this sector is a vital part, in the private sector, it performs these activities based on the concept of profitability, and it cannot obtain financing, except through the capital that established the bank, and the deposit activities carried out by dealers with the bank, in return for granting the depositor a specific percentage of fixed profits, which is called: the benefits.

The Islamic world has many interpretations that consider granting and obtaining fixed interest a usurious process, and the word: usury is forbidden by Islamic law, and then many individuals became embarrassed from usurious dealings with the traditional banking sector, which continued until the middle of the last century, when it began to appear a new banking sector is growing, which does not adhere to some aspects of the traditional banking business, including: obtaining financing, financial activities, or how to reward those who finance for the capital that they deposited with the Islamic bank.

Banking jurisprudence has developed practical and banking activities in a new type of banks, Islamic banks, and the point of doubt was: the existence of a fixed interest rate on the capital that the depositor places with the bank, in addition to the existence of limited financial transactions, in credit, and this is what the Islamic banking sector left, when he adopted an unstable mechanism for distributing profits on depositors' money, in addition to entering the business

World Bulletin of Management and Law (WBML)
Available Online at: https://www.scholarexpress.net
Volume-16 November-2022
ISSN: 2749-3601

sector as a participating party, and not as a financier only.

Despite what Islamic banks have achieved during the exercise of their financial activities, they still suffer from the presence of some limitations, as a result of the fact that financial transactions include many principles and foundations, which require re-adaptation of banking transactions in accordance with Islamic Sharia, while traditional banks do not adhere to except on the principle of profitability, which is looking for the adaptation of rent with the principles of the market.

The research ends with the following conclusions:

1) One of the main reasons behind the continuation and development of the performance of Islamic banks is to meet the needs of a large segment of citizens who are committed to Islamic law, by employing and investing their money through banks that follow Islamic law and opening a way for profit away from usury paid by traditional banks.
2) The presence of the ability to compete with Islamic banks led to: an increase in their number to about 600 Islamic financial institutions, an increase in their geographical activity to cover about 70 countries, and an increase in their capital to reach about $1.9 trillion, according to data for the year 2020, although most of the activities of these banks exist in the Arab and Islamic worlds.
3) Some Islamic banks have become among the regionally important financial institutions. The existence of the banking sector is important to the economies of countries. Even though countries set general financial policies, they leave a large scope for banks to participate in regulating their economic conditions, including credit and investment, because they depend on the presence of cash liquidity in those countries, banks, by virtue of their function as a financial center within the national economy. Islamic banks are expanding their possession of capital and their financial position. In 2021, there were 8 of the 50 largest banks in the Arab Gulf states that are Islamic banks, in addition to the presence of 6 Islamic banks among the largest 1000 banks in the world.
4) Islamic banks need more effort to expand their presence in the financial markets, and to develop their innovations and investments, in order to enhance their position in the national, regional and international economy. More importantly, it needs more cooperation and mutual coordination to enhance its competitiveness.

IN CONCLUSION, WE RECOMMEND THE FOLLOWING:

1) Islamic banks increase the percentage of shareholders in their capital, enabling them to increase capital and increase the ability to finance various economic projects.
2) Islamic banks need to develop a market for Islamic bonds (cheques), since bonds are one of the most important sources of financing, that is, they are a financial tool for collecting and investing financial savings, and what can be obtained from these bonds is liquidity and great financial capacity that allows the expansion of the financial operations of those banks, and work on the renaissance of national economies.
3) Islamic banks can open to greater financing for national economic projects, within an ambitious investment plan, to be agreed upon with government institutions, to address the problem of financing, instead of opening to foreign investment.
4) Economic conditions require more openness of Islamic banks to the financing sector for small and medium economic projects.
5) Evaluating the performance of Islamic banks can be done through evaluating the achievement of goals, rather than focusing on evaluating activities and performance, in addition to the possibility of evaluating: the quality of Islamic financial and banking services provided by those banks, as well as the efficiency and experience of the employees in those banks and their experience in the field of work Islamic banking.
6) Interest in monitoring the level of ability of Islamic banks to compete in the field of providing banking services, whether with their counterpart Islamic banks or with other conventional banks. In addition to monitoring the ability of Islamic banks to carry out effective management of the banking sector, and work to reduce the level of bureaucracy in financial transactions, including mortgage transactions in the financing operations and activities carried out by Islamic banks, these banks carry out financing operations against the mortgage mostly, provided that the Islamic bank remains present in the economic activity until the payment of the dues of the economic activity, which is an administrative-

World Bulletin of Management and Law (WBML)
Available Online at: https://www.scholarexpress.net
Volume-16 November-2022
ISSN: 2749-3601

financial process that needs to be simplified by these banks.

7) Islamic banks need to develop Islamic financial and banking services, and to establish for them a unified Shariah body that can be referred to in order to unify the position on the various transactions or what is emerging from them, and to establish specialized institutes to train their employees to deal with their privacy in the management of banks, and those institutes work to devise solutions and innovating ways of working that are consistent with Islamic law.
8) Islamic banks can be urged to expand Islamic financial transactions, including the employment and investment of zakat and charity funds, and work to finance some social activities, including projects that employ many workers for socio-economic purposes at one time.

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