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Developments in the Islamic financial industry across the world - analytical study

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Abstract:

In recent years, the Islamic financial industry has grown rapidly since it has many components of security, security and risk reduction. The industry has also developed widely, particularly with regard to improving the quality of banking services and devising new products to reach a wider customer base.

It has also been contributing to economic development, which has grown positively through the establishment of numerous Islamic financial institutions with contributors from various countries around the world, and has changed many concepts of monetary policy.

The aim of this study is to highlight the importance of the Islamic financial industry by providing an analytical study of the development of the Islamic financial industry in the world. This is through a review of the major developments in the Islamic financial industry in Malaysia and many Arab and global countries.

Finally, the world has come to recognize the importance of Islamic banks and their success in addressing banking financial crises

Keywords: *banking services, monetary policy, economic development, financial institutions, Islamic banks.*

Jel Classification Codes : *E5; E52; F63 ; G2 ; G21.*

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1. Introduction :

The Islamic financial industry, which is based on financial controls derived from Islamic law, has proved to be effective as an effective tool in development projects at the global level. The industry has grown rapidly to include non-Islamic markets, Having demonstrated its effectiveness as part of the global financial system, the industry has earned more than US $2 trillion worth of fixed assets in the Islamic financial sector, covering banks, financial institutions, financial markets, and others.

We can ask the following question: What are the most significant global developments in the Islamic financial industry?

The importance of the study lies in providing an overview of the reality of the Islamic financial industry, the main developments that have taken place and the extent to which it has expanded and spread across the world.

The objective of the study: The study aims to introduce the Islamic financial industry and to understand its origins and evolution by addressing:

-To publicize the Islamic financial industry, the reasons for its need, and the most important principles thereof.

-Identification of the most important laws and the most significant violations of the legitimacy of the Islamic financial industry.

-Providing models of the spread of the Islamic financial industry across the world.

-The size of the Islamic financial industry has evolved and expanded throughout the world. The curriculum adopted: In our study, we have relied on a descriptive and analytical approach through the collection of information on the Islamic financial industry, the identification of countries throughout the world that embrace the Islamic and non-Islamic financial industry, and the assessment of developments in this industry in the world

2. The Islamic financial industry concept

It means the set of activities that include the design, development, and implementation of all innovative financial instruments and processes, as well as the formulation of innovative solutions to financing problems, all within the framework of the Good Law Guidelines.

(Belazouz & ghendous, p 02)

As the doctor knew her: Abdul Hadi Al-Shehani is: "a process of development and diversification of financial instruments in cash-based financial markets that offers opportunities for risk reduction through the Islamic framework, which requires the principle of the obligation to participate in profit or loss and the renunciation of the requirement of usury in stimulating legitimate financial transactions to meet new financing needs for the social and economic well-being of society **(Marghad, 2013, p48)**

I.1. Reasons for the need for the Islamic financial industry:

One of the most important reasons for the adoption of an Islamic financial industry is:**The Muslim public has gone towards legitimate financial solutions:** The awakening of the Islamic world in the second half of the twentieth century led to the emergence of new Islamic financial institutions through which people aspired to be free from usury. Some governments sought to mobilize a great deal of savings in Islamic banks, thus creating an environment for Islamic financial institutions to work and profit under an umbrella that outlawed usury **(Obaid Al-Sahbani, 2003, p5)**. Efforts to promote access to financial services by Muslim communities depend on the compatibility of these services with their religious principles. **(Institue, may 2007, p1)**

Discipline of the norms of Islamic law: The Islamic sharia rules of exchange are disciplined and specific, and therefore, the acceptance of transactions that meet people's needs in an economically efficient manner is contingent on the fact that they do not violate these rules. **(El Suelm, December, 2000, p10-11)**

- Development of financial transactions: It is well known that transactions in Islam combine persistence, evolution, and flexibility. No matter how different images and shapes may be, no one can solve a new image or a new form as long as it essentially comes under what God forbids. **(djedi, 2014-2015, p23)**

Competition with traditional financial institutions and challenges: The existence of capital financial institutions and their highly developed growth have posed a lot of challenges to the Islamic economy. The solutions offered by Muslims are not only practical but must have advantages equivalent to those offered by capital solutions. **(meftah & omeri, September 03-04, 2012, p229)**

I.2. Principles of Islamic Milli Industry:

Among the most important principles underlying the Islamic financial industry, which take into account Sharia controls, are as follows:

-The principle of balance: in other words, achieving equity and balance between the various parties involved in the financing and investment process so that the profit activity adopted by the philosophy of capitalism and the non-profit on which the philosophy of socialism is based can be reconciled. **(el-amish, 2011-2012, p91)**

-The principle of complementarity: Islamic finance is linked to real production in the sense that money generates goods and benefits and then goods and benefits fluctuate in money **(EL KHAMLICHI, novembre 2012, p83)**. This increases the need for integration between the monetary economy and the world in kind. This leads to the mediation of goods, the creation of real exchanges, and the generation of added value, not just the exchange of cash that meets the principles of Islamic law. **(El Suelm, December, 2000, p110-120)**

-The principle of resolution: This principle provides that the origin of transactions is the legitimate solution and therefore requires the study of taboos in financial transactions due to their narrow nature. **(CHAKIR & KAFOU, 5-6 may 2014, p15)**

-The principle of appropriateness: to achieve a compromise between all parties and to fill the gaps from which manipulators can be implemented to achieve circumvention, usury, and gambling. This principle requires that the contract be commensurate with its intended objective. The contract is appropriate and appropriate for the desired outcome of the transaction, which is the meaning of the doctrine "which is known as" purposes, meaning, not words and buildings. **(Ghorov, February 23-24, 2011, p13)**

3. The evolution of the size of the Islamic financial industry, the distribution of its activity, and the composition of its assets throughout the world

3.1 Islamic banking laws

Among the most important Islamic banking laws provided for are the following:

-Act No. 66 of 1971 established a public body called the Nasser Social Bank.

-Act No. 28 of 1977 established the Egyptian Islamic Bank of Faisal.

-Islamic Banks Act No. 276 of 1983 in Malaysia.

-Federal Act No. 6 of 1985 on Islamic banks, financial institutions, and investment companies.

-The Banking Organization Act of 1991 in Sudan.

-The Islamic Banks Act No. 21 of 1996.

-Banking Act No. 28 of 2000 in the Hashemite Kingdom of Jordan.

-Act No. 30/2003 Coll., adding a section on Islamic banks to title III of Act No. 23/1968 Coll., on cash, the Central Bank of Kuwait, and regulation of the banking profession.

-Djibouti Banking Act 2010.

-Libya Banking Act 2012.

-Moroccan Banking Code 2015.

3.2 The most notable violations of legality are

Among the most significant violations of the legitimacy of these Islamic banks and institutions are: **(el-nahwi, 2016, p21)**

-Failure to comply with the decisions and opinions of the doctrinal assemblies, failure to comply with the legal standards issued by specialized bodies such as the Islamic Financial Institutions Accounting and Auditing Authority (according to some references, this reluctance is exercised by even the institutions to which it is a signatory as a member of the Commission).

- The fact that there is no distinction between permissible and legally prohibited conduct even in its founding contracts, for example, the inclusion in an institution's constituent contract of a penalty clause which imposes a fine of 7% over the period between the due date and the date of payment.

-The use of traditional instruments by Islamic financial institutions, such as the purchase of permits and treasury bonds with significant amounts of interest due, in some cases, amounts to more than half of their entrances, which occurred in 2013 at the Abu Dhabi Islamic Bank.

At 51%, at Barakat Bank 34%, Faisal Islamic Bank topped the list of most developed banks with a rate of 413%.

-The practice of financing by organized paper in domestic and international goods.

-The mock sale is before the acquisition, the securities violations.

Some financial markets have also maintained transparency and security in the application of governance in Islamic financial institutions, where **(el-nahwi, 2016, p39)** :

Bahrain and Malaysia maintained their positions in first and second place in the overall governance index classification, which takes into account three factors: regulations, corporate governance, and sharia governance. There is still a significant gap between the two frontline countries and the rest of the countries. Bahrain, Malaysia, Pakistan, Nigeria, and Indonesia are in the top echelons of the countries that possess the fullest set of Islamic financial regulations. In the corporate governance index, Oman, the Maldives, and Kuwait were the strongest, and Malaysia and South Africa came close to those countries in terms of the number of corporate governance disclosures and the composition of governing bodies, as well as risk management and audit committees.

3.3 Development of Islamic finance in new markets

Over the past four decades, the Islamic finance system has evolved into a comprehensive financial system from banking services and capital markets to the symbiotic sectors, where total global financial assets in the Islamic finance industry were estimated at the US $32 trillion in 2016 **(Market)**.

The annual study on Islamic finance by The Banker showed that global assets compatible with Islamic law rose from $1.509 billion in 2017 to $1.624 billion in 2018, an annual rate of 7.59%, compared to a growth rate of 4.74% in 2017.

3.4 Examples of the Islamic financial industry's spread

The Islamic finance industry has also expanded geographically beyond the industry's traditional markets.

Africa: Given recent developments and initiatives in many emerging Islamic financial markets, the prospects for future growth of Islamic finance on the African continent are promising. For example, regardless of the various stages of regulatory policy legislation, 2014 saw regulatory developments in the field of Islamic banking in African countries such as Morocco and Uganda. In Uganda, regulatory developments included the approval of an amended Financial Institutions Act of 2015, which paved the way for the introduction of Islamic banking services in the country**..** In Morocco, the development of Islamic banking regulations coincided with the development of a licensing strategy for Islamic banks by the Bank of Morocco (Morocco's central bank) this year. This action resulted in a joint agreement between the International Islamic Bank of Qatar (QIIB) and its Moroccan counterpart (CIH Bank, Moroccan lender credit) to establish an Islamic bank in the country, with the International Islamic Bank of Qatar (QIIB) wanting to hold a 40% stake in the country's partner. Perhaps most importantly, Morocco is a member of the newly formed Office of Accounting and Auditing of Islamic Financial Institutions (AAOIFI), demonstrating the importance of Islamic finance in Morocco. **(Market I. I., 2016, p2)**

Instrument activities have piqued the interest of many African countries, including Nigeria, South Africa, Senegal, Niger, and the Ivory Coast. In 2013, Nigeria announced the issuance of US $62 million at a yield of 14.75 %. Similarly, in November 2015, South Africa and Senegal issued sovereign instruments with a market value of US $500 and US $168 million, respectively. In addition, Ivory Coast has become the newest African country to issue sovereign instruments with a profit rate of 5.75 % for five years.

On the other hand, the Nigerian Government has established a program of instruments worth 150 billion CFA francs for financing development projects, which was issued in 2015 with the support of the private sector of the Islamic Development Bank, located in Saudi Arabia (IDB). In addition, Kenya has been among the regulatory jurisdictions in the process of examining the creation of Islamic capital markets. Including the instruments, in moving forward Senegal, in cooperation with the Islamic Development Bank (IDB), is looking forward to issuing its second instrument to finance strategic infrastructure projects such as the Quick Train project linking Dakar to the new international airport balize design, in South Africa.

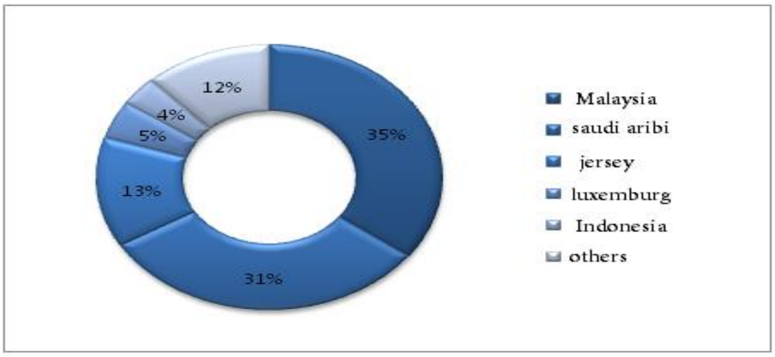
The Treasury of the country has proposed extending tax reforms to facilitate the issuance of the instruments by listed companies as a plan to facilitate the issuance of the instruments. This proposal is expected to come into effect in early 2016, regardless of the activities of the instruments, South Africa is currently the only official home marked by the number of Islamic investment funds, contributing up to 4% of the total number of Islamic funds in 2015. In Sudan, the Khartoum Bank, the first Islamic financial institution in the country, opened its first foreign branch in the Kingdom of Bahrain. This confirms the important achievement recently made by the State of Sudan in the field of Islamic finance.

East Asia: Powerful East Asian countries such as Japan, South Korea, Hong Kong, and China have shown significant interest in developing Islamic banking in their domestic markets as well as creating opportunities for instrument exporters to benefit from their market. A series of initiatives to develop Islamic banks throughout East Asia have been undertaken, indicating strong growth prospects for this sector. ،For example, as early as 2015, the banking sector in Japan took steps to strengthen the field of Islamic finance, one of the main steps being the announcement by the Japan Financial Supervisory Authority (JFSA) to relax financial rules, thereby ensuring that appropriate domestic environmental banks provide Islamic finance products. To respond to this opportunity, Japan's largest bank, Koto Mitsubishi Bank, together with Sumitomo Mitsui Banking, has considered dealing with compatible services. The Japan International Cooperation Agency has also intensified its efforts to work with and expand Islamic finance, in particular through cooperation with the Kingdom of Jordan, to prepare plans to issue the first Islamic instruments to meet the growing demand within Islamic countries. Moving to South Korea, the government has provided funding to the Islamic Financial Services Council (IFSB) to launch the FIS e-learning portal initiative as part of its efforts to promote its interest in Islamic finance.

This initiative is in line with the Islamic Financial Services Council's efforts to conduct implementation and help understand its standards by the Member States. This portal contributes to the ease of application of the Islamic Financial Services Council's standards. ‹One of the most recent efforts to promote Islamic finance is the successful issuance by the Government of Hong Kong of its second sovereign instruments in 2015, which were listed on both the Hong Kong Stock Exchange, the Nasdaq Dubai Exchange, and the Malaysia Stock Exchange, the sale of which is distributed as follows: 42% were sold to the Middle East, 43% to Asia, and 15% to Europe. In addition, the Fiscal Centre passed the Tax Bill in 2014 to allow the sale of instruments and the bargaining of competition between Islamic instruments and traditional finance. Its recent issuance of instruments, as well as its aspiration for the Islamic application of large-scale projects, starting from hospitals to metro stations, reflects the confidence placed in Islamic finance by the Chinese government. To confirm the above, Qatar Islamic International Bank and Qatar National Bank recently signed an agreement with the Chinese Stock Exchange, located in southwestern China, to develop Islamic sharia-compliant financing products in the country. In addition, the Ningxia Autonomous Region in northwest China, with a Muslim share of 6.5 million people, plans to sell instruments for 1.5 billion US dollars. **(Market I. I., 2016, p5)**

In North and South America: In the North American region, Islamic finance is called the next or next great thing in the financial services sector in Canada. Most importantly, the Canadian government has the means and capabilities to promote the success of Islamic finance in the country. Most notably, the growing proportion of the Muslim population and the stable banking system, as well as the appropriate regulatory environment, would make Canada a center for Islamic banking in North America. Both the American economy and its financial markets promote massive Islamic finance in the United States of America, the largest and most liquid American financial market in the world. ‹In the third quarter of 2015, the United States contributed to the management of 5% of Islamic assets from the total global market share.

Figure (1): Global Islamic Assets Managed (AUM) by Geographical Distribution, 2019.



Source: International Islamic Finance Market, op. cit., http://www.mifc.co

About Islamic instruments, the end of 2014 saw the issuance of two instruments: First, Goldman Sachs, which is the leading investment bank, and second, the International Finance Facility for Immunization (IFFIM), both issued the US $500 million worth of instruments. Specifically, in the

South American region of Brazil, Islamic finance has been linked to the massive halal food industry (the world's largest meat producer), where the Brazilian Property Development Authority, in cooperation with the construction company G5, announced in February 2015 an investment project compatible with Islamic law within its residential project, "The Majestic Village".

(Market I. I., 2016, p6)

Other markets: In 2015, the Chamber of Deputies of the Federal Assembly of Russia revised the laws on rent and financial leasing to remove obstacles to rental operations, and Germany opened the first Islamic bank in the capital, Frankfurt, in 2015. KTBANK AG, owned by Kovet, left the largest Islamic banks in Turkey, as it seeks to expand into Cologne, Hamburg, and Munich in the future.

4. Global spread of the Islamic financial industry

The year 2018 saw a qualitative shift in the source of growth of Islamic assets around the world, with Australia, Europe, and the United States having the highest growth rate in total assets compatible with Islamic law globally (20.2%), followed by Asia (16.3%), and sub-Saharan Africa (12.6%). Then the Middle East and North Africa (below the Arab Gulf states) (6.3%), and finally the Gulf Cooperation Council (5%). The activity of the Islamic finance sector continues to be concentrated in oil-exporting countries, where some 50% of the assets of the sector are taken over by GCC countries. **(Banks)**

4.1 The fastest-growing Islamic banks in the world

Several Islamic banks have registered significant growth in the size of their assets over the past year first table shows the ten most developed Islamic banks in the world this year with assets over $500 million, the Turkish bank Ziraat Katilim Bankasi lists the most sophisticated Islamic banks this year with an asset increase of 80.29%. The list of 10 fastest-growing banks included 3 Iranian banks and one bank each from Bangladesh and Turkey. The Arab region stands out as a crucial asset growth market with 5 Arab banks (from Algeria, Kuwait, Sudan, Sultanate of Oman, and Syria) among the top 10 largest banks in terms of asset growth in the world, reflecting the global superiority of Arab Islamic banks in terms of growth and expansion

Table (1): The fastest-growing Islamic banks in the world (with assets over $500 million)

N°	Bank	Country	Islamic assets ($1 million)	Growth rate %
1	Ziraat katilim bankasi	Turkey	3776.18	80.29
2	Salam Bank - Algeria	Algeria	747.06	61.52
3	Gharzolhasaneh mehr iran bank	Iran	3878.08	61.06
4	Export development bank of iran	Iran	6855.93	60.05
5	Bank of Warba	Kuwait	5868.81	57.33

6	Union bank limited	Bangladesh	1614.65	56.91
7	Tourism bank	Iran	6312.99	52.03
8	Khartoum Bank	Sudan	2723.42	50.93
9	El-Izz Islamic Bank	Sultanate of Oman	1479.73	49.08
10	Islamic International Bank of Syria	Syria	608.88	43.61

Source: Federation of Arab Banks: http://www.uabonline.org/ar/researh/financi

Table 02: The fastest-growing Islamic windows in the world (with assets over $500 million)

N°	Bank	Country	Islamic assets ($1 million)	Growth rate %
1	Abu Dhabi Bank I	Turkey	7203.23	136.28
2	The bank of khyber	Algeria	538.42	60.14
3	Habib bank limited	Iran	1866.85	39.53
4	United bank limited	Iran	599.25	33.22
5	PTbank permata	Kuwait	1558.32	33.19
6	PT bank tabungan pensiunan nasional	Bangladesh	644.65	29.94
7	PT bank BTN	Iran	1728.41	29.08
8	CIMB Group	Sudan	24742.62	24.28
9	Dhafar Bank	Sultanate of Oman	997.24	27.28
10	Citibank berhad	Syria	663.29	21.08

Source: Arab Banking Federation: http://www.uabonline.org/ar/research/financial

4.2 Ranking of the world's 20 largest Islamic banks

El Rajhi Bank (Saudi Arabia) is the world's number one in terms of Islamic assets, which reached $91.5 billion by the end of 2017. Followed by Mellat Bank of Iran ($59.20 billion), Kuwait Finance House ($57.86 billion), Private Commercial Bank (Saudi Arabia) with Islamic assets amounting to $55.7 billion (representing 47.78% of its total assets), Melli Bank of Iran ($56.55 billion) and Dubai Islamic Bank ($56.45 billion), Melli Bank of Iran ($53.34 billion), Saderat Bank of Iran ($49.17 billion), Malayan Bank of Malaysia (with Islamic assets, $48.91 billion), Islamic Bank of Qatar ($41.31 billion), It ranks 10th in Iran's Maskan Bank ($ 38.70 billion). The 10 largest banks in the world that manage Islamic assets are divided as follows: four banks from Iran, two banks from Saudi Arabia, and one bank each from Kuwait, Emirates, Malaysia, and Qatar. The 10 banks in question control 34% of all Islamic assets around the world, indicating a significant concentration of Islamic assets in a small group of banks in the world. It also rises to 51.5% among the 20 largest Islamic banks in the world. **(Banks)**

Table (3): Top 20 Islamic banks (totally or with Islamic windows) around the world – 2017.

Islamic World Ranking	Bank	Country	Islamic assets		Total assets		Proportion of Islamic assets from total assets%	Profit before tax ($1 million)	Return on average assets%	First capital chip ($1 million)
			($1 million)	Growth rate %	($1 million)	Growth rate %				
1	El-Rajhi Bank	Saudi arabi	91497.00	1.00	91497.00	1.00	100	2432.00	2.77	3964.27
2	Mellat bank	Iran	59198.43	30.43	59198.43	30.43	100	400.20	0.74	192912
3	Kuwait finance house	Kuwait	57859.00	8.71	57859.00	8.71	100	812.00	1.46	21319.8
4	El-ahli commercial bank	Saudi arabi	56549.45	0.83	118364.0	0.54	47.78	2657.00	2.25	4538.67
5	Dubai islamic bank	UAE	56448.00	18.50	56448.00	18.50	100	1232.00	2.37	1925.66
6	Bank melli iran	Iran	53338.00		53338.00		100	551.00		2175.00
7	Bank saderat iran	Iran	49165.72	20.46	49165.72	20.46	100	356.66	0.79	2252.15
8	Malayan banking berhad	Malaysia	48911.55	11.38	188498.00	15.00	25.95	2487.00	1.41	3655.24
9	Qatar Islamic Bank	Katar	41311.00	7.54	41311.00	7.54	100	623.00	1.63	1404.67
10	Bank	Iran	38699.00		38699.00		100	96.00		1932.00

	maskan										
11	Tejarat bank	Iran	34473.53	10.09	34473.53	10.09	100	277.49	0.80	1926.26
12	Abu Dhabi Islamic Bank	UAE	33428.00	2.04	33428.00	2.04	100	635.00	1.92	1162.15
13	El-inmaa bank	Saudi arabi	30668.00	9.81	30668.00	9.81	100	536.00	1.83	1464.53
14	Sepah bnk	Iran	28592.34	22.33	28592.34	22.33	100	12.71	0.04	3158.66
15	El-rayan bank	Katar	28282.00	12.48	28282.00	12.48	100	561.00	2.10	897.53
16	Ayandeh bank	Iran	26185.93	43.58	26185.93	43.58	100	94.36		
17	Bank rakyat	Malaysia	25973.00	17.54	25973.00	17.54	100	503.00	2.12	937.79
18	El-baraka Banking Group	Bahrain	25453.00	5.96	25453.00	5.96	100	298.00	1.19	5843.09
19	CIMB Group	Malaysia	24742.62	24.28	124753.00	15.31	19.83	1504.00	1.29	1804.90
20	SABB	Saudi arabi	24696.37	3.63	50030.00	0.84	49.36	1504.00	2.12	2370.93

Source: Arab Banking Federation: http://www.uabonline.org/ar/research/financial

4.3 Arab Islamic banks, financial institutions, and windows under The Banker

Arab Islamic banks and financial institutions continue to dominate the global Islamic finance industry in terms of number and size of assets, with 200 Arab Islamic financial institutions and windows on The Banker's list of the 394 largest Islamic financial institutions and windows in the world. It manages assets worth about $830 billion, more than 51% of global Islamic assets. Of the 100 largest Islamic financial institutions in the world in terms of assets compatible with Islamic law in 2017, 46 are in the Arab States, 41 of them in GCC countries. It should be noted that Rajhi Bank is the largest Islamic bank in the world. It accounts for about 6% of global Islamic banking assets. Table 4 shows the largest Arab Islamic financial institutions and windows according to the size of the assets compatible with Islamic law.

It should be noted that the methodology of the study was based on data from banking groups or parent companies (Parent or Holding Company) only to avoid double counting of assets. When a parent company or holding company publishes consolidated group figures on total sharia-compliant assets, The assets of foreign and domestic banks or companies belonging to this institution have not been accounted for in the total global Islamic assets. Figure No. 03 shows Arab Islamic banks and financial institutions (belonging to a group or company) that have been excluded from the Basic Regulation to Avoid Double Counting.

About the growth of Islamic assets at the Arab level, Al Ain Insurance Company (Emirates), Abu Dhabi Bank I (Emirates), Al Amal Junior Finance Bank (Yemen), Peace Bank (Algeria), and Warbat Bank (Kuwait) ranked the top five in terms of growth in the volume of Islamic assets during 2017.

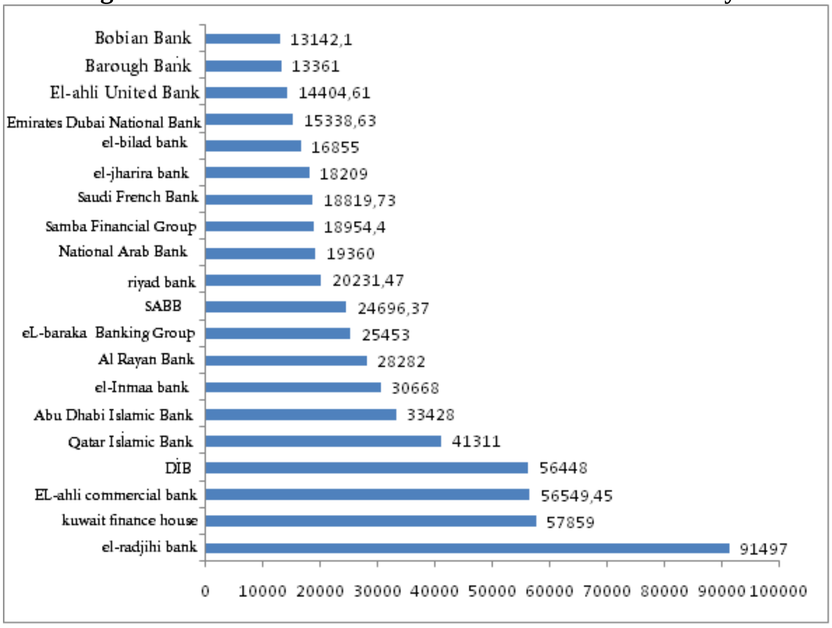
In terms of the full profitability of Arab-Islamic banks, Al-Rajhi Bank was ranked first with a total pre-tax profit of approximately $2.43 billion, followed by Dubai Islamic Bank ($1.23 billion), Kuwait Finance House ($812 million), Abu Dhabi Islamic Bank ($635 million) and Qatar Islamic Bank ($623 million). For return on average assets, Efficiency Holding (formerly Investors Bank) Bahrain, ranked first Arab (29.71%), followed by Bright Blue Nile Bank-Sudan (17.78%), Concession Investment Company-Kuwait (10.93%), Bruges Co-operative Insurance Company-Saudi Arabia (9.02%), and Hope Junior Finance Bank-Yemen (9.00%), as shown in Figure 02.

The Islamic banking sector in the GCC States has recently been moving towards acquisition and merger schemes aimed at establishing large banking entities that can compete regionally and globally and meet economic challenges. Compliance with international standards, in particular Basel Standards 3, Standards for Combating the Financing of Terrorism and Money Laundering and International Accounting Standard IFRS 9, Interbank mergers also help to rationalize spending by reducing costs and expenditures, thereby increasing profit margins and enhancing the efficiency and strength of the banking sector. For example, Banks Brown and Qatar International have been conducting merger talks at an advanced stage since June 2018. In September 2018, Banca Prowa and Qatar International announced the signing of a final merger agreement aimed at merging and consolidating their businesses into a common entity. By Islamic law, with assets amounting to 80 billion Qatari rials (22 billion dollars). The Bahraini United Community Bank is also in talks with Kuwait Finance House in what may become the first Gulf cross-border banking alliance in recent years, leading to the creation of a new entity with total assets of $92.6 billion. In the Sultanate of Oman, the Arab Bank of Oman and the Islamic Bank of Oz announced the signing of a memorandum of understanding concerning the merger between the two parties. The memorandum sets out a framework for the merger process, which includes the continuation of the Islamic Bank of Al-Azz's banking operations as an Islamic banking institution under the supervision of an independent department operating under the umbrella of the new entity.

Despite increased awareness of the role of the Islamic finance sector in promoting inclusive and sustainable economic growth in the Arab States, significant legal, regulatory and institutional challenges remain, such as the lack of standardization of specifications and contracts and the cost of structuring and implementing Islamic infrastructure financing. In contrast, a study by Thomson

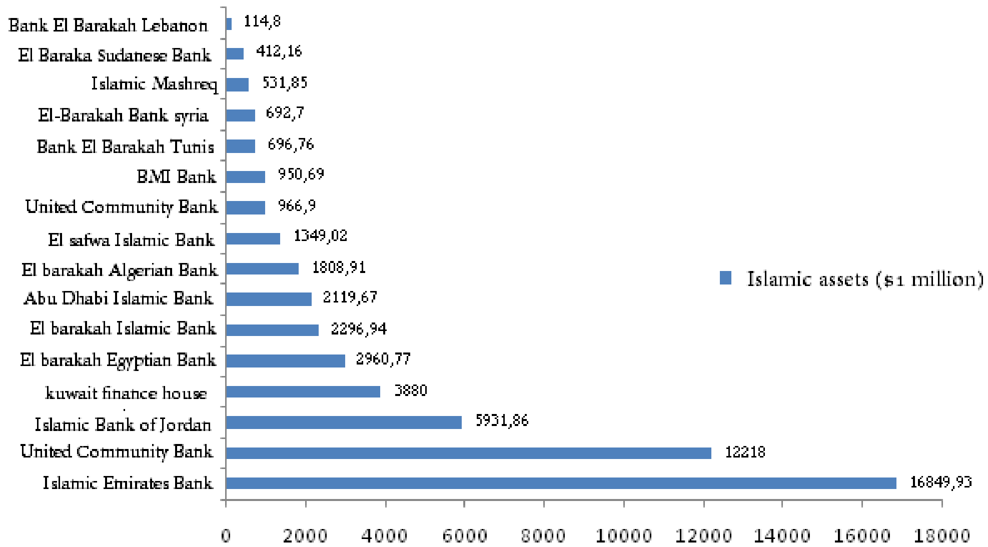
Reuters indicated that the sector is in the process of being changed by financial technology products such as Islamic banks specializing only in digital transactions, robots, and digital wealth management services. **(Banks)**

Figure (2): 2000 Largest Arab Islamic Financial Institution and Windows by Size of Islamic Assets 2017



Source: Prepared by the two researchers based on the statistics of the Federation of Arab Banks.

Figure (3): Arab Islamic banks and financial institutions (affiliated with M Corporation)



This list h … to a group or a parent company to avoid double counting.

5. Conclusion:

Through our review of data and analysis on the development and growth of the Islamic industry in the world, we find that it has achieved remarkable success through its commitment to the legal framework necessary for the success of Islamic banks and has promulgated laws regulating its operation. It has also established infrastructure, the most important of which is Islamic financial institutions, financial markets, and Islamic financial companies, which now attract international companies and markets to adopt the Islamic financial system, which has confirmed its effectiveness in the field of financial markets.

One of the most important recommendations from this research paper is:

- To seek to build a regulatory and legal framework to build a strong Islamic financial and banking system through a comprehensive agreement among the Islamic States.
- To seek to provide qualified training in the field of industry for Islamic finance through the integration of Islamic financial programs into institutes and universities and the study of their development and results.
- To seek to expand the scope of the Islamic financial market, to create genuine development in Arab and Islamic societies.

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