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Analysis of the developmental impact of participatory yield formulas (reality and challenges)

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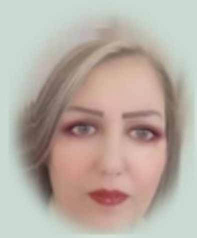


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Abstract

Participatory financing formulas are among the most important financing formulas in development, as it is the basic investment formula embodying the objectives and principles of Islamic economics and achieving justice between the two parties to the transaction (the bank and its customers). Using this formula helps achieve economic and social balance among citizens. Financing participates on the basis of the Islamic bank providing the financing required by the customers without stipulating a fixed interest, as is the case in financing in conventional banks. The bank and the dealer Through this axis, the different definitions of the partnership contract will be addressed in order to highlight its characteristics, types, and developmental impact..

Keywords: Participation formulas, economic development, financing, Islamic banks

Introduction

The financial transactions dealt with by Islamic banks in conjunction with the financing contract is a legitimate financial transaction in Islam, which has been approved to facilitate people in the operation of their finances and earn a living Halal. The customer who offers to deal with this transaction must identify the content of its contract, its legitimacy, as well as the legal regulations and conditions relating thereto.

Research problem:

Economic development often requires steady growth in the monetary bloc. If the amount of money is reduced in relation to the requirements of economic activity, this leads to an economic recession. Therefore, the need to finance economic activity in non-traditional Islamic formats is necessary in order to drive economic growth..

Research Hypothesis

Participation is one of the means available for economic development in both the positive and Islamic economy and as a form of financing.

Search objective

The research aims to identify what forms of participation and their developmental role are through selected economic indicators and the constraints they face and their risks..

Research Methodology

The inductive analytical approach was followed, relying on Arab and foreign sources and websites.

1st. Participatory formats (concept and approach)

1. **Concept of participatory formats**

The essence of the system of modes of participation in Islamic banks means that the parties to the contracts of economic activity are partners - in certain proportions - by the results of this activity, profit or loss, i.e. partners in sheep and fine. This system results in various and different organizational contracts, depending on the nature and type of activity it governs. Speculation - such as farming and bargaining - is a partnership contract based on the capital of one side and the work and management of the other, and is rewarded - under this contract - the capital of the human (labour) capital of cash. On this basis, the parties are partners in profit according to the agreement, the financial loss is on the owner of the capital because the worker (speculator) will lose his business unless he is in default.

This decade has evolved and its development has covered the following aspects (Munther, 2004):

A. The contract of speculation is not limited to an individual transaction between the owner of the money and the speculator, but has become permissible for multiple owners of the money in one speculation, which can be called collective speculation.
B. The personality of speculators shall not be limited to the natural person, but may be a moral person such as a company or enterprise.
C. The subject of speculation should not be limited to trade but should include all investment activities that do not contravene Islamic sharia (agriculture, industry... and others).
D. Speculators may combine the rackets with the head of money in a single speculation. In each case, he has the rights and obligations guaranteed by the project and determined by the agreement.
E. More importantly, the Lord of Money could authorize speculators to pay money to another speculator.

There is an agreement between the bank and the entrepreneur whereby both parties submit capital requirements, and share profits and losses in the proportion of each other's contribution, taking into account the human effort in a special share, given a percentage of the profits to the entrepreneur (Safwan Qusay Abdul Halim, 2019).

While both speculation and participation are based on the principle of partnership in return and, as a result, each partner has a common relative share in profit, And the loss of the capital ratio, you differ in the fact that the money is from one side and the work from the other side in the first, In other words, there is a complete disconnect between the capital's ownership and management, the employer may not work. While all partners contribute to the money of participation, they may work from each other or from one of them, the speculation is safe, acting as a proxy and profit is a partner and the contract is corrupted as a tenant. Participation is based on both the agency and the secretariat. Each partner is a trustee of his partner's money and an agent in the conduct of the conduct of the company's capital in accordance with the terms of the contract.

2. **Law governing agreement or participation contract and the form of participation contract**

   A. **Participation Contract Act**

An agreement contract is often a civil contract and it is subject to the provisions and rules of the Civil Code. A partnership contract is often a commercial contract that is subject to the provisions and provisions of the Commercial Code. If one of the parties to the contract is a public moral person, such as an institution, ministry or government body, he or she is subject to the provisions of the Administrative Code and is competent by the Administrative Court (Ibrahim).

B. Format of a participating contract

Mr. (first party):..

It carries a National ID number:..

Mr. (second party):..

It carries a National ID number:..

The parties have agreed as follows:

- The introduction to this Agreement is an integral part of it.
- Their type of business shall be written.
- The parties agreed that the company's capital............................... was paid from the partners.

  Each partner's share (each partner's share is then written as follows):

  Share of First Partner..........%

  Share of second partner..........%
- Partners' shares are transferable to their legitimate heirs, and no party may waive its shares in compensation or without compensation except with the consent of the other partner.
- Both parties, Mr. I and Mr. II, are fully responsible for the management of trade in the place of this partnership and are the first and last responsible to official and informal bodies.
- Taxes are deducted and net profits are divided into 3 sections of the first partner, the second section of the second partner and the third section of the profits in the company's account.
- The Party undertakes......... Prepare books of accounts on a daily basis and periodically.
- The company shall be dissolved if any unlawful incident occurs not to dissolve the company due to death but to pass on to the heirs of the deceased partner, No party has the right to withdraw from the company before one year has passed since its presence as a partner, provided that it gives a written warning of its desire to withdraw one month prior to leaving the company.
- If intentional losses occur on the part of a partner, the partner is obliged to compensate the other partner for the damage suffered.
- In cases of disputes and disputes, recourse is made to a court............
- The duration of the partnership agreed upon by the parties shall be written, when and when it begins and may be renewed if necessary.

- The contract is signed and acknowledged by the parties and they have signed it in their full mental capacity and in front of the restored witnesses with the date of conclusion of the contract.

3. **Legitimate adaptation of co-financing**

Participation contract refers to multi-party participation in money, work and management and everyone has the right to participate in the results and returns of the participatory process, The scholars included a series of contracts within the process of participation company, such as Mudaraba Company, Annan Company, Bargaining Company, Facial Company, Al-Abdan, Farmer and Al-Masaqah, etc., But the interest of scholars in this issue focuses on Mudaraba and Al-Anan companies and the legitimate adaptation of co-financing appeared on three different opinions:

- According to the first opinion, the contract for co-financing falls under the content of the Mudaraba company in which the funds are allowed to be mixed.
- In the opinion of the second opinion, the contract for trade financing falls within the concept of Al-Anan in the funds.
- The third view is that co-financing combines the concepts of Mudaraba and Al Anan.

Modern scholars agreed to adapt the co-financing process as Annan, depending on the similarity of elements and content, until the doctrinal rules of co-financing were based on the jurisprudence of Annan. Al Annan Company is a legitimate financial contract in Islam, as it realizes the interest of the people and contributes to the investment and development of funds, and its judgment is fixed based on the provisions of the Holy Koran, the Prophet's Sunna and the Consensus (htt).

2nd. Developmental Advantages of Participating

1. **Raising marginal efficiency and reducing investment risk**

The Islamic Bank invests its available resources through the speculative and participatory systems, i.e., it is a partner in the investment process. In the case of profit, the bank has a share according to the agreement and loss according to the ratio of the capital, thus reducing the risks that the entrepreneur will encounter, as the Bank will share them (Abu Al-Saud, 1989). The bank's share of the actual profit resulting from the use of the supplier was seen as the cost of obtaining financing But it's not like the rest of the cost, it's a special cost and it's not like that in all cases. cost of profit and aid in loss, although it would be a reason to reduce the investor's share of the yield earned However, at the same time, it caused the bank to charge part of the realized loss according to the amount of the contribution. This description is not the cost of obtaining financing from traditional banks (interest), which the entrepreneur pays in the case of profit or loss. The introduction of such a funding system would increase investment's marginal efficiency and reduce risk.

To demonstrate these results, let's assume that an investor needs as much money as he has, to invest in a particular project. It has two banks, one of which is traditional and takes interest (16%) on the amounts it lends. The other is Islamic, entering as a partner in profit and loss, taking into account the right of the partner (investor) to work and manage a certain amount of profit and to be (25%). The high marginal efficiency of investment by dealing with the Islamic Bank compared to the traditional Bank can be illustrated by the following table:

Table (1)

Net profit of the trader (partner) with the traditional and Islamic bank in different hypothetical cases of profit and loss

Net profit or loss of partner with Islamic Bank		What a partner takes for a currency of 25% %	Net profit or loss Customer with Bank % Traditional	Profit Ratio or % Loss	Situation
% Partner	**% Bank**				
Losses 3	Losses 3	-	Losses 22	Loss 6	**A**
None	None	-	Losses 16	None	**B**
Profit 5	Profit 3	**2**	Losses 8	Profit 8	**C**
Profit 10	Profit 6	**4**	None	Profit 16	**D**
Profit 12.5	Profit 7.5	**5**	Profit 4	Profit 20	**E**
Profit 17.5	Profit 11.5	**7**	Profit 12	Profit 28	**F**

Source: Dr. Muhammad Kamal Attia, "Accounting of companies and banks in the Islamic system, 1st edition, Manshaat Al-Ma'arif, 1998, p. 70.

Table 1 indicates the high marginal efficiency of an Islamic Bank partner's investment, as compared to that of a traditional bank, in all cases of presumptive profit or loss; When the result of the activity is a loss of (6%), if this investor is borrowed from the traditional bank, the total losses will be (22%) - (6% + 16% interest) - whereas if he were a partner of the Islamic bank, his total losses would be (3%), because the bank bears half of the losses, i.e. (3%) as well. In the event that the project does not make a profit or loss, the dealer of the traditional bank shall pay interest (16%), i.e. its losses will be (16%), while the Islamic Bank partner shall not incur any losses. When the result of the investment activity is a profit of (8%), the net loss of the borrower investor from the traditional bank will be (8%), while the participant with the Islamic Bank earns a net profit of (5%) - (2% against currency + 3% share of Ras Maleh)... Thus, when the project makes a profit of 28%, the partner of the Islamic Bank earns a net profit of 17.5%, while the profits of the trader of the traditional bank do not exceed 12%. In this case, the marginal efficiency of the investment increases by 5.5% as a result of dealing with the Islamic Bank, compared to the same as the traditional bank.

One can conclude that investment financing in Islamic banking financing formats based on the principle of partnership in the outcome of investment activity increases investment's marginal efficiency.

2. **Supporting economic development**
   The partnership system makes an effective contribution to economic development by:

- Ensure the cooperation of the head of money and work or management in the establishment of economic projects, some of them may have more funds, but they do not improve their investment. Others may have experience and skill in work and management, but they lack the head of money. The partnership system also provides the regulatory framework within which small capital can be invested in large and profitable areas, which cannot be accompanied and accessed in private owing to the large volume of financing or administrative burdens it requires (Ibrahimi, 1997). This has the effect of expanding the productive capacity of the national economy. The partnership system is a business curriculum suited to all economic activities, agricultural, industrial, commercial... and others.
- The participation of Islamic investors' banks entails the recruitment of all its potential and technical expertise in the feasibility study of the proposed projects to accurately assess their return, with a view to seeking the best investment opportunities. As long as it receives depositors' funds on this basis, it is concerned with investing and employing them for the benefit of all parties. For this purpose, it combs economic development programmes to capture appropriate investment opportunities and subjects them to such studies for the same purpose. Contrary to what happens in traditional banks, which are not involved in this role, they are not concerned with the choice of investment opportunities nor with the feasibility of these projects, but with loan recovery guarantees and interest, whatever the nature of this project and whether it makes a profit or a loss. This role of Islamic banks based on the partnership system will have a range of important development consequences, including (Abu Al-Saud, 1989): -

- Better allocation of available economic resources, preserving society's wealth of waste and use in areas that are not beneficial or morally prejudicial.
- The efficiency of the use of these resources, as the partnership system, entails that profit is a potential return that is not stable, nor is verification guaranteed and depends on the project's success; Islamic banks perform their activities in a risky field, and on this principle, the bank is involved in the risks and benefits of financing. It has a direct interest in monitoring how money is used and the nature of the projects in which it is used. For that reason, it will be more cautious in providing funding, paying great attention to the selection of the project and partners and supervising, following up and advising the partner where necessary, thereby making good use of resources and decreasing profligacy, and more resources available for investment and development (Al-Ahi, 1998).

  Effective control over the use of funds in Islamic banks is a step forward in the operations of traditional banks, which are less interested in how the loan is used and followed up, as long as it is documented as guaranteed and interest is paid at its time. The lender has no direct financial interest in how the loan is used and whether it is used in development or non-development projects, or in areas approved by Islamic law.

    - As a result, these banks' developmental role is more effective.

- Islamic banks based on the partnership system engage savings of Muslims who avoid dealing with traditional banks, thereby increasing the level of total savings that affect the need for mechanized economic development.
- By contributing to one of the scarce resources that every country seeks to encourage, it is important for investment activity in particular and economic development in general. This type of resource is a prerequisite for real production sector investment projects.
- Adopting a participation system and dropping the interest rate of dealing, reduces production costs. Interest is an important item of cost, with low commodity prices increasing demand, thus increasing investment, increasing employment and exploiting available economic resources, contributing to the process of economic development.

3. **Maintaining price stability**

In a previous field, traditional commercial banks have the ability to create credit and control the offer of cash by creating credit money or deposit money, to get more interest that is the main source of their profits. However, borrowers' liquidity as a result may not be accompanied by a real increase in the production of goods and services. The creation of cash will then increase the supply of cash more than the flow of goods and services and as a result of higher prices (inflation).

Islamic banks invest real money in their possession, not doubling credit and creating deposits. As a result, the injection of cash will go into the field of real productive investment and exchanges, only when there is capacity to increase production of goods and services, and if investors fail to do so, investment tunnel flows will cease, thus financing flows will be accompanied by real flows of goods and services, and as a result prices will be more stable (Ibrahimi, 1997).

Traditional banks' treatment of interest, in itself, will increase prices by the rate of interest - being one of the production costs - resulting in continued price increases as a result of the deterioration of the real value of deposits and the exposure of depositors to losses. Inflation thus consumes interest rates and perhaps even a portion of deposits in these banks.

While uncertainty in traditional banks is motivated by the difference (increase) in the inflation rate that was expected at the time of deposit, the interest rate is constant - the problem arises - the uncertainty in Islamic banks is linked to the factors of the partnership's expected profit rate - which is unknown - and the rate of inflation. Since the sources of uncertainty (profit and inflation) are not independent, price rises

(Inflation) is often accompanied by an increase in yield (profit) and when unforeseen variables in yield tend to be commensurate with unexpected variables in the rate of inflation, this will preserve the real value of deposits.

4. **Ability to deal with economic crises**

1. **At the banking institution level**

The return partnership system achieves greater resilience, resilience and absorption of banking crises, compared to traditional banks. While we hear from time to time, old commercial banks declare bankruptcy and collapse in the face of the financial shocks they face, we have not yet heard that one Islamic bank has declared bankruptcy, which is evidence of the robustness of the Islamic banking system.

To prove the validity of this assumption, let's assume that there are two banks that are Islamic and the other that run an interest system, pay for deposits (10%), and that Ras Mal each (50 million dinars). The laws allow banks to accept fifteen times as much deposits as heads of money. This means that the resources available to each bank are (800) million dinars. If we assume that each bank makes a net profit of 11% on its total resources. That is, each bank makes a profit of 88 million dinars. In this case, the traditional bank must pay interest in the amount of (75) million dinars to depositors and the remainder (13) million to shareholders. This will bring the bank's total capital to 63 million dinars. At the Islamic Bank, depositors and shareholders have won 88 million dinars. Assuming that the bank - under the speculative contract with depositors - (50%) of the total profit earned, means that it will receive a profit of (44) million, i.e. its capital will become (94) million dinars (Ahmed, 1998).

Assuming that both banks suffered a loss - not a profit - of 40 million dinars per 1, due to some debtors' inability to pay their debts. In this case, the traditional bank must pay interest on deposits amounting to 75 million and the amount of the loss, i.e. its total loss will be 115 million dinars, exceeding the capital by 65 million dinars. As a result, the bank will be bankrupt in accordance with banking regulations and regulations. While the Islamic Bank will transfer this loss to the investment deposit accounts, the capital will remain the same.

2. At the macro level

The effectiveness of the partnership system in addressing some macroeconomic problems, particularly inflation and contraction, is highlighted by the system's derived methods, which can serve as effective monetary policy instruments; In the case of inflation, monetary authorities could increase Islamic banks' share of the speculative contract on the share of financiers, which would mean an increase in the cost of credit and lower demand for it, thereby reducing the level of liquidity in trading. Unlike Deflation, where these authorities reduce speculative shares and increase management's share of the participation contract, facilitating the credit outcome and increasing Monetary Current. Investment expenditure is employment or employment (Al-Kuraidi, 2003).

The mechanism (Mechanism) can be adopted in the sectoral allocation process (Sectoral Allocation), with the aim of concentrating activity in a particular sector and not in other sectors of the national economy, by increasing investors' gains in this sector by increasing their share in the speculative contract.

On the other hand, the benefit system has always been one of the causes of the financial and economic problems of individuals (businessmen and consumers), institutions and nations. Indeed, the debt disaster - which has plunged politicians and economists - in many countries - especially developing countries - is one of the products of this system. From time to time, a new IMF country announces its inability to pay its debt and interest and demands a rescheduling. Political attitudes and interference in internal affairs have become a price (Al-Qahf, 1979).

The debt catastrophe has made it clear that most developing countries' economic resources are being drained, owing to their magnitude and importance; For example, the external indebtedness of 13 Arab countries owed a border $158 billion at the end of 1995. In Somalia (2210.7%), Sudan (287.6%), Mauritania (230.5%), Yemen (138.3%), Syria (128.3%), Jordan (95.9%), Algeria (78.7%) and Egypt (52.6%) (States, 1997).

In the face of this alarming erosion of the external debt catastrophe of Islamic countries -- which was the result of an interest-based borrowing policy in the context of a domestic savings deficit -- some researchers believe that the key to this crisis is the establishment of participatory, loss-making international financing relationships (Al-Qarnshawi, 1995).

3. Achieving social justice

As long as the Islamic economic curriculum has provided a fair regulatory framework for labour and capital cooperation in the field of production, it has also provided a fair system for distributing returns to these elements, Islam is abhorrent of exploitation and abhorrents man's inequality in income and wealth. Islam does not deny the role of the capital in economic activity and does not limit the price of its contribution, but it does not set a fixed return against it, but rather requires both the capital and the organization -- initially -- to share a share of the activity's expected net return. While at the end of the period each receives this share calculated on the basis of actual rather than anticipated net return, which makes it a potential return for monetary earners, commensurate with their contribution to regulatory efforts. Interest financing, however, involves a substantial injustice to the borrower, by forcing it to pay interest plus the loan amount, especially in the case of loss caused by factors that are irrelevant. Wealth is concentrated in the hands of a few capital owners (Abdullah, 1984).

On the other hand, while traditional banks focus on collateral and borrower's financial solvency, Winning their rich credit facilities, Islamic banks focus on the nature of the project and on the security and reputation of its principals, This leaves room for the participation of small producers, craftspeople and professionals and their contribution to economic development, which is fair in providing the capital for all segments and categories (Aboul Fotouh, Islamic Economics Journal).

In addition, the partnership system broadens the enterprise ownership base, so that quite a few individuals have the opportunity to participate in corporate equity and production units in different sectors, other than the interest system that narrows the base and confines it to a few headers funds (Al-Marzouki).

3th. Risks and constraints of participatory work

Working with the formulas based on this principle - especially speculation - is confined to many risks and obstacles, basically relying on the element of trust, which necessitates the application of a pure Islamic environment, as well as the difficulty of applying some of its conditions, which has led to the reluctance of Islamic banks to adopt them, despite the fact that they constitute the basic alternatives to the working system of interest. These risks and constraints include: -

1. **Entrepreneurs' unwillingness to finance participation.**

Many business enterprises - which used to adopt beneficial financing methods - do not favour the bank's participation for several reasons, including:

- Count it a kind of interference in the secrets of its work.
- To participate in part of its profits, which it accounted for all of them prior to this system.

- Benefiting from their experience with much effort and money.
- Their preference is methods that involve their full control over the investment process.
- Count this method less flexible compared to alternatives available to deal with traditional banks. From the outset, the Bank's contribution is fixed and based on which the dividend distribution ratios are determined, whether partly or entirely exploited. The participatory contract leaves no room for trying to optimize the amount of funding. for example, trying to partially or completely refund it when a partner does not need it (Mansour, 1985).

2. Difficulty in selecting partners and the problem of ethical risks

This problem arises from the lack of adequate information on persons, their areas of work and past dealings, and is compounded by the limited geographical spread of Islamic banks, which can be assisted in this regard. Thus, the information that can be obtained about the participant remains within the limits of the information required to sign the contract and contained in the required investments and assets. Much information remains unacceptable, as each party can show only how much information about itself and its true intentions, capabilities and purposes are needed to persuade the other party to engage in the contract.

Thus, the Moral Hazard problem arises. If the Bank's information about the partner is found to be incorrect or insufficient, the conduct expected of it will not be realized, and the Bank's decision to make an erroneous decision is thus sacrificed and the result of the loss.

More than one researcher has referred to the problem of moral danger involved in partnership contracts, namely, the (funded) partner acting against the Islamic Bank's interest or concealing some information in order to obtain the benefits it does not deserve... and others. Some promised it the fundamental problem of the bank's non-utility model.

If the client's solvency and the quality of the guarantees provided by him is sufficient to complete the correct decision to grant him the loan by the traditional bank. Information about the customer's honesty, honesty and true intentions does not significantly affect the achievement of the final result of loan recovery and interest. These qualities are essential in the Islamic economic curriculum in general and in Islamic banking in particular. In the speculative financing formula, for example, making a profit and sharing it with the bank depends not only on the availability of favourable economic conditions, but also on the speculator's security, good intentions and sincerity, which are difficult to verify when contracting.

This is a major point of difference not only between the Islamic Bank and the traditional Bank, but also between the Islamic system and the capitalist system. The first is to build ethics and values. Therefore, all kinds of relations and contracts brought about by Shari 'a presuppose the availability of this Islamic environment in a society that is more relentless than committed, but we rarely find the likes of these in this time (Siddiqi).

Partners' practices associated with this problem - in terms of the transactions of Islamic banks - take a number of forms, including:

- On the one hand, many partners do not hold regular and timely accounts, keeping contested sets of records for contested purposes, such as reducing profits, inflating losses and showing fake losses... and others. Participation requires sound and reliable accounting, so as to reveal the true results of joint venture work (Al-Wadi, 2000).

- On the other hand, many partners offer manipulation of accounts, such as:

- Calendar of first-term goods in excess of the value of the last-term goods at a low price.
- Evaluate assets in excess of their value in order to increase their scattered amounts in order to reduce or cancel profit.
- Overpaid by managers who are often relatives of entrepreneurs
- In addition, the nature of the work entails associating with businessmen who work in various ways to get rid of the tax payment, which exacerbates this poor practice by urging legitimate cover.

This problem was triggered by the fact that Islamic banks moved away from financing by speculation and participation, as they were tested by the low level of security of many of their clients. Contrary to the perception of the Islamic Bank's model, speculative and participatory contracts are the real alternative to interest financing.

3. The inadequacy of certain laws to the system of participation

For example, tax laws allow interest to be calculated as part of the deductible costs in determining the tax vessel, while the bank's share of the participant's profits is not treated as the same. Capital gains ([*]) are not taxed in most laws, but this does not apply to profits held by the bank in the end-of-estate company. The first was to treat it as capital gains because it is intended for the purchase of fixed assets and to encourage a partner who will become a producer after a worker who has the means to produce income.

In all countries, the law protects the lender and assists it in recovering its lending if it finds money at the borrower's disposal, but the law itself does not protect the owner of the money in the speculative contract if the worker claims that the financed enterprise has failed (Abu Al-Saud, 1989).

4. Participation Management Problem

On the one hand, the participation system requires a technical administrative body with a degree of skill and technical expertise to find appropriate investment opportunities for participants, choose the right partner, implement and manage these posts and supervise them, at a time when these emerging banks are not able to build such a device.

A second aspect of the participation system is the problem of monitoring the implementation of the work, especially if the bank's investments are widely distributed geographically, which makes it difficult to supervise and control these operations, which makes the fate of those participants largely dependent on the honesty of the partners.

Third, since the majority of Islamic banks' resources are of a short-term nature, which restricts the bank in choosing long-term private participation processes, limits the bank's ability and freedom to choose appropriate participation and limits it to short-term participation, and reduces its developmental role (Al-Najjar, 1980).

[*] Profits arising from the sale of a capital asset at more than one purchase price.

CONCLUSIONS

1. The importance of banking participation through investment financing based on the principle of partnership is highlighted in the outcome of investment activity, where it increases the investment's marginal efficiency.
2. Effective control over the use of funds in Islamic banks is an advanced step in the operations of traditional banks that are less interested in how the loan is used and followed up.
3. The partnership system makes an effective contribution to economic development by ensuring the cooperation of the capital, labour or management in establishing economic enterprises and the efficient allocation of available economic resources.
4. Traditional commercial banks have the ability to create credit and control the offer of cash through the creation of credit money or deposit money, to obtain more interest that is the main source of their profits. Islamic banks invest the real money they have, they do not double credit and create deposits. As a result, the injection of money will go to the field of real productive investment and exchanges.
5. The return partnership system achieves greater resilience, resilience and absorption of banking crises, compared to traditional banks.
6. The partnership system broadens the enterprise ownership base, so that quite a few individuals have the opportunity to participate in corporate stocks and production units in different sectors, other than the interest system that narrows the base and confines it to a few headers.
7. The majority of Islamic banks' resources are of a short-term nature, which restricts the bank in choosing long-term private participation processes. This limits the bank's ability and freedom to choose appropriate entries and limits it to short-term entries, and reduces its developmental role.

Recommendations

1. Expanding the role of Islamic banks in financial intermediation so that they can provide financing for economic development projects without interfering with the difficulties and problems of direct investment work.
2. The need to diversify Islamic banks' resources between a short and long-term nature to expand their development role
3. Expanding the role of effective control over the use of funds in Islamic banks
4. Matching the size and time of funding for many projects that may not suit some savers to the risk nature involved Potential

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