

## **Islamic banks in Europe should provide funding to non-Muslim communities**

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### **Abstract**

This paper follows the growing interest and continuity of Islamic finance products worldwide, which has encouraged the formulation of financial institutions based on the concepts of Islamic Sharia in many countries of the world and is no longer limited to Islamic countries only, and Not exclusive to Muslims which is due to Islamic finance services and their ability to apply in non-Islamic societies, and perhaps what encouraged the development and progress of this industry Islamic history, which was attended by many different models With the development of trade's share between different countries as well as trips carried out by Muslims trade in the world and their role in the spread of Islam in Africa, Asia, Europe and so on.

The paper focuses on the need to direct and allocate Islamic funding to non-Muslims so as not to be exclusive to Muslims only and thus highlights the ability of Islamic economic services and its ability to expand its outreach, this will help to activating many of the desired objectives and to clarify and reflect the Islamic principles of other societies, and thus achieve the universality of Islam and reduce the manifestations of hostility to Islam and Muslims in the world

The paper concludes that the spread of various Islamic financial institutions in European countries, including banks, Islamic insurance companies and Islamic sukuk, and the establishment of identical institutions in Europe all this confirms the ability of Islamic banking to spread in the world,

**Keywords:** Islamic Finance , non-Muslim, European countries, Shariah-Compliant.



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### **Introduction**

Islamic finance in all its aspects from banks, takaful companies and financial instruments has a strong spread in Europe, where it has proved stable and stable in the midst of the economic crisis that hit the international markets. There are strong movements by European countries and America towards Islamic banking and Islamic finance to limit the movements of interest responsible for inflation Consumer prices in the world.

Islamic financial services are being offered by many Western banks at present, whether through branches in Islamic markets or through special windows in Western countries offering Islamic services to their clients. Islamic banking in recent years has become a modern industry attracting many banks and institutions International financial institutions and actors in the global financial system, due to the phenomenal growth witnessed by this phenomenon

Western banks have been quick to take advantage of this rising tide in the east and west in adapting their services and adapting their activities to meet the needs of the customers of this category of public and their speeches in order to attract as much capital as possible looking for services that conform to their beliefs and religious values. There is a need and demand, which has contributed to the growth and spread of Islamic banks in non-traditional positions. On the other hand, many Western bankers have seen Islamic finance as an important consideration and a rare opportunity for efficiency and profitability. The justification for Islamic banking and Islamic finance is one of the most positive aspects of Islam, but it is the aspect that Westerners can engage in dialogue with Muslims about and recognize the shining face of Islam through it

Islamic banking has emerged as an honorable and bright place in the conventional and global commercial banking system. It has achieved great success, high achievements and excellent quality. It has been able to face globalization consistently by designing new Islamic financial and Islamic products and services suitable for the Islamic and international communities, as well as financing, Islamic banking is attractive to all segments of Islamic and global society, and Islamic banking has imposed its regional and global presence on the global financial arena in order to face the great developments and challenges of globalization.

Therefore, the Islamic banks are called upon to do more and work to modernize ways and methods of providing services and products and forms of Islamic finance and diversify and attract more capital to invest at home and abroad, and therefore it is necessary for this experience in European countries in particular not to exclude anyone in the opportunities to finance it It is not limited to European Muslims or those of their kind to invent a variety of methods to allocate and provide Islamic finance services to governments, companies and individuals guided by the concepts of Islamic calling for the financial and commercial transactions for all.



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The spectacular growth prospects for the Islamic financial services industry in many European countries is being fueled by Muslim mass immigration; despite a difficult economic climate on the continent, Islamic banking is growing faster in Britain, France and Germany than it is in many Islamic countries in the Middle East and Asia

### The importance of studying

1. The call by many Western politicians and economists to implement the Islamic system in the economy, especially after the financial crisis that hit the world, such as the American President Obama and the French Senate, and even the whole European countries are considering the generalization of the Islamic economic system . (Ariff , Safari2010)

2. The growing trend, especially after the financial crisis, to Islamic banking in segments of Western society. A British expert said that Islamic banking has become a major industry over the past three decades, pointing to the growing number of Westerners who are dissatisfied or skeptical about the traditional banking services they receive. Imposes immoral exploitation, making the emergence of Islamic banking by its distinctive moral system resulting in the salutation of the positive face of Islam.

3. A large proportion of Muslims residing in Europe want to be treated in accordance with Islamic law, and yet there are not enough banks that provide these services, as stated by banking expert Klaus Petgoshorst. That the European banks began to discuss Islamic banking solutions and the complexity of the forums, including the World Islamic Financial Forum in Switzerland ((Irene Hell 2014)).

4. There is no doubt that the provision of Islamic finance services to non-Muslims achieve many benefits, which include reducing the rate of hatred and hostility to Islam and Muslims and was able to spread the concepts of Islam in other societies

### Search Plan:

The research project divided into three sections:

The first topic: the emergence of Islamic finance institutions and their spread.

The second topic: Islamic financing for non-Muslims.

The third topic: The future of Islamic banking in Europe.

Conclusion: The most important conclusions and recommendations.

### Problem of the study

1 - The problem of the study arises through the discrimination suffered by non-Muslims, which leads to more hostility to Muslims in general

- 2- Which institutional changes have to be taken into consideration by major Islamic banking and finance organizations, in order to make Islamic finance attractive to non-Muslim consumers and compatible with the conventional financial system in the Western world?

Study hypotheses



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The study is based on a basic premise that provides for the allocation and allocation of Islamic finance and its various services to non-Muslims so as not to be exclusive to Muslims alone, and to rely on the other party's commitment to the services provided by the contents of the Sharia contracts in a neutral manner, thus achieving many benefits within the framework of the Sharia And in the community of the target area, and then achieve many of the desired results and the basic assumptions are formed in: =

1. There is a causal relationship between granting Islamic funding to non-Muslim clients and raising awareness of the nature of funding
- 2 - There is a direct relationship to provide Islamic funding for non - Muslims and remove the spirit of hostility towards Islamism and the concepts of Islam in general
- 3 - Spreading awareness of the various Islamic financing tools in the fields of investment accounts and modes of Islamic financing
- 4 - Encourage the Muslim communities in Western countries to spread the awareness and culture of Islam, which regulates the work of Islamic financial institutions

### **Limitation of the study**

The challenge is unfamiliarity and the negative picture of Islam among majority of non-Muslims in western countries. Due to some reasons, general public in the western countries have developed a common misconception about Islam as religion. This misconception could seriously impede the growth of everything that is connected with Islam hence Islamic finance.

### **The first topic :**

The emergence and spread of Islamic finance institutions

The mystery of interest in Islamic financial services

There is a growing interest in Islamic financial services in the West and other countries for reasons that are not related to the increasing proportion of Muslims in these countries. What is the secret of attention to these services and what is the advantage compared to conventional banks that operate according to the principle of interest?

Sheds more light on the Islamic banks that are increasingly interested in the West and other countries. The German newspaper "Handelsblatt" recently reported that the "Turkish-Turkish Islamic Bank" will be licensed to work full powers as the first bank of its kind in Germany. Swiss, American and British banks have expanded their Islamic financial services over the last 10 years (Soeren Kern 2011)



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The growing interest in Islamic banks emerged after the global financial crisis that affected most of the countries following the bankruptcy of the famous Lehman Brothers in 2008. Islamic banks were only slightly affected by the crisis compared to other conventional commercial and investment banks. Experts attribute this mainly to the strong control exercised by Islamic banking institutions on the projects they finance in accordance with the principle of obtaining a margin of profit in accordance with the "Murabaha principle" instead of obtaining an interest rate agreed between the bank and the customer. Islamic banks also share the burden of loss with their partners in a way that reinforces their entrepreneurial spirit. In addition, the concentration of these institutions on conventional commercial and industrial projects or services away from derivatives that are traded or speculated on paper or by default does not reflect actual economic reality

But the growing interest in Islamic banking is not only due to the global financial crisis but also to its success in attracting and operating capital. In this context, the International Monetary Fund and other international financial institutions reported that the assets of Islamic banks doubled nine times between 2003 and 2013 to reach \$ 1800 billion. The number of customers of Islamic banks is estimated at 40 million. Other factors driving increased interest in Islamic banking are the increasing Muslim population in Western and other countries concerned. In Germany, for example, more than 4 million of the more than 20 million Muslims live in Western Europe. In Russia, the number of Russian Muslims is 20 million. The provision of Islamic banking services will help attract more money from Muslims and others, especially as Islamic banks generally avoid financing high-risk projects or participating in it

- The spread of Islamic banks continued in many countries of the Islamic world and even in Europe and America, such as the Islamic Dar Al-Islam and Dallah Al-Baraka, which includes a number of Islamic banks and financial companies in the Arab, Islamic and Western world.

As a result of the success of Islamic banks and their growing share in the banking market due to the high demand for their products, supported by the religious trend that motivated many customers to deal with them, it was natural for conventional banks - Arab and international - to see this success The banking market, so I found it better to enter this field in order to keep its current customers and get a slice of this growing market

There have been calls for Islamic banking, especially after the global crisis, and the statements of senior Western politicians and economists have become the headlines of some newspapers. Some models of Islamic banking in Europe have preceded this; however, the need has become more urgent, Britain has become one of the most European countries attracted to Islamic banking, To be the capital of Islamic banking.



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The British government has announced its Islamic financial support, as the Secretary of State for Foreign Affairs of the British Foreign Office, Kevin Lewis, announced that the Islamic financial services sector is growing in Britain

To date, Islamic banks have spread to more than 500 Islamic banks and financial institutions worldwide, with assets estimated at \$ 1.6 trillion, according to the latest reports, as well as the UKIFS report, which accounts for nearly 1% of global financial assets. Deutsche Bank is the world's largest bank with assets of \$ 2.8 trillion, from \$ 72 trillion to the 53 best banks in the world. Comparable Islamic and conventional bank assets can not be compared. The history of traditional banks is more than 400 years, while Islamic banks Its history is only 38 years), and studies show that n The assets of Islamic banks will reach more than \$ 6 trillion in 2020, a growth rate of more than 15% annually

There are sufficient Muslim investors and borrowers in Islamic and non-Islamic countries to warrant the attention of traditional banks that seek to serve such clients and capture a potentially profitable slice of the market. The challenge for Western banks, however, is to leverage their banking knowledge and expertise while fulfilling the requirements of their Islamic customer base and complying with Islamic banking principles. It's not easy, but for big banks, or any bank serving a large Muslim population, it can be worth it  
The main principles of Sharia-compliant banking are as follows:

- The charging of interest, or *riba*, is strictly prohibited. It is deemed unfair exploitation.
- Sharia does not permit speculation or gambling. Thus, derivative transactions, such as swaps, futures, and options, are difficult to enter.
- Investments in certain products, such as alcohol, pork, and gambling activities, are prohibited.
- Profit cannot be ensured. What's more, the Islamic financial institution must assume at least part of the investment risk, so a guaranteed return is not applicable in Islamic finance.
- There is no concept of uncertainty. Uncertain investment returns are not permitted.(Hamad2012)

### British experience

Islamic banks in Britain have been able to achieve great success in attracting capital and in all banking business in the current economic conditions. The Islamic Bank of Britain has been a huge success, prompting major banks such as HSBC to open an Islamic accounting branch under the name of Al Amanah. Observers believe that the main difference between dealing with Islamic banks and others that these banks refuse to invest funds depositors in economic activities contrary to Islamic law, such as gambling clubs and the trade and manufacture of alcohol and other



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The U.K. government is among the first in the West to change its laws to embrace Islamic banking. For instance, it has recently abolished double-stamped duties, which until now were for people purchasing property under Islamic principles. The government is reviewing other laws to ease the establishment and offerings of Islamic banking products. Naturally, this has opened the doors for Western banks to further their interests in this market

The number of banks offering Islamic products is 22, including 5 Islamic banks and 17 conventional banks with windows offering Islamic banking products.

Islamic banking in Britain emerged in the late 1970s and early 1980s (1978-1979), where the British government allowed some Islamic investment companies to operate in London. The first was Islamic Banking International Holding (1978), followed by Islamic Finance House, In 1987, the Al Baraka International Bank Group, which continued its business until 1993, entered into an expansion of its deposits from £ 28 million in 1983 to £ 154 in 1991 and opened two branches in London and another branch in Birmingham. But as a result of the financial crisis that hit London's financial markets in the late 1980s and early 1990s, the British government was forced to tighten controls and increase taxes on foreign financial institutions (the Banking Act of 1987).<sup>1</sup>

October 2004 The year of the birth of the first Islamic bank with all Islamic banking standards, IBB following efforts by the British government to enhance the role of Islamic banking in the London financial market. The most prominent of these faces is Rodney Wilson, one of the most prominent faces to be predicted and written on Islamic banking in Britain. Bank of Bahrain, Deutsh Bank, Citi Group ... According to the latest statistics, the volume of Shariah-compliant assets in the British financial market reached \$ 27 billion in 2010 with growth ranging from 7, 3% to 23.7%, with London ranking eighth in the world in attracting Islamic funds and investments

Britain currently has five Islamic banks that deal fully with Islamic principles, as well as 17 branches of Islamic banks and financial institutions, most notably BARKLAYS and Lloyds Banking Group. Shares of Islamic banks in Britain are estimated at more than \$ 20 billion. It outperforms the value of Islamic banks in the above-mentioned Muslim countries. In addition, there are 55 institutes and professional scientific institutions that offer education in the Islamic financial system in Britain and this is not found anywhere in the world.(Richard2009)

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In 1997, the United National Bank of Kuwait opened a branch in London known -<sup>1</sup> as the Home Project to provide financing to Muslim communities through murabaha and lease contracts.





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France, which has a Muslim population of more than 6 million Muslims, surpasses Britain (2.5 million Muslims) in terms of the number of Muslim communities, most of whom belong to the North African countries (Morocco, Algeria, Tunisia and sub-Saharan countries) In the last few years, some of them are still getting the green light from decision makers in their country (Morocco). They have begun to compete with Britain, which has a long history of Islamic banking, to become the capital of Islamic finance outside the Islamic countries. Delivered in France, Most of which are not available on the knowledge or concepts is limited with respect to which the Islamic the finance Avckaddoha in their original, unlike in Britain's Muslim community, which belongs to the cradle of Islamic finance, the Middle East, the Gulf and Southeast Asian countries.

France, in late April 2011 issued the first sukuk in the French financial market in line with Islamic law, and then entered the group of the People's Bank and the Bank of France in opening windows for Islamic products (Murabaha and rent ...) that meet the requirements of the French real estate market.

The French IFFI, headed by the former foreign minister and head of the French-Arab Chamber of Commerce to promote Islamic finance in France, won the Herve de Charette in the era of the Sarkozy government, which had given clear signals in attracting Islamic capital. Later, several Islamic banks visited France to find out France's chances for Islamic financing, with French reports pointing to the imminent opening of the first Salam bank in France and the same likely to the Islamic International Bank of Qatar.

### France

In line with the huge activity in dealing with Islamic banks in Britain, France, as it is keen to match London as a financial center, has recently stepped up its efforts to attract business, especially the Middle East, in this sector.

In a delayed response - apparently to these appeals - the French Supreme Court of Financial Supervision - the highest body responsible for monitoring the activities of banks - issued a decision to prevent the circulation of fictitious transactions and symbolic advertising that characterize the capitalist system and the requirement of the handover in a specified time by three days, Contracts, which is consistent with the provisions of Islamic jurisprudence. The same body has also issued a decree allowing institutions and traders in the financial markets to deal with the sukuk system in the French market. Islamic Sukuk is an Islamic bond linked to guarantor assets in a variety of ways that fit the requirements of Islamic law.

French banks have recently witnessed a remarkable transformation after they decided to engage in Islamic transactions, both at the corporate and private levels. In France recently, there were voices calling for the need to integrate Sharia-compliant financial activity into the French economic system and legislature, Number of Western countries.





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French sources have revealed that a number of major French banks, such as the National Bank of Paris, have put pressure on the French authorities to deal with Islamic banks, especially in view of the remarkable success Islamic banking has achieved globally over the past years. In addition, the Islamic community believes that the introduction of Islamic banks into the French financial system will benefit the French economy. Of an integrated economic system as an alternative to the traditional banking system, which suffers usury and ambiguity and many shortcomings worth mentioning that France is not alone experiencing significant growth in Islamic banks but the whole of Europe.

### **Islamic banks in the rest of the European countries**

United Kingdom (22), France (3), Switzerland (4), Germany (2), Luxembourg (1), Russia (1), Ireland (1).

While the rest of the European countries with a Muslim community of Maghreb origin (Netherlands, Spain, Belgium, Italy, Denmark, Sweden, Norway ...) are far from the culture of Islamic banks, a freshness for the cultural dimension based on the culture of the country of origin. Recently entered into the field of Islamic banking. On March 15, 2013, the first center for studies and research in the Islamic economy and finance was established. It includes a group of academics and researchers in the field of Islamic banking (we are a founding member of the Center) belonging to the countries of Morocco, Spain, Al-Muqasek in order to define what is banking To the Islamic community in general and the Spanish society in general, and to open channels of communication with various interested investors, researchers, institutions as well as the Spanish state to start thinking about opening the door to these banks to invest in Spain.

### **Islamic banking in the European educational system**

According to the latest research and studies (Ahmad Belwafi 2011 and others), Britain accounts for 28% of the teaching of Islamic finance worldwide in its various universities and schools, followed by France with 5%, Italy 1%, Belgium 1%, Switzerland 1% Germany, 1%. The same studies indicate that the teaching of Islamic finance globally is done in English (75%), Arabic 20%, French 5%. The University of Britain is the world leader in teaching Islamic banking, with 55 universities, institutes and institutions



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Despite this growth, Islamic banking faces many challenges, especially in Aruba. The most prominent of these is the loss of identity. Many traditional banks that offer windows in Islamic products do not respect the principles of Shari'a in their dealings with customers. As well as the conditions placed by some central banks on Islamic banks, especially with regard to the determination of interest on Islamic banks or Islamic windows, and the weakness of awareness and culture of the Muslim community in the West in terms of Islamic financing concepts and mechanisms of operation one of the largest Challenges with weak media marketing and the absence of special channels to spread the culture of Islamic finance, as well as the lack and lack of qualified cadres and institutes specialized in Islamic banking.<sup>2</sup>

**In various forms, for two main reasons:**

First, the deep recession experienced by the European market due to the consequences of financial crises caused by interest-based interest-based interest financing, and the inability of conventional financing instruments to meet the stagnant market need for financing in a fair manner does not exacerbate financing problems. And its tools are participatory and speculative and other means to support the real growth of the national economy. "

Second, due to the high attractiveness of Islamic finance, due to growth rates of about 15% annually, according to reports, competition for a share of the global Islamic banking cake and access to part of the Islamic finance flows needed by European countries to revive their stagnant economies, The importance of setting up specialized seminars and conferences on Western Islamic finance to discuss ways to make the most of the opportunities and find solutions to the challenges of Western Islamic banking and thus develop the growth of the industry on a global level.

**The second topic: Islamic financing for non-Muslims.**

**A) Legalization**

The presentation of a number of legitimate topics derived from the jurisprudential provisions from several different sources, including what was mentioned in the Holy Quran and what was done by the Sunnah of the Prophet, and a rash of jurisprudential rulings from jurisprudential councils and others: Provisions of non-Muslims in financial transactions:

First: It is permissible to deal with non-Muslims by selling, buying, renting and other financial contracts, and they are subject to the provisions and controls of what is happening to deal with Muslims.

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<sup>2</sup> "There is no doubt that European banks and financial institutions have become more receptive to the financial solutions offered by banking," said Dr. Khaled al-Miqdadi, editor of Islamic Banking and director of the Arab Islamic Center.



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Secondly, it is permissible for a Muslim to hold a company contract, provided that the Muslim trusts that the transaction takes place in the company in accordance with the rules of the Islamic Shariah and its rules in terms of what is permissible and forbidden from transactions, and that his non-Muslim partner can not dispose of the company's funds To ensure legitimate action, and to avoid unlawful conduct.

Thirdly: It is not permissible to deal with non-Muslims with forbidden transactions such as riba and gambling, or with forbidden items such as drugs, alcohol, dead meat and pork, whether they are dhimmis, mujahideen or custodians, or were they warlords; because dealing with forbidden transactions, God does not love corruption.

Fourthly: The scholars differed concerning the ruling on selling a Muslim on the sale of a non-Muslim, buying it for his purchase, and putting it on his suh (meaning that a man sells a commodity to a man. If a buyer purchases and wants to trade, another purchaser is offered to the seller at a price higher than the first bought, or a commodity person chooses to sell it to the owner of the commodity, and he is determined to do so. The last one comes with more than one person. The most likely one is whether he is a non-Muslim or a non-Muslim. My fault, because the original solution, and the prohibition on the sale of the brother to his brother, or buy it for evil And the unbeliever, whatever his character, is not the brother of the Muslim; if the brotherhood is meant here, the religious brotherhood.

Fifth: It is permissible to lend to non-Muslims and to borrow from them. It has been proven that Muslims in the era of the Prophet (peace and blessings of Allaah be upon him) used to borrow from the Jews in the city. The Prophet (peace and blessings of Allaah be upon him)

1 - To be a good loan, not riba.

2. Their lending does not harm the Muslims, such as lending to the warriors.

3 - to assume that most Muslims return their money to them if they are the lenders.(Siddiqi200)

Sixth: It is permissible for a Muslim who is not a Muslim to be appointed in his place to do his affairs and trust him, but under the following conditions:

1 - The non-Muslim power of attorney does not have a mandate over a Muslim, such as entrusting him with the divorce of his Muslim wife, or in the care of his minor children, or in the glasses of a waqf, or in the execution of a will, or in the inheritance section of his heirs, or appointing him as a judge for Muslims. (And Allah will not make the unbelievers a way to the believers) women [141].

(2) He should not appoint him to perform acts of worship in which a Muslim may be appointed, such as entrusting him to sacrifice his sacrifice, or to give permission for him, or to give advice or to give khutbah, because it is not valid for non-Muslims. And his Messenger (repentance [54]).



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3. Is a Muslim not to rely on a non-Muslim to do what is not permissible for a Muslim to do, and a non-Muslim does not agree to do it, such as holding a riba contract, or if it is forbidden to a Muslim and other people, It is permissible for a Muslim to do other things, such as trusting him in marrying a Muslim woman or buying a Muslim slave.

It is permissible for us to borrow from a non-Muslim the necessary tools, books, etc., as well as to lend him if he is not a warrior, She is loaned to him, like a Muslim, or a Muslim.

Eighth: It is permissible for a Muslim to accept the deposits of non-Muslims, and to deposit them, but in the case of depositing, they are required to be non-combatants because they are honest, so that they do not think of betraying them or of delaying them.

Ninth: A Muslim may accept the gift of a non-Muslim and give it, as the Prophet peace be upon him the gift of Almqoqs King of Egypt, including Maria Coptic, and gave Omar, may Allah be pleased with him brother of the polytheist Hilla silk was the Prophet And gave her a lifetime.

The money of non-Muslims who are not warriors who have been recognized by Islam for their respect is not permissible, even if it is not permissible for a Muslim to possess it, such as alcohol. Either the money of the warriors may be destroyed by the Muslims if the interest is in it. On the parts of the sack of the Jews of Bani Nadeer in the Battle of Khaybar, saying the Almighty: (What you made soft or left it based on its origins, God willing and to take the disobedient) Alhashr [5] and soft: Palm.

Eleven: Non-Muslim baiting (a child who is abandoned or lost, whose parents do not know and is found in a country that has more non-Muslims) has the right to Muslims who have found him to take custody of him and to spend on his interests. , And he said Jalal (and we have honored the sons of Adam) Isra [70]

On the one hand, the scholars have agreed that the contract of sale is not an effect on the difference of religion in his health or lack of health, if the conditions and his legs are integrated, indicating that there is no difference between selling a Muslim to a Muslim or selling a Muslim to a kaafir or a kaafir to a Muslim, :} Those who eat usury do not rise except as the devil who wakes up

Moreover, there is a growing awareness among non-Muslims of these alternative options offered by the Islamic financial industry, especially in the sukuk sector, where non-Muslim Europeans accounted for 80% of the total number of this modern market. A new investment tool worthy of attention with the entry of more Islamic financial institutions for this area

Many Western bankers view Islamic finance as an important and worthwhile business opportunity in terms of efficiency and profitability, considering Islamic banking and Islamic finance one of the most positive aspects of Islam. It is also the part that Westerners can engage in dialogue with Muslims and recognize the bright face of Islam. From which



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In spite of the emergence of many practices practiced by some Islamic banks in the West to limit the Islamic financing of Muslims to others, which is happening with hatred and hatred, such as what happened in France recently in the experience of one of the Islamic banks with Arab assets to seek to shorten funding for the Muslim galleys, A counter reaction from the sorrows of the extreme right to Islam and Islamic banks as reported in the major French newspapers in that period.

On the other hand, the French newspaper Le Figaro reported that Mrs. Marie Lobin, the leader of the national body, accused the State of Qatar of practicing sectarian and religious discrimination and of dividing French society in its dealings with the investment financing of Muslims only.

In the same vein, a 20-minute newspaper reported that the State of Qatar interferes in French political affairs and considers this a dangerous situation and that Qatar supports radical Muslims in their comment on investment finance. In the suburbs of Paris.<sup>3</sup>

### **The third topic: The future of Islamic banking in Europe**

It should be recalled that Islamic banking was discussed at the G20 Economic Summit in Washington, with a recommendation to establish unified standards to regulate the work of Islamic banks across the world. It should also be recognized that Islamic banks need to develop more today, and need to have research centers and studies in Western and Asian countries that are keen to further knowledge and training in their financial and economic transactions based on dealing with Murabaha and Musharaka and investment projects arising from profit and preventing transactions The phantom and the symbolism that characterizes the liberal capitalist system

Despite the humble beginnings, Islamic financial institutions have been growing rapidly over the past years, attracting the attention and interest of both Muslims and non-Muslims who, for the first time,

On the other hand, an Islamic advocate specializing in Islamic banking has urged Sharia-compliant banks to adopt more modern ways to attract non-Muslims to the Islamic finance sector, which has confirmed that its products are superior in quality to traditional products.

Sheikh Yousuf Talal del Lorenzo, an advisor to the Islamic Finance Committee of Malaysia, said Islamic financial institutions and banks should "provide more Shariah-compliant initiatives and products to respond to customers' evolving requirements."

"If we are trying to find a bigger market, we must have the capacity to manage our institutions," he said. Better."

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Also in the well-known Sajifa al-Yamoun, she said: "It is considered <sup>-3</sup>

to support the Muslims and thus it is practicing communal sectarian discrimination



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"Islamic products are better than their traditional counterparts, and we have to explain that to people," Dell del Lorenzo said, adding that Islamic banks should adopt modern technology and social networking sites to promote products, raise awareness and develop them, the Malaysian news agency reported.

On the other hand, in an interview with Dr. Ezzeddine Ibrahim, director of the Islamic Economics Center at Al-Azhar University, in a question about the opening of Islamic banks by Islamic banks ("Some conventional banks have resorted to establishing branches of Islamic banks, despite their lack of faith in the idea.

Dr.. Youssef Ibrahim: This is the largest evidence of the successful application of the Islamic economy in Islamic banks, which prompted non-Islamic banks in many countries to open Islamic branches to benefit from the intensity of popular appeal in different countries, and this may not be a result of conviction, but is a kind of reading It is strange that, despite the economic progress currently being experienced by the West, it is suffering from imbalances in public budgets and the spread of poverty due to inequitable distribution. The West, in its economic policy The most important principles: secularism and the material that makes sensual pleasure is the basis of life and excessive selfishness.

Kenyans - especially non-Muslims - who pay monthly contributions to insurance companies have been pleasantly surprised when they know about Islamic insurance and its Takaful model, where they can get a share of the profits that companies earn

Although the origin of the Islamic economy was established to regulate the economic and financial needs of Muslim clients, it has become widespread all over the world, because Islamic banking products and services do not differentiate between Muslims and non-Muslims, so that we find many non-Muslims find the services provided by banks Islamic banks are much better than other conventional banks. In addition, many international banks have now launched specialized branches to implement Islamic Sharia.

On the other hand, the French newspaper Le Monde published an article by Michel in which he pointed to the continued "infatuation" of the Islamic banking system to the extent that European countries began to amend their laws in line with the principles of Islamic finance, which angered the defenders of secularism, and Funded the university departments to study the Islamic financial systems to graduate experts in this field based on the principles of Islamic law - including the section, which opened at the University of Paris Dauphine on 25 November last - and also doubled the convening of conferences on Islamic banking systems





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- In the same context, but more clearly and boldly, Roland Laskine, editor of Le Journal des Finances, called for the application of Islamic law in the financial and economic fields to end the crisis that is shaking the world markets by Manipulation of rules of dealing and over-speculation of illegal delusions.

"Did Wall Street qualify to embrace the principles of Islamic law?" He said. "The risks to capitalism and the need to speed up the search for alternative options to save the situation? He also presented a series of interesting proposals, especially the application of the principles of Islamic law, despite their opposition to Western traditions and religious beliefs

On the other hand, the French Minister of Finance said at a forum in Paris that Western financial men can learn from the scholars of the Islamic world and put new principles of the global financial system based on transparency and a sense of responsibility and moderation and for these factors, Islamic finance attracts us to use it ..

"It was wonderful to hear these attitudes and this language that is in tune with what we say about Islamic finance, and these positions bring the ball back to the arena of Islamic economy in the sense that we can focus on the tradition of existing traditional products, Many Islamic banks and financial institutions are already doing this, but we must also engage in innovation and introduce new products that are inspired by the highest Islamic standards and values and not only abide by the laws, but also try to reach the spirit of Islamic law. "If we can achieve it, we will have created an economy that is more than the current Islamic financing estimated at \$ 1 trillion."

Sheikh said that Islamic finance is capable of helping the peoples of the region and the world to overcome the current crises and wars by allowing everyone access to sources of finance and access to the market of small and medium enterprises, adding: "History of the continent of Europe was the deadliest continent in the world through devastating wars But when the economic rapprochement between the countries of the continent began, we saw great political transformations and strengthened relations between nations and peace prevailed in them. "

Sheikh acknowledged the existence of a wave of Islamophobia in the West, and that the behavior of some militants "harms Islam and harms its image, and thus Islamic finance and Muslims in the West are affected by that, it can link the ignorant between Islamic finance and the financing of terrorism." But the picture is clearer between educated and educated Who know that Islamic finance has nothing to do with it. The positive thing that we see in the global media is Islamic finance, which we have been able to introduce into Britain and amending existing laws. "





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"The balance in financial markets can be achieved thanks to Islamic finance after the destruction of the Western classification that is similar to the Islamic economy with terrorism," said Napolioni. "Islamic finance is the most dynamic sector in the world," said Napolioni. Cosmic money "

On the other hand, a report published on the website of the "Center for Development" on the Internet that although the funding provided by Islamic banks primarily directed to Muslims

Who are in search of compatibility with their religious beliefs, remain open and accessible to all material or moral persons who are convinced of their economic, financial and social assets and effectiveness. This is evidenced by the fact that a significant number of international banks and financial institutions have shown an interest in Islamic finance as an alternative finance by providing Shariah-compliant financial products and creating branches of Islamic banks. The report stresses that the attractiveness of Islamic finance is strengthened by the current crisis due to its resistance to the negative effects of this crisis and also to the strong stability potential of this ability to create stability attributed to Islamic finance, which gives it special appeal in terms of development policy

Though the principles underlying Islamic finance are as old as the religion itself, modern banks did not start offering *sharia*-compliant products until the mid-1970s. Since then it has grown into a global industry, with total assets of around \$2 trillion. Most of that (nearly 80%, according to Malaysia's central bank) is entrusted either to Islamic banks or to the Islamic units of conventional banks. The rest takes the form of *sukuk*, Islam's answer to bonds (15%); Islamic investment funds (4%) and *takaful*, the Islamic version of insurance (1%). In 2012 Iran accounted for 43% of the world's Islamic banking assets, with Saudi Arabia (12%) and Malaysia (10%) ranking second and third.

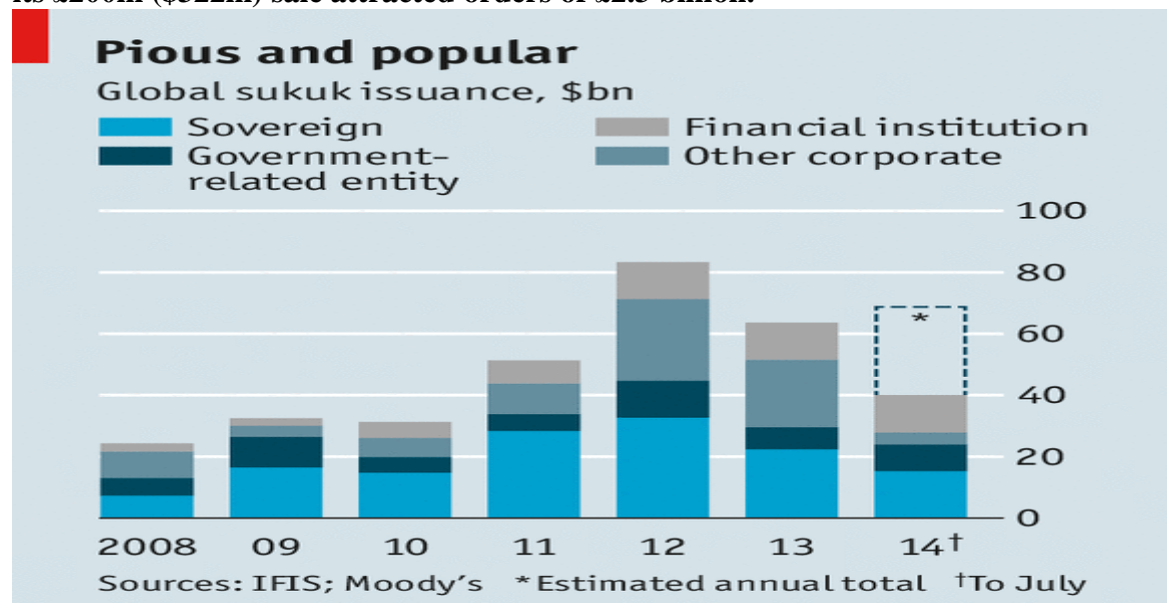
The demand created by this rapidly growing pool of Islamic capital has spurred the growth of *sharia*-compliant products. These take many forms, but none may pay or charge interest, nor can they invest in things that Islam forbids (so no alcohol, pork, gambling or pornography). In an Islamic mortgage, for instance, a bank does not lend money to an individual who buys a property; instead, it buys the property itself. The customer can then either buy it back from the bank at a higher price paid in instalments (*murabahah*) or make monthly payments to the bank comprising both a repayment of the purchase price and rent until he owns the property outright (*ijara*).

By the same token, a holder of *sukuk* has not technically lent the issuer money; instead, he owns a nominal share of whatever the money was spent on and derives income not from interest but either from the profit generated by that asset or from rental payments made by the issuer. At the end of the *sukuk*'s term the issuer returns the principal to the investor by buying his share of the asset. Cynics may point out that the difference between these structures and a conventional bond or mortgage is, in practice, rather slight: both provide predictable income to those who make their capital available.



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But that does not seem to have dampened their appeal. Bahrain's central bank issued the first sovereign *sukuk* in 2001; from 2002 to 2012, annual issuance grew at an average rate of 35%, from \$4 billion to \$83 billion (see chart), dwarfing even the healthy growth of Islamic banking assets. Most *sukuk* are denominated in the currency of the issuer and intended for local investors, but international issuance is growing, from 10% of the sovereign *sukuk* issued in 2010 to 20% in 2014. Of the \$296 billion of *sukuk* outstanding as of July, Moody's estimates that sovereigns account for 36%, with Malaysia the leading issuer. In June Britain became the first western country to issue sovereign *sukuk*; its £200m (\$322m) sale attracted orders of £2.3 billion.



Western firms are also beginning to use *sukuk* to raise money. Société Générale and Bank of Tokyo-Mitsubishi UFJ, a French and a Japanese bank respectively, have issues in the works; Goldman Sachs is reportedly considering a \$500m offer.

Despite strong recent growth for Islamic financial products, there still is room for further expansion, both in relatively unbanked Muslim countries in the developing world and in the West. As the orders for Britain's issue showed, demand for sovereign *sukuk* is strong. Hong Kong and South Africa are scheduled to issue dollar-denominated *sukuk* later this month. Luxembourg, Russia, Australia, the Philippines and South Korea have also shown interest.

There are potential pitfalls. Goldman's previous attempt to enter the market foundered amid claims its proposed *sukuk* did not comply with *sharia*. Indonesia has scaled back its issuance of one type of *sukuk* due to similar complaints. Malaysian scholars approved an Islamic credit card based on a transaction known as *baya al-ina*, which Arab scholars have rejected as being too close to interest-based lending.



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Such rows have led to calls for greater international standardisation—hence the creation by national regulators of such entities as the Islamic Financial Services Board, which issues both religious and prudential guidance, playing the same role as the Basel Committee does for conventional banks. Zeti Akhtar Aziz, governor of Malaysia’s central bank, believes it will foster “harmonisation in how institutions are regulated”. But since Islam has no overarching authority that can approve its rulings, there will always be disputes.

### **In dealing with non-Muslims in financial transactions:**

**First:** It is permissible to deal with non-Muslims by selling, buying, renting and other financial contracts, and they are subject to the provisions and controls of what is happening to deal with Muslims.

**Secondly,** a Muslim may hold a contract with a trustee and a trustee, provided that the Muslim believes that the transaction takes place in the company in accordance with the rules of Islamic Shari'a and its rules in terms of what is permissible and prohibited from transactions, and that his non-Muslim partner can not dispose of the company's funds To ensure legitimate action, and to avoid unlawful conduct.

**Thirdly:** It is not permissible to deal with non-Muslims with forbidden transactions such as riba and gambling, or with forbidden items such as drugs, alcohol, dead meat and pork, whether they are dhimmis, mujahideen or custodians, or were they warlords; because dealing with forbidden transactions, God does not love corruption

### **Results**

1. Despite the various jurisprudential directives regarding the financing of non-Muslims, many Islamic banks in Europe and elsewhere are still reluctant to provide funding to non-Muslims
2. Shortage of funding available to Muslims only Several negative indicators in many multi-religious societies highlight the distinctiveness of Muslims
- 3 - Many residents of European countries believe that the Islamic financial system as a system to address them is a special system for Muslims only
- 4 - Islamic finance products promoted because they are Islamic products only and do not concern non-Muslims, which highlighted many of the negative results
- 5 - Lack of great efforts from various institutions, both financial and other to raise awareness of products that comply with the Sharia, but find that a group of those working in financial institutions and the introduction of these products to individuals are not sufficiently aware of the nature of these products and their legal adaptation and difference between them and the traditional product
6. Sharia-compliant products have been promoted in Western countries as Islamic products
7. A group of those who work in financial institutions and offer these products to individuals are not sufficiently aware of the nature of these products, their legal adaptation and the difference between them and the traditional product



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8. Many groups and parties affiliated with Islam are constantly seeking to exploit the behavior of terrorist groups to undermine Islamic banking institutions

9 - Fear of what is Islamic and "spread of Sharia" in European countries is one of the threats facing Islamic financial services

10 - Funding experiences in many Muslim countries where there are Christian or non-religious minorities have had positive results, especially in countries such as the Republic of Egypt and Sudan and others and expressed the achievement of communication and affection and the curses of images of hatred and hatred inherited previously

11. European experiences, starting with Britain, Switzerland, Luxemburg, France, Germany and Ireland, confirm that the governments and parliaments of these countries have played a decisive role in the emergence of Islamic banks in their countries by enacting laws related to Islamic banks, With the support of central banks, which consider the enactment of Islamic banking laws, it will increase the flow of foreign investment, create a dynamic financial economy characterized by diversified financial products, as well as a "moral" financial system that takes into account customer needs

12- There have been many plurals and many attempts aimed at exploiting the experiences of Islamic finance and labeling them in the type of element, especially in circumstances characterized by the lack of familiarity with the contents and controls of Islamic finance

### Conclusion :

It is clear from the foregoing that Islamic financing with all its various services can be provided in European countries to non-Muslim citizens in accordance with its well-known rules and stipulated in accordance with the accounting standards issued by the Islamic Accounting and Auditing Organization for Financial Institutions all over the world and make sure that Islamic law permits and encourages the granting of finance and all financial services Islamic, and non-Muslim. This funding may have many advantages in asserting the neutrality of Islamic services through dealing models since the emergence of the Islamic state in the era of the Caliphs and those who followed them.

It has become clear that Islamic banks are no longer an internal specialization limited geographical area or linked to religion or faith or the slice of Muslims without others, but it has become a global system of financing can prove its existence and economic effectiveness due to the great Western interest in research and development in exchange for what is happening in Islamic countries

Therefore, the allocation and guidance of Islamic finance to non-Muslim groups and companies achieve a lot of positive results and will support the continuation of the clarification and explanation and dissemination of the teachings of Islam and then spread Islam



## **Islamic banks in Europe should provide funding to non-Muslim communities**

It should be recalled that Islamic banking was discussed at the G20 Economic Summit in Washington, with a recommendation to establish unified standards to regulate the work of Islamic banks across the world. It should also be recognized that Islamic banks need to develop more today, and need to have research centers and studies in Western and Asian countries that are keen to further knowledge and training in their financial and economic transactions based on dealing with Murabaha and Musharaka and investment projects arising from profit and preventing transactions The phantom and the symbolism that characterizes the liberal capitalist system

### **Recommendations**

- 1- The citizen of the European countries must be knowlde about Islamic banking by the means of media and the publicity systems available through satellite channels and other means of identification such as publications distributed or introductions, etc.
2. Westerners must feel that the Islamic financial system is a system that is also available to them and not only to Muslims
- 3 - It is necessary to provide a great effort from various institutions, both financial and other in raising awareness of products that comply with Sharia in Western countries
4. All available events should be addressed to the fact that Islamic banking products are available to all without exception or exclusion
5. Defining the communities in which these institutions operate, what these institutions and the principles upon which they are based will be the greatest immunization against any malicious propaganda or deliberate distortion.
- 6 - Islamic institutions of Islamic banking should move away from the classification and shortening of the employees of these institutions to the children of Muslims alone
7. Intensive media campaigns should continue and aim at the nature of Islamic finance institutions as being for everyone and there is no room for excluding some, whatever their religion

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## Islamic banks in Europe should provide funding to non-Muslim communities

### البنوك الإسلامية في أوروبا عليها ان توفر التمويل الى المجتمعات الغير المسلمة

هذه الورقة تتابع الاهتمام المتزايد واستمرارية منتجات التمويل الإسلامي في جميع أنحاء العالم، مما شجع على صياغة المؤسسات المالية على أساس مفاهيم الشريعة الإسلامية في العديد من بلدان العالم، ولم يعد يقتصر على البلدان الإسلامية وحدها، ولا يقتصر على المسلمين فقط وهو ما يرجع إلى خدمات التمويل الإسلامي وقدرتها على تطبيقها في المجتمعات غير الإسلامية، وربما ما شجع تطور وتقديم هذه الصناعة التاريخ الإسلامي، الذي حضره العديد من النماذج المختلفة مع تطور حصة التجارة بين مختلف البلدان وكذلك والرحلات التي يقوم بها تجار المسلمين في العالم ودورهم في انتشار الإسلام في أفريقيا وآسيا وأوروبا وهلم جرا.

وتركز الورقة على ضرورة توجيه وتخصيص التمويل الإسلامي لغير المسلمين حتى لا يكون حصرا على المسلمين فقط، وبالتالي يسلب الضوء على قدرة الخدمات الاقتصادية الإسلامية وقدرتها على توسيع نطاق انتشارها وتحقيق العديد من الأهداف المرجوة و توضيح وتعكس المبادئ الإسلامية للمجتمعات الأخرى، وبالتالي تحقيق عالمية الإسلام والحد من مظاهر العداء للإسلام والمسلمين في العالم. وتخلص الورقة بان انتشار مؤسسات التمويل الإسلامي المختلفة في الدول الأوروبية والتي تشمل البنوك وشركات التأمين الإسلامية والصكوك الإسلامية، وإنشاء مؤسسات مطابقة لها في أوروبا كل هذا يؤكد قدرة الصيرفة الإسلامية على الانتشار في العالم، المصطلحات الرئيسية للبحث: التمويل الإسلامي، غير المسلمين، الدول الأوروبية، متوافقة مع الشريعة الإسلامية.