

## Dual Banking Systems' Dynamics and a Brief Development History of Islamic Finance in Select Emerging Islamic Economies

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**Abstract** Major religions in the world have introduced an interest ban for different reasons. Those other than Islam have, however, made lenient changes to this ban over the centuries, ultimately completely eliminating it. As a result, the modern financial system has evolved onto the interest-based banking model which played a huge role in the development of the Western world. On the other hand, most Muslims have distanced themselves to this model for religious reasons in predominantly

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Muslim countries, leaving most financial sources idle. As a cure to this problem, an alternative model based on PLS principle has been offered, briefly called Islamic Finance (IF). A dual banking system has subsequently emerged with the involvement of both conventional and Islamic finance models in the system in some countries in the world.

**Keywords** Dual banking · Islamic finance · Emerging economies

## INTRODUCTION

Economic relations which took two forms of monetary and real foundations reveal themselves in the measurement of the performance in improving the welfare of the people in the growth process. Harmony between real and financial sectors in the economy is very important. The main function of the financial sector in the growth process is to ensure that the real production increases are involved in the process of reproduction. And this becomes possible in case of a financial structure that is well organized and well functioning (Nişancı et al. 2011). For this reason, a well-functioning financial system is crucially important. In this relationship, the function of the real sector can be defined as provision of high level of contribution to the national welfare through investments that improve competitiveness in global markets.

Harmony between the two sectors made positive contribution to the development process in the Western economies. With the emergence of the modern banking system, the developmental gap between the most developed and least developed areas has become a more serious concern. The financial model that contributed to this process was interest-based banking system which raised serious controversies throughout the history. In the Muslim world, on the other hand, the interest-based banking model has been discouraged because of the strong ban introduced by Islam. Even though ‘monetary foundations’ have been put in place in some rare occasions, no alternative model has been offered up to the 1970s. But the ground has become appropriate for an IF model in this period where debates on development have been made more frequently. It is possible to argue that the modern IF model merged the traditional commercial methods of Islam and the CF system’s institutions and products.

The establishment of the Islamic banks has been followed by the emergence of Takaful (Islamic insurance) and Islamic capital market

tools. In the 1950s, a group of Pakistani economists and financial experts worked on Islamic financial methods which culminated in the establishment of the first collective bank in the western part of Pakistan in 1958 (Türker 2010). In the same period, another initiative was put in place to lay the groundwork of the IF in Mit Gamr in Egypt. This was a bank based on a unique approach mixing venture-capital and monetary foundation to meet the needs of the Egyptian rural people. Developed by Dr. Ahmad Al-Naggar, this model offered a number of services including commercial partnership and insurance. The model, allegedly inspired by the social development banking in the economic history of Germany, sought to merge the economic and cultural elements of Islam as well as the contemporary trends.<sup>1</sup>

With the exception of some individual initiatives, the IF was first implemented in an organized method during the reign of Saudi King Faisal. A substantial amount of funds has been accumulated in the oil-producing Middle Eastern countries due to the increasing oil prices in 1970s. The accumulated monies were used to provide funds for the development policies of the Muslim countries. To materialize this idea, a huge regional bank was created. The Islamic Development Bank, founded in Jeddah in 1975, provided funds for public projects but failed to meet the finance needs of the real sector. To fill the void, a holding, Dar al Maal al Islami was established in 1981. Dallah Baraka Group, imitating this initiative and its know-how experience, developed the interest-free financial system which has spread through different Muslim countries since then.

Currently, a number of countries including non-Muslim ones spend efforts to make legislations for proper operation of the IF. Particularly in addition to Muslim countries including Gulf countries, Turkey, Malaysia and Indonesia, the US, Britain, Switzerland, Germany, Luxembourg and Canada offer incentives for IF investments in an attempt to meet the needs of the Muslim populations in their territories. Today, the total sum of the IF funds in the entire world is estimated to be around 2 trillion USD.

This part of the research deals with the meaning of the dual banking concept in the literature, followed by the evolution of the system in the Muslim world, a discussion of the criticisms directed against the system and some common problems. Subsequently, the paper research examines the evolution of the IF system in Turkey, Malaysia, Indonesia and Qatar.

## DUAL BANKING AND ISLAMIC FINANCE IN GLOBAL ECONOMY

The dual banking notion was first used in the federal states of the Western world to connote subjection of banks operating in multiple provinces to both the provincial and the federal administration (Redford 1966). In the Islamic Finance literature, on the other hand, the concept refers to the presence of two different financial models in the financial sectors, particularly after the emergence of the IF as an alternative model to the conventional banking. CF, one leg of the concept, refers to the system of financial institutions mediating for the exchange of all interest-based financial products. IF, on the other hand, is a banking system that complies with the Shariah principles in the conduct of the operations performed by the CF. The model is based on the principle of removing interest in all financial transactions and processes. Capital cannot be lent without being purified from interest. In this sense, it is considered as the opposite of the modern banking system which permits profit based on money-lending.

There are some major differences between the IF and the CF. Unlike CF, there is no banker–customer relationship in the IF system. Due to the ban over all interest-based financial transactions, there is a partnership relationship based on the share of profit and loss associated with the investment. Because the fund lent for the investment has to be based on an asset, the IF institution will have to act like an investor rather than a financial lender. Additionally, under Islamic law, a contract is considered valid and binding only if such elements as subject, price and delivery time are clearly indicated. When these conditions are enforced, the IF eliminates the possibility of speculation in the financial transactions, a major setback in the CF system (Kasaroğlu 2015). The IF institutions active in the sector include commercial banks, finance companies, merchants' banks, Takaful companies, securities firms, savings institutions, rural cooperative banks, Islamic Money Market and Islamic Capital Market. But interest-free banks (participation banks) are the most effective structures and institutions of this model (Bulut 2012). Another distinction between Islamic banks and conventional counterparts is that Islamic banking does not allow involvement in a number of sectors including trade of alcohol and pornography as they are also banned in Islam. Given that these products are mostly considered harmful to the social harmony, it is possible to argue that IF enjoys a moral ground.

The countries where IF operates can be divided into two groups. The first group of countries like Iran, at least in theory, where all banks are required to comply with the Islamic rules and therefore interest-based transactions, are forbidden. The financial system of these countries is being criticized because it allegedly follows the path of the CF. The second group of countries includes Malaysia, Indonesia, United Arab Emirates, Yemen, Bangladesh, Jordan and Turkey where both interest-free and interest-based products are offered in the financial system. The dual banking system in these countries creates an advantage of competitiveness and contributes to the emergence of institutional financial structures in different fields.

The role and position of the CF in the 2008 global crisis was strongly criticized (Beck et al. 2013). On the other hand, the peculiarity of the IF financial modelling was first noticed in this crisis.<sup>2</sup> Even Vatican, holding the conventional banks responsible for the crisis, recommended interest-free banking as a remedy for the greatest crisis of the twenty-first century. The IF model was distinguished from its counterparts because it did not involve troubled asset, it had to make investment in real sector alone, did not pay any attention to sectors that may raise moral issues and did not allow high-risk transactions and speculations (Aras and Öztürk 2011).

## CRITICISMS AGAINST ISLAMIC FINANCE AND SOME COMMON PROBLEMS

Despite its popularity, the IF did not attract huge attention until mid-2000s mostly because of the popular perception of the IF activities and operations. Experience shows that in cases where there is legal infrastructure, the IF flourishes. For this reason, the course of action for the IF system is obvious; the most important thing to do was to focus on policies for greater effectiveness and for removal of the ambiguities surrounding the Islamic banking. Introduction of a legal framework for the activities of a bank will inevitably improve its performance (Ergeç et al. 2014). The rapid implementation of the measures offered for the identified problems makes the IF more endurable and resistant to the cases of crisis.

While it becomes more popular, the IF also attracts criticisms for resemblance with the CF system. The criticisms are mostly based on the argument that there are extreme similarities between products offered

by the IF and the CF. The small share of the partnership transactions in the financial asset portfolio reveals a tendency from risk sharing towards risk transfer (Askari et al. 2012). The flexibility in the main principles to ensure competitiveness through improvement of products and service quality will inevitably do harm to the main rationale that placed emphasis upon the IF as an alternative. Faisal (2016), noting that this is caused by imitation of the conventional banks, summarizes the main problems associated with the IF practices as follows:

- i. *Adoption on Western finance*: The fact that London is considered a centre of the IF in the world should be seen as an irony. It appears that Western financial institutions have played determinative roles in the popularization of the IF. Currently, a number of Western conventional financial institutions also play a lead role in taking many IF instruments to markets. Reversing this will reduce the chance that the IF institutions will become more like conventional financial institutions.
- ii. *Financialization's syndrome*: An important distinction between the IF and the CF is that the IF has to base its financial products on assets, thereby making a positive contribution to the real economy. A main principle of Islamic law dictates that commercial transactions should be promoted so welfare and prosperity is better distributed among the people more evenly. Use of the money in the financial markets rather than real sector will, however, have a detrimental impact on the effectiveness of the IF as a contributor to the economy.
- iii. *Standardization*: A review of the history of a number of sectors in the modern economy reveals that standardization has played an important role in ensuring that the products will gain popularity in the markets. There is no different in the case of the IF; this has been a major challenge for the sector since its inception. A number of IF institutions in different parts of the world adopt a different version of the Islamic schools in their practices. Even though some differences among the scholarly views may be acceptable, huge diversity leads to emergence of an obstacle towards standardization. It is not that easy to offer a solution for a generalized application because the IF is extremely sensitive to the views of the religious authorities. Thus, it becomes hard to offer a middle ground between the IF and the secular legal systems in many parts

of the world. The global structures and domestic institutions set up to deal with this problem have not produced significant results yet.

### THE BASIC FINANCING TOOLS OF ISLAMIC FINANCE

The funding mechanisms and tools of the IF include Mudaraba, Musharaqah, Murabaha, Ijara (leasing), Istisna' (postponed delivery), Qard, Selem (prepayment, delayed goods), Sukuk, Tawarruq, Wadi'ah and Wakala. Even though some of these instruments are similar to those used in the CF, most of them are peculiar to the IF. Instead of explaining all, it is useful to refer to four main principles (Kasaroğlu 2015):

- i. *Mudaraba*: This is a labor–capital partnership where the financial institution offers its capital and the customer its labour in the investment. The profit out of the investment will be divided among the participants in accordance with the provisions of the contract. But unless a fault is directly attributed to the customer, the financial institution bears the costs associated with the loss. The liability of the customer is limited to time, labour and expertise.
- ii. *Musharafa*: This is a partnership where the financial institution offers capital and the customer both capital and expertise. As in the Mudaraba model, the revenue is divided in accordance with the previously established rules under the contract. The losses, on the other hand, are borne by the parties in proportionate to their capital contribution.
- iii. *Murabaha*: This is a tripartite contract where the customer asks the financial institution to supply the product they need from the original supplier. The IF institution, acting in response to request by the customer, purchases the product from the supplier and then sells it to the customer under terms it will decide upon in installments. It should be noted that in this type of transaction, the customer is aware of the cost of the product purchased from the original supplier; and the profit margin of the IF institution is determined after talks with the customer. The total amount is paid by the customer in installments.
- iv. *Ijara*: In broadest sense, this is a leasing agreement concluded in accordance with the Islamic law. In other words, under the agreement, the user is entitled to use the product. It is mostly utilized in Sukuk, the most common derivative of the IF system.

Almost all conventional financial products and services may be offered in a form of alternatives in the IF model. According to Beck, Demirgüç-Kunt who empirically reviewed the operational activities of the IF, there is a little significant difference between the IF institutions and the conventional counterparts in terms of business orientation, cost efficiency, asset quality and stability. The IF institutions operate cost efficiently, whereas conventional banking is more cost efficient in dual banking countries where there is no significant difference between business orientation and stability. On the other hand, Erol et al. (2014) hold that IF in Turkey performs better in profitability and asset management ratios compared to conventional counterparts.

### FINANCIAL SECTOR AND ISLAMIC FINANCE IN TURKEY

A number of countries including some non-Muslim nations introduce regulations to make room for the IF within the financial system. Despite growing interest in its activities, however, the IF is subjected to a number of criticisms due to some of its practices and problems that need to be attended. The IF is particularly criticized because it prefers Mudaraba in collecting funds, whereas relies on Murabaha in distributing profits as a system based on the PLS model. This is generally referred to as a contradiction (Aras and Öztürk 2011). Experts and analysts indicate that the IF is unable to offer solutions where there are contradictions between the national legal systems and Islamic law, to introduce standardization in financial reporting, cannot properly implement the PLS model, lacks of high-quality staff and infrastructure and of financial engineering and product development process. But a sector like this one which grows exponentially will present solutions to its problems over the time.

The history of modern banking in Turkey can be traced back to the Ottoman era. The first bank was founded by the bankers in Galata in 1847. The bank, called Istanbul Bank, was liquidated in 1852. The modern banking activities were initiated in 1856 when Ottoman Bank was created (Yetiz 2016). Banking has become an important sector in the republican era where private banking was promoted. In general, the IF operates with the conventional banking at the same time. Turkey is one of the countries employing both CF and IF systems. The first interest-free banking institution was the State Industrial Workers Investment Bank that was established in 1975 to attract the savings and funds held by the individuals and small enterprises that avoided interest-based



activities. The bank remained active up to 1978 (Polat 2009). Then, the first IF institutions were created in 1985 in the form of special financial institutions and were renamed under law number 5411 as participation banks. The IF institutions which remained private financial institutions until the legal amendment were renamed participation banks. With the completion of the legal infrastructure, the Turkish interest-free banking has become one of the most renowned models in the world in terms of banking methods and practices. As a result of this, the IF in Turkey has maintained profitability that is higher than the world average (Dünya İslami Bankacılık Rekabet Raporu 2015).

The IF institutions in Turkey rely on trade or partnership models to transfer the financial resources to the real sector. The trade activities generally involve individual financial support, corporate financial support and financial leasing. The IF institution purchases the goods, commodities, raw materials or services that the corporations and enterprises need on behalf of them and sells these to the same enterprises. The partnership model, on the other hand, is based on the PLS or risk capital (Yılmaz 2010). In addition, basic and conventional banking services including credit of letter or confidence letter are also provided by the IF institutions (Aras and Öztürk 2011). It provides financial support for the trade and the industrial factors under the legislations in lieu of loans. The risk that these funds may not be returned is low in real sector, which prevents waste of resources. The financing of the direct investments within real sector has positive impact on the macro indicators (Wouters 2007).

Frequent Sukuk exports made Turkey a lead actor in the global IF scheme. As a result of this, a number of institutions made investments in Turkey for the first time. With the help of growing interest, the share of the IF in Turkey's financial sector was 1.84 *pct* in 2001, whereas it has become 3.34 in 2007 and 5.2 in 2015. And as of December 2015, there were 52 active banks in Turkey (34 saving, 13 development and 5 participation banks) (Çelik 2016). Another important development in the sector in the country was the establishment of the World Bank's Global Islamic Finance Development Center under the auspices of the World Bank and Under secretariat of Treasury. The centre is expected to conduct training and research activities and offer counselling and technical assistance for the member countries in the World Bank Group. Overall, number of institutions focused on the needs of the sector increases and legal framework for the sector is maintained to ensure further interest. This naturally takes the popular attention to the IF.

## ISLAMIC BANKING IN MALAYSIA

In most parts of the world, financial markets are controlled by CF, whereas some developing nations like Malaysia employ a dual banking system because of the growing role of the IF as an alternative model. Considering the role of the CF in economic crises, there is growing interest in alternative systems like IF because of its social and moral elements and features. A review of the two sectors in dual banking systems reveals that the IF performs better than its counterpart in terms of profitability, risk management, asset growth and other elements. This better explains the popularity of the IF system in some countries (Hasan and Dridi 2010). The government also works to make sure that the Islamic banking is incorporated into mainstream banking (Dünya İslami Bankacılık Rekabet Raporu 2013).

The foundations of the IF system in Malaysia have been laid down through a set of initiatives including the establishment of Islamic Banking in 1983, Islamic Capital Market in 1993, Islamic Interbank Money Market in 1994, Kuala Lumpur Stock Exchange Rate Shariah Index in 1999 and finally the announcement of the financial sector master plan in 2001 by the Central Bank of Malaysia (Furqani and Mulyany 2009). The Muslim Pilgrims Saving Corporations, founded to meet the financial needs of the Muslim pilgrims in 1963, is the first interest-free financial institution in the country. In 1983, The Bank Islam Malaysia Berhad was established; the bank carried out interest-free activities for 10 years. Under the IF legislation, the Central Bank of Malaysia is authorized to apply the rules applicable to the CF banks to the IF institutions as well (Sobol 2014).

In 1993, the government introduced legislation required for the CF institutions to offer interest-free financial services; in 1999, the Ministry of Finance raised discussion on Interest-Free Banking Scheme. Under this legislation, the commercial banks, financial corporations and some banks were authorized to offer interest-free financial services. Subsequently, Bank Muamalat Malaysia Berhad, the second interest-free financial institution of the country, was established. In 1997, National Shariah Advisory Council (NSAC) was created to examine the compatibility of the interest-free banking transactions with the Islamic law (Mukhtar et al. 2006).

The successful policies led to positive results; in a number of IF practices, Malaysia has become one of the world leaders. Currently, the sector

is still striving. In 2013, some legislations have been amended for clarification in the legal ground after which Muslim scholars can be now held accountable legally for the approved financial products. Some major changes are further expected in the individual portfolios after introduction of a bill that offers a distinction between savings and investments (Dünya İslami Bankacılık Rekabet Raporu 2015).

Like other developing nations, Malaysia also needs foreign capital for investments that would generate jobs. For this reason, a number of incentive programmes have been introduced to attract interest-free domestic and foreign funds. In the field of education, INCEIF, ISRA and IBFIM are established to offer quality training for the sector. These policies and incentives played a huge role in the development of IF. Currently, there are 21 IF institutions in the country, serving as providers of funds (Güngör 2015). These institutions offer Islamic alternatives to the financial products offered by CF institutions.

### ISLAMIC FINANCE SECTOR'S DEVELOPMENT IN INDONESIA

It could be argued that the Islamic countries have more options in terms of alternative financial capital sources because the IF has become a popular trend in the last few decades as evidenced by the amount of investments it has attracted in different parts of the world. Many countries in the world, including East Asian, have been making efforts for legal arrangements to promote the IF (Venardos 2012). Indonesia, the largest economy in South Asia, makes efforts to improve its own IF industry to catch up Malaysia which hosts the most developed Islamic banking market. The share of the IF within the financial system in Indonesia is 4.5 *pct*, however, it should be noted, this is insignificant given that Indonesia is a predominantly Muslim country.

According to data by Bank Indonesia, there are 11 IF institutions in the country in 2015, with 2139 branches; additionally, 23 CF institutions offer interest-free services through what is called Islamic window in 433 branches. Even though these figures indicate that the country has an advanced IF system, the reality is different. Indonesia ranks slightly ahead of Brunei and way behind Britain and Malaysia in terms of the popularity of the IF activities and services. According to Reni and Ahmad (2016), the reasons for the slow development of IF in Indonesia include religion, limited knowledge, attitude and weak government support.

The IF had encountered two main problems since the initial years: doubts that whether or not the financial products are in line with the Islamic rules, and their poor performance in banking activities when compared to their conventional counterparts. Because of the first problem, particularly religious people tend to stay away from their products. The IF institutions are unable to offer plausible solutions that would address these doubts. But its positive performance in the recent global crisis indicates that it has developed its competitiveness. Vizcaino and Suroyo (2014) states that lack of a strong support by government and public institutions is an important problem for the IF. For instance, the Indonesian government has postponed legal arrangements up to the 1990s for political reasons such as religious radicalism; because of this, the sector gained comparative advantage in Turkey and Malaysia. According to Rossi (2010), the dynamics directing the sector are inadequate and the regulations opening up the doors for the improvement of the IF are not sufficient. Another major obstacle before the development of the financial sector is population and geographical conditions. World Bank data shows that only 19.6 *pct* of the adult population is included in the financial system. More than 100 million people have no access to any sort of financial service. Due to geographical structure, most economic activities are centred around in a few major cities resulting in less frequent access to the financial services. For instance, 1700 rural banks constituting 93 *pct* of the total number of banks makes up only 1.5 *pct* of the total assets of the sector. It should also be noted that more than half of the total savings in the commercial banks is held in Jakarta.

In fact, the sector has a huge potential in case more people are involved through proper measures of financial integration. If the compliance with Islamic laws is clarified, particularly religious people will more likely pay greater attention. But some recent studies show that this optimistic expectation may be misleading. Lawrance (2014) upholds that large portion of the people consider religious sensitivity as a factor; but they, in the end, tend to act pragmatically. Thus, they may well prefer CF institutions over the IF if they conclude that it is a better idea because the CF also offer Islamic finance windows services.

The Indonesian Financial Service Authority introduced some new arrangements in order to support the IF development throughout the country in 2014. One of these policies focusing on the improvement of the capital structure of the IF institutions was particularly important.

According to this arrangement, the parts of the CF offering Islamic windows services should be separated from the original institution to be converted into an IF institution. The goal was to ensure that the IF would become more popular and more competitive. It is generally agreed that in case this policy succeeds, the IF will become even more popular.

## DUAL BANKING SYSTEM AND ISLAMIC FINANCE IN QATAR

The dual banking system of Qatar appears to be one of the smallest among GCC<sup>3</sup> countries in terms of total assets, loans and deposits. But in sector terms, the system has grown stably as a result of the decisive implementation of the financial liberalization and deepening policies. The share of the private banks in the public tenders has declined. The sector has become more competitive because the banks now have to pay attention to individual banking instead of being involved in public projects.

The positive impact generated by the hydrocarbon industry upon all sectors made the greatest contribution to the development of the sector. For this reason, tracing the direction of the relationship between finance and growth is relatively easier in this case. The theoretical approach suggesting that the direction is from economic growth to the financial sector seems to be more explanatory. There are only a few studies on the IF–growth relationship in Qatar. Tabash and Dhankar (2014) hold a different view on the direction of the relationship. Their empirical findings show that the relationship is stable, indicating that it fits into the bidirectional approach.

Even though it is a small country, Qatar has 17 banks, six being run on local capital. Nine banks (three IF institutions) constitute 80 *pct* of the entire sector. Like other sectors that grow fast, the state, via large capital ventures, take the lead to make sure that the strongest financial institutions will become more active. In 1997, the state founded Qatar Industrial Development Bank to offer loans for small- and mid-sized enterprises. The Bank holds 50 *pct* of the deposits in the country. The Qatar Islamic Bank, founded with international capital partnership, currently controls 8.1 *pct* of the lending market and seeks to expand its activities to such countries as Turkey, Egypt and Kazakhstan. The Qatar Islamic Bank is the largest IF institution in the country.

Four IF banks and three CF banks operate on Islamic Windows; the priority in the sector is given to the real sector. A dramatic rise has been observed in the total assets of the IF in 2005 which is generally considered as a turning point (Tabash and Dhankar 2014). The share of the IF in the domestic financial sector has increased to 9 *pct* over the last years. In a comparative analysis, the sector has made rapid progress thanks to its capitalized, profitable and stable features (Iqbal 2001). The sector has become involved in underway projects including petrochemical, housing and construction projects (Tabash and Dhankar 2014). The IF, thus, appears to be a promising trend for the potential markets (Mohandas 2014).

The first and only stock exchange board was established in 1995 to contribute to economic development, to promote establishment of new companies and to offer transparent service for the investors. Two years later, it started its operations under the name of Doha Securities Market. Initially, only Qatar citizens were allowed to perform transactions at the market; but the citizens of Gulf states were further permitted to perform transactions, although they were subject to some restrictions. In 2002, the market introduced a fully electronic automation system. In June 2009, it was renamed to Qatar Exchange where NYSE Euronext holds 20 *pct* of the shares. In a very short time, the market has become one of the most dynamic exchange actors in the Middle East. But like many others, it was also affected by the crisis. Its performance declined by 34 *pct* in the insurance sector and 33 *pct* in industry. The total profitability of the companies quoted in the market declined by 8.9 *pct*. But the banks and financial institutions, supported by the government, were able to increase their profits by 4 *pct* (Aksoy 2011).

The Qatar Investment Authority, founded in 2005 to administer sovereign wealth funds, will expectedly increase its total assets beyond 8 trillion USD (Da 2011). Qatar Financial Center was established in 2005 to attract investments by international banks and large financial institutions so that they would contribute to major hydrocarbon projects and infrastructure investments. As part of this strategy, tax exemption was introduced and foreign investors were permitted to hold 100 *pct* of the property; additionally, low tax rates were set up for the profits. These incentives attracted the attention of major international investors. However, despite these measures, it was unable to compete with similar financial centres in Dubai and Bahrain.

## NOTES

1. On the other hand, some cooperative banking practices in some Muslim parts of India under the British rule are considered the first interest-free financing cases in the world.
2. IF intuitions increased liquidity holdings in the run-up to and during the crisis relative to conventional banks. This fact simply explains why did IF stocks performed better.
3. Gulf Cooperation Council countries are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

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