

# Strategies for enhancing the future outlook of the Islamic financial industry and Islamic fintech in Algeria

## استراتيجيات تعزيز آفاق مستقبل الصناعة المالية الإسلامية والتكنولوجيا المالية الإسلامية في الجزائر

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### الملخص:

ترمي هذه الدراسة لتسليط الضوء على تطور الصناعة المالية الإسلامية في الجزائر، ودراسة الوضع الراهن لها، بالإضافة إلى توضيح مكانة التكنولوجيا المالية الإسلامية في الاقتصاد الجزائري، عن طرق تحليل الأبعاد القانونية والاقتصادية والاجتماعية المتنوعة لهذه الصناعة، وتحديد التحديات الرئيسية التي تعيق تطورها. كما تُسلط الضوء على مبادرات سلطة النقد الجزائرية لدمج الصناعة المصرفية الإسلامية وتطويرها في الاقتصاد الوطني من خلال إنشاء نظام مالي مزدوج (تقليدي وإسلامي). وتقدم الدراسة في نهاية المطاف سلسلة من الاستراتيجيات والتوصيات الرامية إلى تعزيز الصناعة المالية الإسلامية على الصعيد الوطني باعتبارها الآلية الرئيسية لدعم الاقتصاد الحقيقي، بالموازات مع تمكين التكنولوجيا المالية الإسلامية حليا.

**الكلمات المفتاحية:** صناعة مالية إسلامية، فنتك إسلامية، معوقات وتحديات، الجزائر

### Abstract

This study aims to elucidate the evolution of the Islamic financial sector in Algeria, assess its present condition, and delineate the role of Islamic financial technology within the Algerian economy. This paper examines the legal, economic, and social aspects of this industry and highlights the primary difficulties obstructing its advancement. It underscores the Algerian Monetary Authority's efforts to incorporate and advance the Islamic banking sector inside the national economy by instituting a dual financial system (conventional and Islamic). The report ultimately proposes a set of methods and recommendations designed to fortify the Islamic financial industry at the national level as the principal means of bolstering the actual economy while concurrently facilitating Islamic financial technology.

**Key words:** Islamic financial industry, Islamic Fintech, obstacles and challenges, Algeria.

## introduction

Islamic finance holds significant relevance, leading Western governments to incorporate it into their financial systems, especially given its demonstrated stability during the 2008 global financial crisis and the recent COVID-19 pandemic. Despite Algeria's pioneering role in embracing Islamic banking via the Monetary and Credit Law 90-10 and the establishment of Al Baraka Islamic Bank, it continues to rank among the least developed nations regarding the volume of Islamic financial assets and transactions, even trailing behind non-Islamic countries. Algeria is presently experiencing a movement to create a robust legislative framework for Islamic finance, exemplified by the issuance of Regulations No. 18-02 and No. 02-2020, which lay the groundwork for Islamic financial banking in the country, alongside the recent Law No. 23-09, which established the principles of Islamic banking in Algeria. The Ministry of Finance promulgated Resolution No. 85-2025, detailing the mechanisms for issuing Islamic sovereign sukuk (Ministry of Finance, 2025), alongside Regulation No. 04-02/2025 released by the Central Bank. Article 14 of the Regulation mandates the provision of urgent liquidity aligned with the principles of Islamic banking activities (Central Bank, 2025).

Algeria's principal objective is to capitalize on the benefits of the Islamic financial system, encompassing its stability, social and solidarity dimensions, and its direct influence on the real economy resulting from the nature of its transactions. Furthermore, it seeks to acquire capital from the parallel market, which is believed to be no less than \$50 billion. This setting prompted the primary inquiry of this study: What challenges confront the Islamic finance sector in Algeria? The subsequent theory was created to address this inquiry: Legislative and economic impediments in Algeria obstruct the advancement of the Islamic banking sector and Islamic technology.

### Study Objectives

1. Expound upon the status of Islamic Finance industry and Islamic fintech and their legal framework within the Algerian economy;
2. Illuminate the principal problems confronting the Islamic Finance industry and the empowerment of Islamic Fintech in Algeria;
3. Endeavour to provide strategies that facilitate the resolution of these challenges and promote the advancement of the Islamic finance industry in Algeria.

### Research Methodology

The research utilized a descriptive methodology for data collection and an analytical approach to examine the realities and indicators of the Islamic financial sector in Algeria, aiming to evaluate the degree to which the Algerian legislative and economic environment supports the implementation of the Islamic financial system in the nation.

Study Structure: The study is organised around Three principal aspects- Aspect One: The

current state of Islamic Finance industry and Islamic fintech in Algeria;

- Aspect Two: The challenges facing Islamic Finance industry and Islamic fintech in Algeria;

- Aspect Three: The prerequisites for advancing Islamic Finance industry and Islamic fintech in Algeria.

## **1- Aspect One: The current state of Islamic Finance industry and Islamic fintech in Algeria**

Islamic banking in Algeria is not a recent phenomenon. Algeria pioneered this system in the early 1990s following the enactment of the Monetary and Credit Law, which facilitated the establishment of the first Islamic bank at that time, Al Baraka Bank. Many stakeholders harboured optimistic expectations for the Algerian economy to serve as a fertile ground for Islamic finance, particularly Islamic banking. However, the reality, after over three decades, diverges significantly from these anticipations. This analysis aims to elucidate the experience of Islamic banking in Algeria, specifically regarding the Islamic banks operating within the Algerian financial market.

### **1.1- The Algerian banking system**

The Algerian financial system initiated Islamic banking with the enactment of the Monetary and Credit Law 90/10 in 1991. Currently, Algeria has only two banks adhering to Islamic principles among the 22 private and public banks in the financial market: Al Baraka Algerian Bank and Al Salam Algerian Bank (Official Gazette, 2020), as well as some Islamic windows within conventional banks. Notably, public banks exert nearly total control over the Algerian financial market. The Islamic banking sector in Algeria comprises the following institutions (Bouaita, 2019):

1/Al Baraka Bank Algeria: Founded in 1991 through a collaboration between the Bank of Agriculture and Rural Development and Al Baraka Banking Group of Bahrain, the bank's ownership is approximately 55.67% held by Al Baraka Banking Group and 44.33% by the Bank of Agriculture and Rural Development of Algeria. Following 2020, Al Baraka Bank Algeria's compliance ratio, according to the group's standards, was assessed at 18.36% (Al Baraka Banking Group, 2020). It presently operates 35 branches throughout Algeria and functions as an Islamic bank in compliance with Sharia principles (Albaraka-Bank, 2025).

2/ Al Salam Bank Algeria: Established through an Algerian-Gulf cooperation, it received accreditation in 2008 as the second bank operating under Islamic norms. It possesses 25 branches nationwide (Alsalama Bank, 2025).

3/ Islamic Windows: Islamic Windows provides services and products that adhere to the principles and guidelines of Islamic Sharia. These comprise:

A/Gulf Bank: Founded in 2003 through a collaboration with Barqat Bank of Kuwait (60%),

Tunis International Bank (30%), and Jordan Bank (10%). It facilitates Islamic financial transactions and operates 61 branches across the nation.

B/ Trust Bank Algeria: Founded in 2002, it provides financial services compliant with Islamic Sharia and operates 19 offices nationwide.

C/ Arab Banking Corporation: Founded in 1998, this organization offers Islamic banking services via its branch, ABC Islamic Bank.

d/ Islamic banking windows in public banks: This initiative aligns with Algeria's strategy to promote and regulate the establishment of Islamic windows in public banks, as per Regulation No. 02-20. The National Bank of Algeria is recognised as the inaugural public bank to launch an Islamic banking window, providing products compliant with Islamic law, which occurred on August 20, 2020. According to the annual report of the Algerian Bank, the total number of Islamic windows has reached 655, as illustrated in Table 6 below.

**Table 6: Achievement of Islamic Banking Windows in Algeria (2022-2023)**

| Institution                               | Public Banks       | Private Banks      | Total            |
|-------------------------------------------|--------------------|--------------------|------------------|
| Banks Offering Islamic Financial Services | 06                 | 06                 | 12               |
|                                           | 2022               | 2023               | Average Increase |
| Islamic Windows                           | 655                | 741                | 13.12%           |
| Number of Agencies                        | 69                 | 75                 | 8.69%            |
| Deposits                                  | 546.69 billion DZD | 623.83 billion DZD | 14.11%           |
| Financing                                 | 352.68 billion DZD | 369.79 billion DZD | 04.85 %          |
| Islamic Accounts                          | 600,000 accounts   |                    |                  |

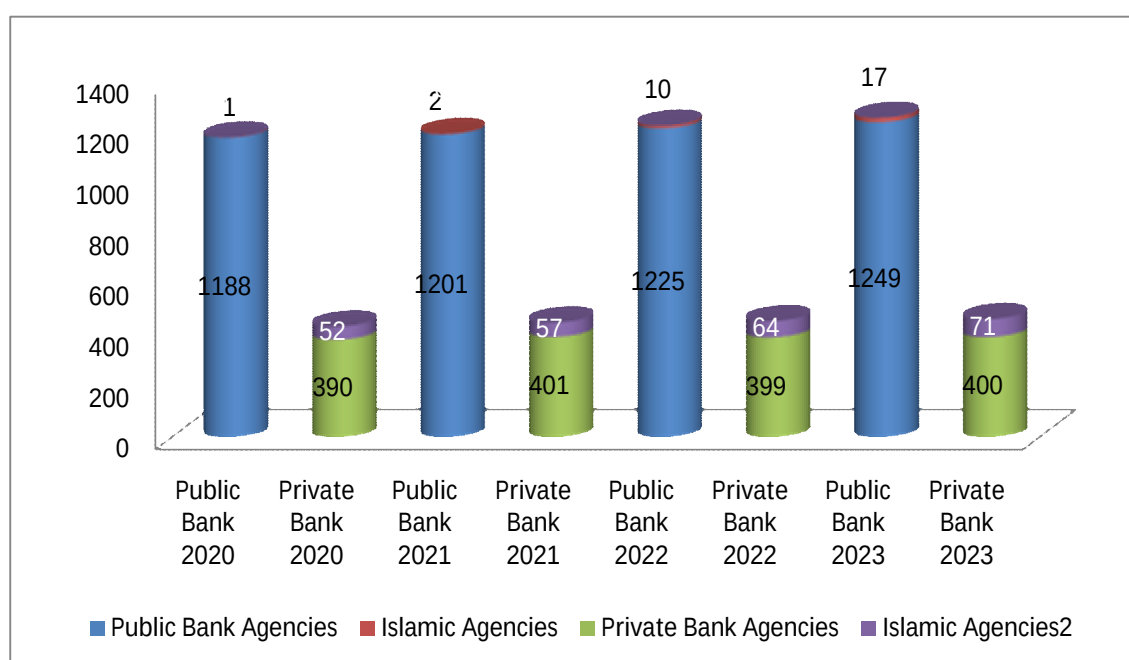
**Source: De la réalisation du chercheur basée sur: Bank of Algeria, Tendances Monétaires et Financières, Note de conjoncture neuf premiers mois 2023, Janvier 2024, P 30-31.**

## 1.2- The economic landscape of Islamic banking in Algeria

Islamic financial assets in Algeria account for less than 2.4% of the Algerian banking market share, and less than 0.18% of the global Islamic financial assets (IFSB, 2025). The most recent report from the Central Bank of Algeria (2023) indicates that the Algerian financial industry comprises 12 institutions offering Islamic banking services, which include six public banks, four private banks with Islamic banking windows, and two fully Islamic banks (Bank of Algeria, 2024).

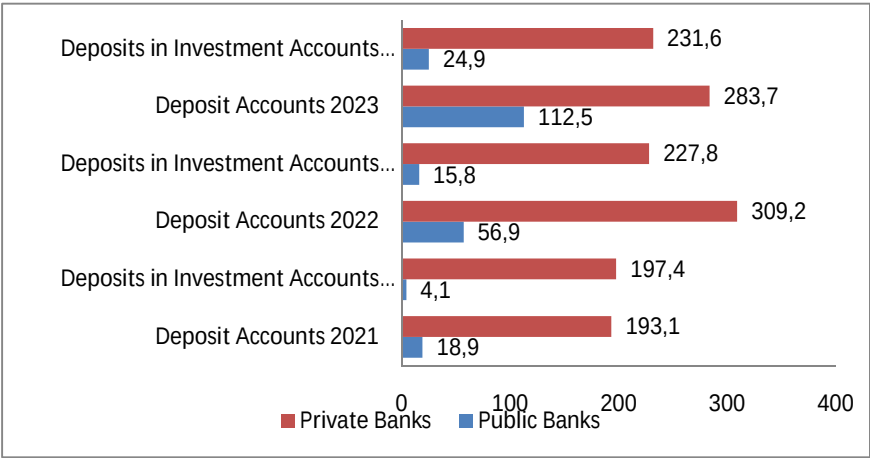
The volume of Islamic banking deposits in Algeria amounted to 680.1 billion dinars in 2023, reflecting a growth rate of 22.6% compared to the preceding year. The predominant portion of these deposits was allocated to private banks, accounting for 79.79%, in contrast to 20.21% for public banks (Bank of Algeria, 2024), Figure (01),(02) illustrates the progression of Islamic banking data in Algeria.

**Figure 01 : the progression of Islamic banking Agencies in Algeria (2020-2023)**



Source : (Bank of Algeria, 2024)

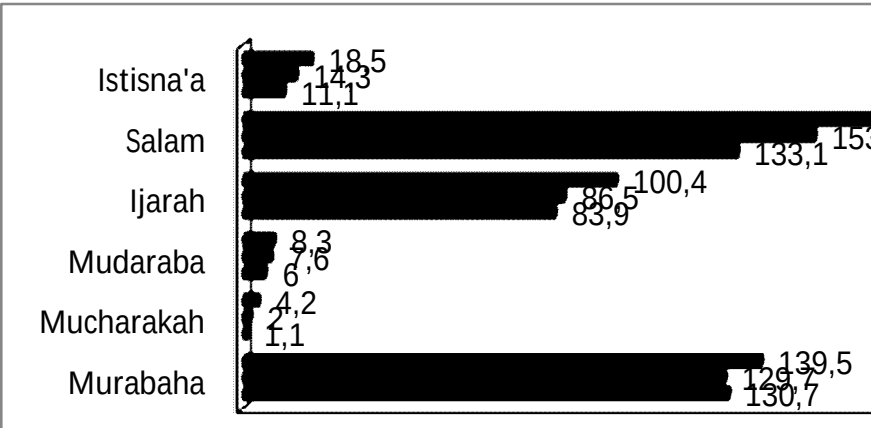
Figure 02: Islamic finance deposit volume and distribution (2021-2023) (billion DZD)



Source: (Bank of Algeria, 2024)

An analysis of Islamic banking products in the Algerian financial sector reveals that the financing mechanisms for sales, namely Murabaha, Salam, and Ijara, predominate, with a financing volume of 427.6 billion DZD, accounting for 93.26% in 2023. This is attributable to the substantial profit margin they offer and their reputation as one of the safest and most secure mechanisms, prompting banks to favor them over other investment financing and partnership mechanisms (such as participation and speculation, Istisna’a), which accounted for only 30.9 billion DZD, representing 6.74% (Bank of Algeria, 2024). Figure 03 illustrates the distribution of the amount of Islamic banking products.

Figure 03: Islamic Finance Products Statistics (2021-2023) (billion dinars)



Source: (Bank of Algeria, 2024)

### 1.3- The Actuality of islamic fintech in Algeria

Algeria possesses the requisite factors for the advancement and proliferation of financial technology enterprises, founded on its recent achievements in digital financial inclusion. In 2021, the percentage of account ownership in Algeria was 44.1%, as reported by the Global Findex, an indication of financial inclusion. Algeria is placed 137th worldwide and 13th in the Arab region for financial inclusion metrics, with a modest percentage of 9.85% (Khalfa & Boubloata, 2023, p. 20). Figure No (01) illustrates the percentages of select financial inclusion indicators for the period 2021-2022. Algeria has recorded over 350 new enterprises on the Algerian startup fund platform.

According to the Contender Ecosystems study, Algiers is placed 543rd among worldwide cities, with a score of 0.478, in terms of emerging growth for digital startups (StartupBlink, 2025, p. 344). In North Africa, Algeria secured the second position with 800 tech startups focused on financial technology, behind Egypt, which held the first position with over 2,000 businesses (Statista, 2025). The website reports that digital money transfers surpassed 12.5 million dinars in the first quarter of 2024, reflecting a growth rate of 71% compared to the corresponding period of the previous year, suggesting a favorable environment for the advancement of financial technology companies among the populace. The StartupBlink website identified three active financial startups in Algeria as part of the top 32 developing digital enterprises. These institutions are in their nascent phases and are exhibiting commendable performance relative to their working age, as illustrated in Table (05).

**Table No. (05): Fintech startups in Algeria 2025**

| Ranking | Label    | SB(Score) | Field of Activity      |
|---------|----------|-----------|------------------------|
| 01      | 3S Pay   | 163       | Digital Payments       |
| 02      | maykiHA  | 156       | Investment and Finance |
| 03      | AMENTECH | 145       | Insurance Sector       |

**Source : (StartupBlink, 2025)**

Despite the financial and social resources available to Islamic financial technology companies in Algeria for the advancement of the Islamic financial sector, recent regulatory frameworks, including Regulation No. 18-02 (November 4, 2018), Regulation No. 02-20 (March 15, 2020), Executive Decree No. 81-21 (February 23, 2021), and Law No. 23-09 (Banking Monetary) (June 21, 2023), have been established to support and regulate the Islamic financial industry across its various domains. Nevertheless, the Islamic fintech sector remains relatively minor in comparison to its equivalents in Arab nations, particularly with

the number of specialized enterprises. It was ranked 44th in the GIFT Index Methodology & Rankings (2025) with a score of 14.7%. This classification employs 19 indicators across five categories, which encompass Talent, Organisation, Infrastructure, Islamic Fintech Market, Islamic Fintech Ecosystem, and Capital. This ranking is based on the financial market's magnitude in this sector, which attained a valuation of \$183 million by the conclusion of 2024 in Algeria, as per the Global Islamic Fintech Report for 2025. The analysis forecasted that Algeria's Islamic fintech sector would reach an estimated value of \$309 million by 2028, reflecting an annual growth rate surpassing 11% (DinarStandard, 2025, p. 6). This projection was based on statistics regarding the digital orientation of Algerian youth, which facilitates the emergence and proliferation of fintech firms in the country. Nonetheless, all the previously mentioned figures are derived from Islamic digital financial services offered by Islamic banks and financial organizations operating in Algeria.

## **2- Aspect Two: The challenges facing Islamic Finance industry and Islamic fintech in Algeria**

### **2.1- Legal Obstacles Islamic Finance industry in Algeria**

Numerous limitations impede the expansion and proliferation of Islamic banking in Algeria. These encompass:

- Instruction No. 01-2001 pertaining to the legal reserve: This directive detailed all aspects of the computation of the legal reserve ratio and the relevant interest rate. This precluded Islamic banks from capitalising on these deposits, as they do not engage in usurious interest (Central Bank, 2001);
- Regulation No. 11-08, dated November 28, 2011, pertains to the internal control of banks and financial institutions, mandating these entities to provide periodic reports on control and risk management. The elements of these reports are incongruent with Islamic banking products;
- The Central Bank's implementation of a Basel III solvency ratio of 9.5% disregards the risk characteristics associated with the assets and liabilities of an Islamic bank, thereby exposing it to excessive risk and negating the inherent risks in its client contracts (Ben Salem & Beljidi, 2019);
- Regulatory actions enacted by the Central Bank: The majority, if not all, of the legislation and regulatory measures are designed for the operations of traditional banks, including the risk categorization (score) system, which pertains to the significance of risks is paramount, as they pertain to the regulatory framework governing Islamic banks, which subjects them to challenges and administrative uncertainties because their operations are not based on traditional loans. Issues exist in the processing of financial statements and products of Islamic banks by the models established by the Central Bank (Airash, Taiba, & Taharat, 2020);

Commercial Law: Algerian commercial law does not acknowledge enterprises founded on

lawful bilateral transactions, such as speculation, resulting in their downfall and inability to expand. The legislation encompasses stipulations and rules that safeguard the rights of its participants;

- Algerian Tax System: Algerian tax legislation applies uniformly to all banks, categorizing them as service institutions and subjecting them to the highest tax rates. This overlooks the reality that Islamic banks and their methodologies are regarded as productive investment entities (real economy) by their agreements. This undermines the interests of these banks and obstructs their operations (2021، سماعيل). Furthermore, the verdict on profit taxes exhibits characteristics of double taxation, as the majority of Islamic bank contracts are predicated on sales agreements and bilateral partnership contracts, together with the associated fees and profit margins, in contrast to usurious loans;

- Monetary and Banking Law, September 23: Article 40, which pertains to monetary counterparts, did not encompass securities transacted by Islamic banks, including Sukuk. Likewise, Article 42, which pertains to securities acquired by banks, does not reference Islamic Sukuk. Moreover, Article 55 did not reference Islamic sukuk as a category of central bank investment, although it did allude to financial institutions with specific regulations that may encompass Islamic banks.

The legislation did not address the Islamic money market, although it included the term sukuk in Article 69, which delineated the types of funds. This prompts inquiries regarding the trading mechanisms and regulatory frameworks governing these sukuk. Moreover, Article 117, which delineates the banking committee responsible for overseeing banking operations within the nation, failed to incorporate an Islamic banking expert, potentially resulting in inconsistencies in the regulation of both conventional and Islamic banks.

## **2.2- The economic obstacles confronting Islamic Finance industry in Algeria**

- The primary issue is the ambiguity surrounding the connection between the Central Bank and Islamic banks, as well as the lack of regulatory texts governing their monitoring in the Algerian financial market, pending the enforcement of the recent Law No. 23/09;

- The lack of an Islamic financial market and its associated instruments in Algeria is a significant impediment to the advancement of Islamic financial industry in the nation due to the limited scope of these banks' operations and the financing and investment opportunities they offer. This impedes traditional banks' transition to an Islamic system;

- The overall increase in pricing. The predominant service utilized by Islamic banks in Algeria is sales conducted via the Murabaha formula. Nonetheless, the elevated prices have complicated the marketing of this service due to the margin constraints. This has resulted in customers' hesitance to solicit this type of service, a challenge also encountered by conventional banks that have established Islamic windows;

The near-complete supremacy of conventional banks in Algeria's banking sector has rendered

them complacent in their competition with Islamic banks;

- Policies and regulations: These encompass the legal frameworks that control licensing for nascent financial technology firms, mandating substantial financial allocations during the initial investment phase prior to service delivery;
- Absence of a sustainable business ecosystem: Algeria lacks a conducive business environment for emerging financial technology entities, particularly one that fosters the advancement of Islamic financial technology;
- Insufficient digital financial and cultural awareness: A significant portion of the Arab population continues to have a deficiency in cultural understanding of financial technology and its applications, along with diminished trust in these systems. This necessitates that policymakers in these nations endeavour to promote awareness and counteract technological illiteracy;
- The proliferation of unemployment and the sluggish progression towards a cashless economy have undermined financial inclusion metrics in Algeria;
- Fierce competition: Islamic banks in Algeria face significant competition from conventional financial institutions in integrating financial technology into their systems, particularly since they are not required to modify this technology to comply with Sharia principles and the unique services offered by Islamic banks. Instead, they incorporate it directly, capitalizing on the significant advancements observed in the usurious financial markets, which compel Islamic banks to implement modifications in their business strategies to enhance their reliance on financial technology.

### **2.3- Technical and Social Challenges Faced by Islamic Finance industry in Algeria**

Challenges also arise from technical issues, including the development of Islamic banking products instead of conventional ones and the pursuit of alternatives that maintain the bank's resources and profitability, particularly amid fierce competition from more accessible and appealing conventional products. Resources should be committed to advancing Islamic financial engineering and leveraging the bank's experience, particularly given the limited chances in the Algerian financial market concerning Islamic finance. Among the social challenges, the problem of Hoarding stands out, Algerian society exhibits a propensity to retain its funds outside the banking sector for various reasons, including the religious prohibition of usury and a pervasive distrust in banks, particularly following the Khalifa Bank scandal, which resulted in a loss of \$500 billion, the embezzlement of 30 billion dinars from the National Bank of Algeria, and the scandal involving the Algerian Industrial and Commercial Bank, which incurred losses of \$800 million (Hussein, 2005). The numerous embezzlements have led Algerian citizens to prefer safeguarding their finances outside of these banks.

### **2.4- Challenges Facing Islamic Fintech in Algeria**

Fintech enterprises, specifically Islamic fintech firms, encounter many obstacles and hurdles

, which can be delineated as follows:

- Regulations and statutes about licensing for startups in Islamic financial technology necessitate substantial initial investments prior to the commencement of service provision (Jadani, 2022, p. 140);
- The limited availability of funding sources for these enterprises beyond governmental support aimed at bolstering this sector. Facilitating financial access for Islamic fintech companies is the primary catalyst for sustained growth in this sector;
- The deficiency of a sustainable business ecosystem: Algeria does not possess a conducive business climate for the advancement of developing Islamic fintech entities, which is essential for the growth of Islamic fintech;
- Limited awareness of digital financial culture: The majority of individuals in Arab nations continue to experience a deficiency in cultural understanding of financial technology and its applications, along with diminished faith in these innovations. This necessitates that officials in these nations promote awareness and address technological illiteracy;
- Inadequate technological infrastructure: Algeria is notably hindered by a deficient financial technology infrastructure, characterized by subpar internet quality and limited coverage in certain regions, alongside an underdeveloped mobile network for digital communication (Dahinine & Larabi, 2022, p. 628);
- Cybersecurity threats: Fintech enterprises, akin to other financial institutions aiming to embrace the digital era and its associated benefits, confront cybersecurity as a significant obstacle in the adoption of financial technology, particularly in Algeria, due to the sensitive nature of the customer data they manage. This elucidates why these corporations allocate an average of \$11.7 million per year worldwide to cybersecurity (Vapulus, 2022);
- The absence of an Islamic financial market constrains the range of activities of Islamic fintech companies and the financial and investment options they provide. As a result, this hinders the motivation of fintech investors to shift to Islamic fintech;
- The limited availability of resources for advancing Islamic financial engineering and leveraging banks' knowledge in this domain, considering the few prospects present in the Algerian financial industry concerning Islamic finance;
- Human capital: Although limited in number, Islamic fintech companies in Algeria encounter challenges in cultivating qualified human resources that integrate financial and programming expertise, allowing them to effectively address and resolve the daily issues faced by electronic programs delivering financial services. Recruitment has emerged as a challenge for organizations implementing financial technology.

**Figure No (06): The most important challenges facing Islamic fintech companies in Algeria**



Source: Compiled by the researcher based on the aforementioned

### 3- Aspect Three: The prerequisites for advancing Islamic Finance industry and Islamic fintech in Algeria

#### 3.1- Prerequisites for Advancing Islamic Banking Operations

The efficacy of supporting Islamic banking in Algeria is contingent upon the conducive conditions and the overall environment of the Algerian banking sector. To ensure the success of this process, the Algerian Monetary Authority must establish a conducive atmosphere by regulating the connection between the Central Bank and Islamic institutions. It is imperative to modify the comprehensive strategy employed by the Central Bank towards all domestic banks and to implement a dual system that incorporates Islamic banks into the legal banking framework, thereby preventing their marginalization. Specific regulations require revision, including the liquidity ratio, risk parameters, and capital adequacy ratio. Furthermore, a funding mechanism that adheres to Islamic law, such as interest-free loans or Islamic bonds issued to Islamic banks by the Central Bank, which serves as a lender of last resort, must be established.

#### 3.2- Establishing an Islamic financial market

This initiative aims to promote Islamic banking, facilitate investment opportunities, and support them with Islamic financial instruments and securities, such as Sukuk, while implementing regulatory frameworks to ensure their effectiveness. It also seeks to bolster

organizations that are foundational to Islamic finance, including investment funds, endowment entities, zakat funds, and takaful insurance companies.

### **3.3- Prerequisites for promoting Islamic Fintech in Algeria**

The efficacy of support for Islamic fintech enterprises in Algeria is contingent upon the conducive conditions and the overarching environment of the Algerian financial sector. To ensure the success of this process, the Algerian monetary authority must establish a conducive environment by:

- Allocating capital to Islamic fintech enterprises through diverse methods and promoting investment from the banking sector;
- Facilitating the digital transformation of financial activities in Algeria by limiting cash usage and enabling a transition to automated operations;
- Regulating the interactions between the monetary authority and Islamic financial institutions: It is imperative to modify the comprehensive strategy employed by the monetary authority concerning all financial institutions in the country and to implement a dual system that incorporates the Islamic financial sector into legitimate financial operations, rather than allowing it to remain marginalized. Furthermore, a financing mechanism adhering to Islamic law, such as interest-free loans or sukuk, allocated to Islamic fintech enterprises by the central bank as the lender of last resort (Hajriwa & Hamidat, 2022, p. 242);
- The establishment of an Islamic financial market: This seeks to promote Islamic financial activities and create investment opportunities via Islamic fintech companies. This will be underpinned by Islamic financial instruments and assets, including Islamic sukuk, alongside regulatory frameworks to guarantee their efficacy. This would also bolster institutions that underpin Islamic finance, including investment funds, endowment entities, zakat funds, and Takaful lending firms;
- Investing in the enhancement and fortification of the communications infrastructure to fulfill the demands for the implementation of novel applications and solutions in this domain (Jadani, 2022, p. 141);
- Enhancing the infrastructure pertinent to financial inclusion, especially with the financial framework, and dedicating increased financial resources to it;

Furthermore, promoting the proliferation of banking services and ATMs throughout Algeria's territory aims to incorporate individuals marginalized from the financial system, hence enhancing the client base of Islamic fintech enterprises in Algeria.

- Advocating for the proliferation of digital technology and communication tools, as they are fundamental to the success of fintech enterprises.
- Facilitating dialogue among fintech participants, financial institutions, and policymakers to promote the development and adoption of responsible and secure fintech products and services (Asifma, 2017, p. 2);

- Targeting the youth demographic, characterized by digital and technological proficiency, to convert them into customers, thereby presenting significant growth potential for Islamic fintech firms;
- Supporting scientific research initiatives and laboratories that concentrate on emerging technologies such as artificial intelligence and blockchain, which are essential for sector advancement;
- Enhancing consumer awareness, which poses a substantial ongoing challenge to the expansion of Islamic fintech enterprises;
- Cultivating specialized human resources and nurturing available talent, which is a crucial determinant for the success of the Islamic fintech sector (AMF, 2021).

## **Conclusion**

The Islamic financial industry is one of the most effective ways to achieve true economic development and financial stability, a goal sought by all governments and countries. The Islamic banking sector has demonstrated remarkable success and resilience during the recent financial crisis (the COVID-19 pandemic). Despite recent initiatives taken by the Algerian government to support this trend by issuing regulations aimed at stimulating Islamic banking activity, the Algerian financial sector still suffers from shortcomings in developing Islamic finance and Islamic fintech companies. In conclusion, the study reached a set of Outcomes, which we present as follows:

1. The Algerian financial system contains Islamic banking activity, but to a small extent relative to the total volume of transactions;
2. The Algerian financial system is dominated by conventional interest-based banks;
3. Financial inclusion in Algeria is relatively insufficient compared to Arab and international countries, according to global standards;
4. Algeria has sought to issue numerous laws and regulations designed to encourage, facilitate, and promote the Islamic financial industry;
5. The issuance of Law 32/09 on Money and Exchange has provided significant freedom to Islamic financial institutions within the Algerian financial sector;
6. The vulnerability of the fintech sector and the lack of Islamic fintech in the Algerian financial market;
7. Algeria seeks to promote the development of FinTech enterprises in overall, and Islamic FinTech companies in particular, by:
  - Initiating the Algerian startup portal (Startup.dz);
  - Creation of the Algerian Startup Fund (ASF);
  - Launch of the National Agency for the Promotion and Development of Technological Parks (ANPT).

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