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The role of Islamic finance in production methods: illustration for the Algerian case

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Abstract:

This article analyses the development of Islamic finance, which has become an important component not only in Muslim countries, but also in international finance. The objective is to examine whether the Islamic economy fits into existing modes of production or constitutes an alternative model capable of responding to the crises of the capitalist system, especially since 1929.

The methodology is based on a theoretical (literature review), empirical (case study of the CNEP-Banque in Algeria) and analytical approach, in order to compare the performance of Islamic finance with that of conventional finance.

The results show little significant difference between the two systems. However, Islamic finance has an important economic and symbolic utility, especially in countries where a share of the money supply circulates in the informal sector.

Key words: Abrahamic religions, Sharīʿah, Development, Investment.

JEL Classification : G21, P43, O16

1. Introduction

The reading journal, in this area, considers that Islamic Finance (FI) is the cornerstone of the Islamic Economy (IS). Thus, through the study of the IF based on the prohibition of interest and wear and tear (RIBÂ), the purpose of this article is to determine whether or not EI can be classified in one of the last two existing and conflicting modes of production. (capitalism and socialism), or is it a third way (a new alternative mode of production) that allows economic development, according to its specific rules.

To do this, we have adopted the classical method, which begins with an investigation in a reading journal that will allow us to define historically and theoretically what is meant by EIS and IF. Secondly, it must be pointed out that this theme is not only economic (investment, production, commerce, finance, banks, etc.), but also religious, sociological, moral, political, etc. Therefore, this review of reading, being at the confluence of an imposing multidisciplinarity, requires a macroscopic approach and therefore a methodological holism, in short: an analysis by the political economy. Finally, this much-needed theoretical and methodological work cannot suffice to carry out this study. The investigation of the real field where the IF operations are taking place is crucial and essential to make a complete study.

and direct interviews with three (03) officials of this institution, to allow a comparative analysis with its competitor conventional finance (also called classic: FC). The data collected will be reproduced in tables that will facilitate their study and analysis.

Thus, this work will be structured in two axes: theoretical axis which will synthesize the reading journal and a practical axis which will reproduce the point of view of the clients of the IF and the officials of this CNEP-Bank, as well as the results of the comparative analysis between Islamic credit and conventional credit.

2. Islamic economy (is), in general, and Islamic finance (fi), in particular

This item will focus, first, on the genesis and foundations of the IS, then, its principles and logic, and, finally, its objectives and issues, before addressing the IF.

2.1. Islamic Economy (IS)

Two points will outline some essential elements of the IF allowing us to understand it: the first concerns its genesis, its foundations, its principles and its logic; the second concerns its objectives, its stakes and its challenges.

2.1.1. Genesis, Foundations, Principles and Logic of EI

First, who says Islamic, says ISLAM. Therefore, the concept and practice of EI have their genesis and thus their foundations and principles, in the CORAN and SUNNA (words and practices of the prophet) which together constitute the ***Sharīʿah***. Then there is also the Fiqh which constitutes a kind of jurisprudence ensured by fouqahas (Muslim scholars) specialized in the correct interpretation of the Shariah and make demands (l-Idjtihad) to get out of complex situations. At the center of this IS is the Ribâ (prohibition of wear and interest). However, long before Islam, the other two Abrahamic religions, Judaism and Christianity, have already applied prohibition (usury only for Jews and interest and usury for Christians). But Jews abolished this prohibition as early as the 13^{th} century and Christians waited until

1830 to authorize interest loan, but not wear and tear. Only Muslims continue to apply the Ribâ until today.

Indeed, although Islam originally shares with the other two Abrahamic religions a common moral foundation on several issues—particularly social justice, equity, and the prohibition of usury—it later distinguished itself through its strict adherence to the prohibition of Ribā, which constitutes a fundamental characteristic of Islamic economics. Furthermore, in the history of the Prophet, even before the advent of Islam, he witnessed usurious practices that were already prevalent within the Meccan business community: when a borrower or a buyer on credit was unable to repay their debt, the lender (creditor) would impose a "rescheduling" of the debt, accompanied by a doubling of the maturity period of the outstanding principal and, consequently, a doubling of the interest rate (André Martens, 2001).

Thus, after the revelation of the Koran, this practice is characterized by Ribâ El-Djahilia "of the period of ignorance." Conceivably, in several verses of Sura El-Baqara, the Qur'an forbids this practice, especially in verse 130: "Ohah, *those who adhere (*believers), *do not feed on usury, double each time "*and 275 which stipulates" those *who practice riba will present themselves, on the day of the Resurrection, as alienated possessed by the demon, and this for affirming that riba is a form of sale, while God allowed the sale and interdicted the riba "(translation* of Mohyedin HAJJAR, in Yousuf Azim SIDDIQI, 2024). Also, the prophet had forbidden even the unequal exchange of gold, silver, wheat, barley, dates, salt, etc. For him, the exchange must be "gold for *gold, silver for silver, etc."* (LAPIDUS, André, 1987).

Thus, the objectives of this IS need to be clarified, its issues well understood and its challenges anticipated, to better overcome them.

2.1.2. Objectives, Issues and Challenges of EIS

The main objectives of the IS are: to increase the wealth of the Muslim Nation through the fruitful production of productive capital, in the sense of entrepreneurship creating employment (another objective), by bringing to work all those who express their willingness to participate in the implementation of production projects and to carry them out properly: investing and managing well; the equitable distribution of wealth and income (mainly through the compulsory practice of zakatah) and the absence of waste, particularly in the form of hoarding (MARTENS André, 2001). These objectives appear to be aimed at both micro and macroeconomic levels.

At this stage we can already note that this system of IS is in conformity with capitalism, in its Ricardian "social" form, because on the one hand, through its spirit of enterprise aimed at increasing profit, therefore opting for the private ownership of the means of production, it is capitalist, and, on the other hand, its equitable distribution of wealth, via the "compulsory" Zakat, it defends social justice. However, from the objective of increasing productive capital, and thus profit, arises the challenge of competition and competitiveness which will not be without effects on the young Islamic banks, in these times of multidimensional crisis. This issue concerns, at this stage, their inability to have, as partners, large companies requiring exorbitant credits, since their first establishment is in their own Muslim countries which are,

at best, in the process of development, with SMEs/SMIs expressing a modest need for working capital. So how can we compete with conventional banks? This is a real challenge.

HADDAB, E., TRAIMOND, P. (1992), consider that "*By philosophy and intelligence of this type of situation, Islamic financial institutions have embarked on the path of forming the community of interest which some bankers in Europe wish to see. They strive, within the framework of an "Islamic economy," to build strong links with their customers and, to this end, base their action on risk sharing*, "through the principle of 3 P (Sharing Both P**r**ofits and Losses). Thus, the economies of these countries, which were unable to overcome their dependence on informal financing, particularly with regard to these SMEs/SMIs, find in the Islamic economy a modern path that allows them to put themselves in symbiosis with their ambient culture (religious, moral, civilizational and economic). Furthermore, in addition to the fact that the contracts offered by the IFIs are qualitatively matched between the resources and financing needs of their clients, these IFIs have an effect on the moralization of business practices in their environment and help to mitigate the particular risks that characterize the economic conditions in their countries (Haddab, E. and Traimond, P., 1992).

Therefore, it is these objectives and characteristics that will frame the IF, its principles, its rules and its functioning, able to propose an alternative system practiced by Islamic banks, but without calling into question the capitalism in which they evolve.

2.2. Islamic Finance (FI)

Here too, we will deal with the principles, rules and functioning of the IF, but distinguishing between the two contexts: old and modern.

2.2.1. FI: From the Middle Ages to the Eve of Modern Times

We have seen that the IF is at the center of the IS and that Islam adopts the Ribâ, but encourages profit, provided that it conforms to the *Sharīʿah*, namely that the investor-borrower cannot carry out its production or marketing activity in illicit goods and services, such as wine, pork, etc. This is confirmed by YOUSUF AZIM SIDDIQI (2024) in its reminder of certain fundamental principles and rules of the IF and, therefore, Islamic banking products, which are based on a set of principles linked to *Sharīʿah*, moral, ethical, social and economic standards. The most important of these principles are: the application of the Ribâ, the prohibition of Gharar (contract tainted by excessive uncertainty), illegal and dubious activities (selling what one does not possess, gain from what one does not guarantee); the bonding of all banking operations to real assets; the adoption of the principle of risk sharing in sales contracts, loss and profit sharing in participative contracts, profit sharing in non-participative contracts; and other *Sharīʿah* principles related to IF operations.

It was these principles that guided the IF throughout the Middle Ages, throughout the Islamic territory (from Iran to Spain). But with the creation of the Banks and their development, impacting the global economy and finance, the IF has begun its adaptation to the surrounding context.

2.2.2. Modern Times

From the above, we can say that, certainly, the IF finds its essence in the *Sharīʿah*, more than fourteen centuries ago, but it is in the second part of the 20th century that it began its development. Thus, the review agrees that it was Malaysia, in the mid-1940s, which attempted to initiate an Islamic bank, followed by Pakistan, in the late 1950s, which failed at the time. In 1963, Egypt established the first Islamic bank (Local Savings Fund) in the agricultural village of Mit Ghamr in the Nile Delta (Yousuf Azim SIDDIQI, 2024, page 23). It was the first non-interest-paying savings bank in the world and, only four (04) years after (1967), its success was great with a million clients (SID-AHMED, Abdelkader, 1981, p. 378). However, despite its success, it was closed the same year, for, in our view, political reasons, where in 1967 there was the six-day war (5-10 June) between Egypt and its "Arab" allies (Syria, Iraq, Jordan and others) and Israel. This war was won by Israel, and Egypt began a political crisis.

However, this did not prevent Islamic finance from gaining sufficient prominence after and from imposing itself on the chessboard of international finance. Already in the early 1980s, the Islamic Republic of Iran (in a draconian way) and Pakistan (gradually), created their Islamic Banks (Moshin S. KHAN and Abbas MIRAKHOR, 1990). Others, in the late 1980s and during the 1990s, created IF units in their banks, Saudi Arabia created private and public Islamic Financing Institutions (IFIs) (Islamic Development Bank) that provide loans to developing Muslim countries and some are even domiciled in other countries, Muslim or not. In addition, these IFIs have created their own scientific journals: "the Islamic Banking and Finance Journal" and "the International Journal Islamic Financial Services" since 1999, (www.islamic-banking.com). This has strengthened their visibility and credibility with their followers and others.

During the 2000s, especially after the SUBPRIME crisis, this creation of IF services in banks in non-Muslim countries increased, taking advantage of the IFIs to strengthen their activities in these countries: Denmark, United States, Great Britain, Philippines, Canada and elsewhere. They have even invested in international financial centers that resemble tax havens. Also, since the Eurozone debt crisis, its main leaders: Germany, England and France have violated its Stability Pact (the 3% of GDP maximum deficit rule and the idea of striving towards a balanced budget and a reduction in public debt) and have taken an interest in the IF as a new source of financing (Warde Ibrahim, 2010). Since 2009, the French State has even authorized the issuance of sukuk [1]for the granting of credit to SMEs, but also to large infrastructure projects. Then, 20 other countries out of the 27 members of the European Union followed the first three, in this violation of the Stability Pact. Indeed, the debt vector of a country is decisive in its adoption of the IF (Youssouf OUSMANA and Jules MANDENG MA NTAMACK, 2024).

Today, international institutions, Islamic or not, such as the OIC (Organization of the Islamic Conference) and UNIDO (United Nations Industrial Development Organization) organize meetings (conferences, symposia, seminars, etc.) on the IF, with delegations from various international civil society organizations, businessmen, academics and other actors,

[1]We will go back to these sukuk on page 9.

who are not all Muslims, but they have all been interested in the IF. Indeed, many of them (teachers, researchers, etc.) are authors of scientific articles and books on the IF and in particular on the issue of its complete independence from the CF, since, in fact, the products of the IF are, in the majority, those of the CF.

This may reflect the growing and continuing importance given to the IF, because it has advantages. This, on the one hand, demonizes the myth that this Islamic system is created *"by Muslims and for Muslims"* (Yousuf Azim SIDDIQI, 2024, page 30), and, on the other hand, poses the challenge of innovation to the IF to empower itself from this CF and to bring itself into line with the fundamental principles of the Sharia. Similarly, if, for the IA, money per se is not considered to be a subject to transaction, the IF should not lose sight of the fact that it is a "potential" capital, a factor of production, alongside other inputs. (labor, raw materials, machinery and technology), and that only its ex-post rate of return determines savings and investment. Also, relying on its own capital and not on debts, is another asset for the IF to ensure its stability and its true autonomy of the conventional system, which is based on debt.

Indeed, in addition to the PPP rule (Fairouz BADAJ and Bouchra RADI, 2017), two other main advantages that theoretically differentiate Islamic lending from conventional lending can be added: - The first advantage is that the margin rate that accompanies the Islamic loan is not similar to the interest rate of the conventional loan, but corresponds to the transformation of a short-term payment into a long-term payment, authorized by Islamic law; - The second advantage is that if the borrower of an Islamic loan presents difficulties in the repayment of his loan, the bank cannot charge late penalties, since there is no reality justifying it: he has no underlying assets.

In short, there are gaps that characterize the IF, but it has made remarkable progress, not only within Muslim countries, but also in the Western world, alongside the CF.

Now, what about this IF in Algeria? Object of the second axis of this work.

3. Islamic finance in Algeria

Here too, we will restore the situation of the IF in Algeria at two points: (1) by overflying its historical process; (2) studying a practical case of its application.

3.1. Genesis, evolution and legal framework

We will recall, first, the Algerian context in which the IF has known its genesis and its evolution, before moving on to its legal framework.

3.1.1. Genesis and evolution of the IF in Algeria

It is in the context of the multidimensional crisis (financial, social, political, etc.), exacerbated by the oil crash of 1986, that the Algerian authorities begin a turn of rupture with the so-called "socialist" system that the Constitution of 23 February 1989 formalizes by making no reference to this concept. Thus, this option paved the way for the conditionalities of the IMF (International Monetary Fund) leading to the rescheduling of the Algerian debt in 1994 and the application of its corollary: the PAS (Structural Adjustment Program). This, in a context of so-called "civil" war where the GIA (Armed Islamic Group, FIS military arm: Islamic Salvation Front) took up arms against the Algerian authorities, after they cancelled the second round of the legislative elections of 27/12/1991, where this party had a relative

majority of the votes cast in the first round of the elections. It was the decade (1990) called "black," which also cut the life of the best intellectual-es-s and Algerian-ne-s artists.

It was in this context that Act No. 90-10 of 14 April 1990, as amended and supplemented, on currency and credit was promulgated. This law established the independence of the Central Bank, opening the banking sector to private competition, and allowing foreign investment and foreign banks to operate in Algeria. It certainly marked a break with the old banking and financial system, but as the crisis deepened, Algeria, through its Central Bank, created, on May 20, 1991, the first Islamic Bank in Algeria with mixed capital (public and private), namely: the Al Baraka Bank of Algeria with a capital of 500,000,000 DA. Moreover, at a conference given his Governor, in El-Kseur (Bejaia) in 2021, he recognized that *"surfing on the* religious fiber" is one of the strategies that enabled him to successfully open this Bank (at the beginning of the black decade**,** remember).

However, in this context of internal war, no other bank or service of the IF was created for a dozen years, where this bank operated alone, so that, during its growth, its capital was multiplied by 40, to reach 20 000 000 000 DA in 2020.

We had to wait until the end of this "black decade" to see the creation within banking and financial institutions, first public and then private, of IF services.

3.1.2. The IF Algerian legal framework

Indeed, after Ordinance No 03-03 of 19 July 2003 on competition, it is Ordinance No 03-11 of 26 August 2003 on currency and credit (amending and supplementing Law 90-10 of 14 April 1990, which defined the operations of receipt of funds, investment, financing and investment, which do not give rise to the collection or payment of interest (Article 1). These operations of the IF will be taken up, defined and updated by the Regulation N ° 2020-02 of 15 March 2020 below, after an arsenal of regulations, established by the Bank of Algeria, which followed, always subject to the agreement of the Council of Currency and Credit, namely: Regulation No. 04-03 of 4 March 2004 on the bank deposit guarantee scheme; Regulation No. 11-08 of 28 November 2011 on the internal control of banks and financial institutions by the person responsible for monitoring the conformity of the bank or financial institution, in accordance with the provisions of its article 25; Regulation No. 13-01 of 8 April 2013 laying down the general rules applicable to banking operations; Regulation No. 2018-02 of 4 November 2018 on the conditions for the exercise of bank operations in crowdfunding by banks and financial institutions; and finally, Regulation No. 2020-02 of 15 March 2020, which, at first glance, updated the previous ones, redefines banking operations under Islamic finance, the rules applicable to them, the conditions for their exercise by banks and financial institutions, and the conditions for their prior authorization by the Bank of Algeria (Article 1). Secondly, it notes that the establishment of Islamic finance products by banks and financial institutions is subject to *the provision of "prudential ratios in accordance with regulatory standards and comply strictly with the requirements for the preparation and transmission of* regulatory reports" (Article 3). This requires a good mastery of the strategic process, from the identification of the opportunities offered by the banking and financial market, both conventional and Islamic, to the latest data that completes this reporting, to all studies and desires to gather all the material and intangible means to determine these prudential ratios.

But, Knowing the informal nature of the business environment in Algeria, at that time it was, in our view, chimeric for Algeria to respond to this conditionality.

Moreover, the drafters of this regulation, lacking innovation in Islamic banking products and operations, have complied with those already agreed by the IF wherever it operates, namely: the Mourabaha; the Musharaka; La Moudaraba; Ijara; Salam; Istisna'a; deposit accounts and deposits in investment accounts. However, their definitions, which are given, respectively, by Articles 5 to 12 of this regulation, are not sufficiently explained, lack many elements inherent in Islamic products, which we must complete before turning to the return of the results of the field work which we have carried out.

Indeed, some critical clarifications regarding these Islamic products are useful to add, for comparison with conventional finance.

First, it should be noted that Islamic finance has two types of financing:

- The "crowdfunding" contract is an active partnership where the two partners (bank and entrepreneur) share the losses and profits (PPP), which allows the bank to intervene in the management of the project, as in the Musharaka, which here takes the case of a joint venture in the CF; - The "non-equity financing" contract is a passive partnership, as in the mudaraba, where the bank has no control over the management of the project, like a limited partnership in the CF and, in the event of failure, it alone will bear the entire capital loss. The same applies to Ijara in its two cases: "sharia-compliant sales contract" and "contract used as a source of financing," the Islamic bank acts as a financial intermediary between the buyer and the seller, by buying goods in cash on behalf of a customer for resale at a price increased by a profit margin. " Here, the Ijara, resembling a "lease" or a "lease" in conventional finance, only transfers the usufruct of the property and not its entire ownership.

Secondly, it must be added that these "participative" and "non-participative" financing methods of the IF, on the other hand, have a common principle: any financial or commercial transaction must have a real underlying, which all derivatives encountered in conventional finance do not have, hence their prohibition. But this does not prevent Islamic banks from intervening in the markets, through the sukuk But, unlike these monies, the sukuks have an underlying asset, a prerequisite for their issuance by Islamic financial institutions, by States. (Bahrain, Malaysia,) or by companies and allow the financing of specific projects.

In Algeria, the first operation of issuing two kinds of "sovereign sukuk," of different nominal values, fixed respectively at 100,000 DA and 1,000,000 DA, for a maturity of 7 years, has just been signed by the Minister of Finance, on Tuesday 27 January 2026, for a target amount of 296.650 billion dinars. The subscription started on the same day, when these sukuk were launched by the Treasury, stating that these resources "will be used to finance major public projects, particularly in infrastructure, equipment and public services." A website dedicated to this operation and to interested parties is as follows: https://sukuk.mf.gov.dz/.

We also recall, that the IF has its banking products that do not differ too much from those of conventional finance, namely: - The bank account: as in conventional finance, any natural or legal person can deposit funds in a current account that are guaranteed by the Islamic bank. Depositors receive free cheques, services, money transfers, etc.; - The bank card: starting from the fact that in the context of Islamic finance, money cannot grow ex-

nihilo, therefore, if the bank card entails other costs than management fees, its use is forbidden. Only withdrawal cards and "Prepaid" cards are offered to customers of Islamic banks; Finally, - Savings account: since hoarding is, in principle, prohibited, in Islamic finance, savings accounts are similar to savings contracts in units of account offered in classical finance. The capital is not guaranteed and the account holder has no control over the management of the account. This is not explicated in the above Rules of the BA.

After this historical and legal overview, let us now see, through the study of a practical case, what is happening on the real ground, in Algeria.

3.2. Field work

This investigation into the history of the IF in Algeria and the regulations that govern it, allowed us to better collect the real data at the level of the CNEP-BANQUE (209) of Bejaia which constitutes our case of practical study.

To do this, our method of investigation, as pointed out in the introduction, combines between direct interviews with three (03) officials of this institution, around a single question: what assessment do you make of your experience in the IF? and a questionnaire to obtain the views of its twenty (20) customers on their own experience in borrowing real estate credit for the purchase of a home from the IF department of this CNEP Bank. The latter consists of three questions for clients:

- 1st: "Why did you choose crowdfunding and why?" Suggested answers: Religious reasons; Economic reasons; Others;

- 2nd: "Are you satisfied with this choice and, why?" Answers: satisfied, unsatisfied;

- 3rd: "Other remarks of comparison between Islamic credit and conventional credit." Answers: open.

3.2.1. Let us return, first, the point of view of the customers.

First, of the twenty (20) clients targeted, sixteen (16) responded. This makes a respondent rate of 16/20 = 80%. Their answers are then given in six (06) tables, the first three of which give us, respectively, the actual respondents to the two respective questions concerning the reasons for the choice of Islamic credit (Table 1) and the level of satisfaction (Table 2), and then their answers to the third question (Table 3).

Table 1: Reasons for choosing Islamic credit

Reasons	Guarantors	Rate %
Nuns	10	10/16 = 62,50 %
Economic	04	04/16 = 25 %
Others	02	02/16 = 12,50 %

Source: Prepared by the author, 2026.

The results of this table are explained by borrowers. First, of the ten (10) who chose this Islamic credit (participative) for religious reasons, four (04) did so out of knowledge of causes, whose motivation, which we summarize and derive, is as follows: "As Muslims convinced of the prohibition of interest credit (Riba) and proud to learn of the existence of this Islamic finance in Algeria, we opted, therefore, out of a duty to contribute to its

development, without thinking of our personal interest." The remaining six (06) claim that they did not seek to understand the ins and outs, but just believing, as Muslims, that this mode of Islamic financing is the best, they trusted it. Then**,** for the four (04) clients who took this credit for economic reasons, they did so in the belief that they had a lower margin rate than the conventional interest rate. One of them claims that he is not even religious. Finally**,** the latter two (02) claim that they do not differentiate between Islamic and conventional credit, since uneducated they have only been directed by a third person to the former, telling them that it is better.

From the above, it is clear that if in the absolute, the majority chose this mode of Islamic credit for religious reasons (here: belief in Islam), but, according to their comments, it is the economic reason that is the majority. This is corroborated by the following table, which tells us how satisfied they are.

Table 2: Level of Satisfaction

Responses	Respondents	Percentage
Satisfied	04	04/16 = 25 %
Not satisfied	12	12/16 = 75 %

Source: Prepared by the author, 2026.

Indeed, the data in this table go in the logic of reading those in Table 1, since only the four (04) who have chosen consciously (with militancy, can we say) and in real Muslims, are satisfied with their choice. Otherwise, the twelve (12) declare that they are not satisfied and even regret their choice. For the latter, the only difference is in the qualification of the rate: conventional credit is conditioned on the interest rate and Islamic credit on the margin rate. This determines their future choice, illustrated by Table 3 below.

Table 3: Future choices

Responses/choices	Respondents	Percentage
Islamic Credit	04	25 %
Conventional credit	12	75 %

Source: Prepared by the author, 2026.

We note that the consistency and sincerity of the respondents do not suffer from any ambiguity: the four (04) Muslim clients faithful to their belief maintain their preference, in the case of their future choice, for Islamic credit, on the other hand the others would opt for conventional credit.

This lack of confidence in Islamic credit, of the majority (75%) of the respondents, is justified according to their statements by certain facts, namely that: the property developer is not of their choice because the borrower is the second buyer and, the first it is the bank that is buyer reseller at the same time; in the case of conventional credit, the borrower chooses the promoter and has 100% financing. And, to illustrate with actual transactions, we take those

of the five respondents who completed all the boxes inherent to the elements of their credits, using the data in Table 4 below.

Table 4: Margin rates and monthly payments with and without insurance

N^0	Islamic Credit Amount (DA)	Individual / Promotional	Subsidized / No-Subsidized	Margin Rate	Duration (years)	Monthly Payment with Insurance (DA)	Monthly Payment with Insurance (DA)
01	14 000 000	Promotional	Subsidized	03 %	35	59 408,33	53 878,33
02	7 114 000	Promotional	Subsidized	01 %	25	29 619,07	26 809,04
03	7 758 000	Individual	No	06 %	38	46 302,15	43 237,74
04	9 727 000	Promotional	Subsidized	01 %	25	40 498,27	36 656,10
05	9 030 000	Promotional	Subsidized	01 %	40	26 398,44	22 831,59

Source: Prepared by the author, 2026., following the data provided by the administration

Indeed, according to the data in Table 4, we draw two results. The first concerns the bonus, from which only the borrowers of the banks which buy the housing from a developer benefit. In this case, it is 1% or 3%, depending on the amount of the credit, respectively, less than or greater than 10 000 000 DA. Here, only the first customer with a credit of 14 000 000 DA has a margin rate of 3%, which generates an overall repayment of 19 860 000 DA and a profit to the bank of 5 860 000 DA. True, in 40 years, but it's already huge. On the other hand, the third client whose dwelling is purchased from a particle, does not benefit from the bonus and its margin rate is 6%. The second result is the amount of IF insurance we can derive from this Table 4 and compare it with that of the CF, contained in Table 5 below.

Table 5: Cases of conventional credit for, respectively, the same amounts of Islamic credit contained in previous table 4.

N^0	Credit Amount (DA)	Individual / Promotional	Subsidized / No-Subsidized	Margin Rate	Duration (years)	Monthly Payment with Insurance (DA)	Monthly Payment without Insurance (DA)
01	14 000 000	Promotional	Subsidized	03 %	35	55964,41	50784,41
02	7 114 000	Promotional	Subsidized	01 %	25	29922,87	27632,18
03	7 758 000	Individual	No	06 %	38	47545,70	43036,80
04	9 727 000	Promotional	Subsidized	01 %	25	41599,80	38000,81
05	9 030 000	Promotional	Subsidized	01 %	40	26649,01	23307,91

Source: Prepared by the author, 2026. following the data provided by the administration

A comparison of the data in the two tables 4 and 5 shows that:

- for monthly payments (including insurance) to be repaid under Islamic credit (Table 4), only the first customer's monthly payment is significantly higher than the conventional monthly payment (Table 5), while the remaining monthly payments are slightly lower;

- for the monthly payments (excluding insurance), the monthly payments of the first and third customers (Table 4) are higher than those of their co-creditors of the conventional credit

(Table 5), while the monthly payments of the other three customers are also slightly lower than their equivalent of the conventional credit. And yet, the amounts of their Islamic insurance are all higher than those of their conventional counterparts, as shown in Table 6 following this comment.

Table 6: Comparison between Islamic Insurance and Conventional Insurance

N0	Credit Amount (DA)	Individual Promotional	Subsidized / No-Subsidized	Interest Rate Margin Rate	Duration (years)	Islamic Insurance Amount DA	Conventional Insurance Amount DA
01	14 000 000	Promotional	Subsidized	3 %	35	5530,00	5180,00
02	7 114 000	Promotional	Subsidized	1 %	25	2810,03	2290,69
03	7 758 000	Individual	No	6 %	38	3064,41	2508,90
04	9 727 000	Promotional	Subsidized	1 %	25	3842,17	3598,99
05	9 030 000	Promotional	Subsidized	1 %	40	3566,85	3341,10

Source: Prepared by the author, 2026.

That relative cost of the IF's insurance compresses the relative inferiority of the amounts of its monthly payments. This means that, in total, there are no great differences between these two modes of credit: Islamic and classical, since the products and oppressions of the former are mostly modelled on those of the latter. However, in practice it is the latter which is less heavy, clearer and more fluid.

Let us now see the opinion of those responsible.

3.2.2. Administrative views

We spoke with three officials (anonymity: no name or status). A few minor differences in form, they were uninyms in their substantive responses. In summing up and translating their answers, they say a little bit: we used to work in conventional finance, it worked well. However, from time to time we had liquidity problems. Our officials at the central level recommend the opening of an IF service, since, they say, the IF has helped to strengthen national savings and thereby reduce the flow of money through informal channels. What we have done, now more than a decade ago. Currently, here is our observation: The IF certainly helped to attract some borrowers of housing loans, in majority, car then and land and consumption finally. It has benefited middle-class public servants because it presents less risk and liquidity problems. But the quality, effectiveness and efficiency of conventional finance services, thanks to their experience and expertise in forward-looking and forward-looking management, continues to attract many more clients than the IF.

4. Conclusion

The thousands of authors who have dealt in their work with the Islamic economy and its corollary, Islamic finance, like the hundreds of banks and dozens of Islamic institutions, show the importance attached to this theme in the academic field and in its practice on the real field. If Jews, first, and Christians, second, have found the necessary arguments to abandon the Ribâ, Muslims continue to do so to this day. Thus, we were interested in the IF to identify its place in the modes of production existing in the history of humanity, dear to Marx (primitive

communism, slavery, feudalism and specifically among the last two: capitalism and socialism).

Through our investigation in the review of reading inherent to this topic, at different levels (global, regional and local), the Islamic economy and its finance, sacralizing private property, encouraging profit accumulation and creating Islamic financial products that have their equivalents in the conventional economy However, the Islamic economy, under the responsibility of the National *Sharīʿah* Fatwa Authority for the Islamic Finance Industry and the *Sharīʿah* Control Committee, responsible for overseeing the activities of Islamic finance institutions.(establishment of funds, marketing of products, sharing of profits and losses), so that these remain in conformity with the carriage.

Indeed, the Islamic loan with its margin rate and the various contracts, are lawful and are not in contradiction with the capitalist mode of production, as the various studies of the 19th and 20th centuries have shown which put an end to the polemics engaged in in this regard, centuries before. Thus, this Islamic Finance has, on the other hand, found in this capitalist system, a land fertile for its development, especially during the last three decades, where neoliberalism swears only by the logic of utility, dear to neoclassical theory. What we have achieved, in our modest field study.

The clients of the CNEP-BANQUE questioned, are not all satisfied with this case. According to Table 3, only 25% of clients are satisfied and 75% are not. And this trend characterizes other tables where client responses are consistent, keeping the same opinion on each of the two finances: FI and FC. Therefore, the Islamic economy is not a new mode of production or a new way. It is fully integrated into the capitalist system where only credit does not give rise to an interest rate and, again, it has only replaced it with the concept of exchange rate; otherwise, the rest of its products is managed by market logic.

That said, but that does not mean that the IF is not useful. As long as "more than 65% of the Algerian money supply circulates outside the official circuit" recognizes the Algerian President, when he signed the Finance Law of 2024, fact confirmed by the various public services (police, gendarmerie, customs,...) authorized to control, search and verbalize, who discovered huge sums in DA and currency, stored (rather, crowded) in garages and other buildings, not to mention vehicle trunks; any initiative that tends to bring this "money" into Algerian banks, whatever they may be, is revolutionary. This was the case of the first Islamic Bank in Algeria, created in a context marked by a financial, social, political and security crisis, punctuated by the pressure of the IMF on Algeria to reschedule its debt and the taking of the majority of the PCAs (Communal People's Assemblies) by the FIS (Islamic Salvation Front) during the first local multi-party uprisings in June 1990. Each of these communes has become an Islamic mini-state, already threatening civil peace in Algeria with its slogan "democracy is kofr: belongs to atheism." So the need to recover the money supply in informal circulation was crucial. Whether out of sincere religious belief or out of war, the creation of Islamic banks or Islamic Finance services is a plus, especially in the economic sense. And, by metaphorical borrowing, this is what the German philosopher, Emmanuel KANT, said in his Critique of Pure Reason: "Even if God does not exist, he must be created."

Despite the metaphysical quarrels and the magnitude of the worsening global economic crisis, the countries of the South, whether emerging or not, must seize any initiative that would allow their development, without harming others.

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