

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

Dr. Nawel Lachouri* ¹, University of Chadli Bendjedid – El Tarf, Algeria,
Email: lachouri-nawel@univ-eltarf.dz

Dr. radia salem* ², University of Chadli Bendjedid – El Tarf, Algeria,
Email: r.salem@univ-eltarf.dz

Send Article Date: 01 /08/2025

Date of acceptance of the article: 03/12/2025

Abstract:

The goal of this study is to look at and analyze Al Rajhi Group's experience in the Islamic finance industry in order to come up with useful ideas for how to get this sector going in Algeria. We used the descriptive-analytical method to look at the parts of the experience from 2016 to 2024 and the deductive method to suggest ways it could be used in a similar situation. The results show that Al Rajhi Group is a leading model in Islamic finance. It has a wide range of financing options, strong financial performance, a dynamic takaful insurance sector, and effective investment funds, all of which are backed by professional institutional management and strict adherence to Shariah principles.

The study concludes that Algeria needs to create an environment that makes it possible to use such an experience. Some of the main suggestions are to strengthen the legal framework, set up an independent Shariah board, expand Islamic financial services, promote digitalization, improve human capital, and create a culture of Islamic financial awareness.

key words: Islamic Finance Industry; Al Rajhi Group; Islamic Banking; Takaful Insurance; Algeria.

* Dr. Nawel Lachouri.

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

Introduction:

Islamic financial institutions that want to find long-term ways to work with traditional (commercial) financial institutions are under a lot of pressure to compete because of the recent big and fast changes in the world. The Islamic financial industry can help with this by creating new Islamic financial products that can compete with and improve on traditional financial products. These kinds of new ideas are meant to solve ongoing problems with getting money, bring in more customers, and convince people that these products are real. The Al Rajhi Group is a great example of this because it is a pioneer in the Islamic financial industry, not just in Saudi Arabia but in the whole Arab world. This is because it has been able to adapt to these changes and has always worked hard to come up with new ideas and ways to stay in business.

Even with these improvements, Algeria is still behind in this field. It doesn't mind offering banking and insurance services that follow Islamic law, but it is still a long way from coming up with its own products or putting the necessary steps in place. Since the financial and monetary reforms of 1991, which required Algeria to let private national and foreign banks into its banking market, the number of Islamic banks has stayed low and they have to follow the same rules as regular banks. This is true even though there have been efforts to set up Islamic windows in commercial banks. Islamic insurance companies are still limited by commercial insurance laws, just like other types of insurance.

Study Problem:

Based on the above, the following fundamental question arises:

How can Algeria benefit from the experience of the Al Rajhi Group, considering it a pioneer in the field of Islamic financial industry?

Study Hypotheses:

To address the research problem, the following hypotheses were formulated:

- The fact that Al Rajhi Bank has created Islamic finance products shows that the Islamic financial industry can come up with new products that meet the needs of the market.
- The CAMELS model shows that Al Rajhi Bank has a high level of financial efficiency and stability.
- The retention ratio and net written premiums of Al Rajhi Takaful Company show how important the Takaful insurance sector is.
- The investment funds that are part of Al Rajhi Financial are doing well, which shows that Islamic investment is a good part of the Islamic financial industry.
- The Al Rajhi Group's experience in the Islamic financial industry could help Algeria create a workable procedural model, as long as the country has the right laws, rules, and institutions in place.

Study Significance:

The theoretical value of this study is that it adds to the academic literature on Islamic finance by giving a full picture of the different parts of the industry, such as finance, Takaful insurance, and Islamic investment. In practice, the study is important because it shows what worked for Al Rajhi and looks into how these lessons could be used in Algeria to help the growth of the local Islamic financial industry.

Study Objectives:

This study aims to achieve the following objectives:

- To highlight the key characteristics that distinguish the Islamic financial industry.
- To identify the primary Islamic financial products offered within the Al Rajhi Group.

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

- To examine the main Shariah-compliant models employed by the Takaful insurance company in managing its operations.
- To demonstrate how Algeria might benefit from this experience in practical terms.

Study Methodology:

This study uses a descriptive-analytical method to show how Al Rajhi Group has worked in the Islamic financial industry and to look at its growth over the years 2016 to 2024 using a range of financial data and indicators. The goal is to find the main characteristics and institutional bases of this experience. The study also uses a deductive approach in its applied section to figure out how the Al Rajhi experience can be used to improve the Islamic financial industry in Algeria, using a successful model that works in a setting that is fairly similar. By using both of these methods together, it is possible to build a framework that is both theoretical and practical. This makes the research more useful for both science and practice.

THE FIRST TOPIC: THEORETICAL FRAMEWORK OF THE ISLAMIC FINANCIAL INDUSTRY

Because of its strong position in international financial markets, the Islamic financial industry is thought to be one of the fastest-growing and most widespread financial sectors in the world. This is because it gets great results and can attract a wide range of clients by coming up with new financial products and ways to get money that follow Islamic law (Sharia). So, this part will talk about what the Islamic financial industry is, why it's important, what it looks like, the institutions that work in this field, and the products that these institutions offer.

FIRST REQUIREMENT: DEFINITION OF THE ISLAMIC FINANCIAL INDUSTRY

The Islamic financial industry has been defined in various ways, including the following:

- Definition One: The Islamic financial industry is "a set of activities that include designing, developing, and putting into action new financial tools and processes, as well as coming up with creative ways to solve financing problems."¹
- Definition Two: "A group of tasks that include coming up with new financial tools and processes, designing them, developing them, and putting them into action, as well as coming up with creative ways to solve financing problems, all while following the rules of Islamic law (Sharia)."²

Based on the definitions above, we can say that the Islamic financial industry is made up of Islamic financial institutions that create and improve financial tools to make money and lower risks in line with Sharia principles.

SECOND REQUIREMENT: THE SIGNIFICANCE OF THE ISLAMIC FINANCIAL INDUSTRY

The importance of the Islamic financial industry, both from theoretical and practical perspectives, can be summarized as follows:³

1- Sami Suwailem Ibrahim: Hedging in Islamic Finance, King Fahd Library, Riyadh, 2007, p. 105.

2- Ben Ali Belaazouz: Risk Management in the Islamic Financial Industry: A Financial Engineering Approach, Khartoum Forum on Islamic Financial Products on Hedging and Risk Management in Islamic Financial Institutions, Sudan, 2012, p. 12.

3- Mohamed El-Amin Khnioua, Hanan Ali Moussa: Financial Engineering Products: Reality, Challenges, and Development Approaches, International Conference: Islamic Economy – Reality and Future Prospects, University of Ghardaïa, 2011, p. 5.

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

- Research and development in this area help to fill out the epistemological framework of the Islamic economy so that it can keep up with and benefit from new developments in financial sciences instead of just staying neutral. It is not okay to quickly say that any kind of transaction is not allowed without first figuring out how Sharia says it is not allowed. Once the prohibition is confirmed, not only is the practice rejected, but an alternative is also suggested. This makes things easier for most Muslim businesspeople who currently use traditional financial products;
- It helps set up the administrative structures needed for Islamic financial operations, which combine knowledge of Sharia law with expertise in Islamic finance;
- It keeps the financial system going and makes room for all of its parts by coming up with new financial products that meet the needs and wants of clients and financial actors while staying within the goals of Islamic Sharia;
- The Islamic financial industry helps Islamic banks and other financial institutions keep their money in balance and makes it easier for them to manage their cash flow. As a result, Islamic banks and other financial institutions can now compete with regular banks and other financial institutions.

THIRD REQUIREMENT: CHARACTERISTICS OF THE ISLAMIC FINANCIAL INDUSTRY

The Islamic financial industry aims to develop financial products and instruments characterized by a set of distinct features, which are as follows:

Firstly: Shariah Credibility

This is about how well Islamic financial products follow Shariah rules as closely as possible. It means doing everything you can to keep legal disagreements to a minimum. The main goal of the Islamic financial industry is not to favor one legal opinion over another, but to come up with new ideas that most people can agree on. So, it's important to know the difference between what Shariah allows and what the Islamic financial industry wants to achieve. The industry wants perfect products and systems, but Shariah covers things that may or may not be considered models by today's standards. The Islamic financial industry should use the solutions it comes up with as examples for the Islamic economy in the time period in which they are made.⁴

One of the biggest problems with Islamic financial products is that there are disagreements about how to interpret Islamic law. These disagreements have a direct effect on the products' Shariah credibility. The level of Shariah compliance is the best way to tell how good Islamic financial products are. Following collective juristic rulings and Shariah standards is the best way to make sure that this quality and integrity stay the same. Following these rules builds trust with customers and gives them confidence. The more people trust that Islamic financial products are Shariah-compliant, the better they will be able to do their job: to be useful tools in the Islamic financial industry for coming up with new, widely accepted ways to deal with financial problems and risks. These risks and problems get worse as the economy and finances change, and they are

4- Djamel Laamara: Financial Products as Applications of Contracts in the Islamic Financial Industry, International Conference on: Products and Applications of Innovation and Financial Engineering Between Conventional and Islamic Financial Industries, Ferhat Abbas University – Setif, 2014, p. 6.

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

different in each country because of the different economic and financial situations there. It is very important for the Islamic financial industry and its institutions to solve these problems.⁵

Secondly: Economic Efficiency

This means getting stakeholders' goals done with the least amount of time and money spent on procedures or contracts. It says that financial products should be simple to use, not too complicated, and able to meet users' needs at the lowest possible cost.

It can be argued that Islamic financial products generally exhibit greater economic efficiency than conventional financial products because they offer two fundamental advantages:⁶

- A wider range of negotiation: In Islamic finance, savers and investors can agree on a profit-sharing rate that can be anywhere from zero to one hundred percent. On the other hand, issuers of traditional financial instruments can only negotiate returns within a much smaller range, which is limited by the difference between lending and borrowing interest rates.
- Aligning Goals: In traditional finance, when financial intermediaries (like banks) want to get more money, they usually raise the interest rates that savers get. At the same time, they need to raise the interest rates that they charge to borrowers. On the other hand, Islamic finance allows intermediaries to get more savings by giving savers a higher share of the profits. It's important to note that the profit that savers and intermediaries share comes from the returns that intermediaries get from investors after all costs, including the cost of financing, have been taken out. Intermediaries can also get more investors by offering them higher profit-sharing rates. This lowers the overall cost of financing without saying so. So, unlike regular finance, Islamic finance doesn't lose its appeal to more savers when it gets more investors. So, it can be said that Islamic finance has a feature that traditional finance doesn't have: goal congruence.

Thirdly: Genuine Innovation Rather than Imitation

Islamic financial products are truly innovative because they are different from each other, unlike most traditional financial engineering tools that only look different. Each Islamic financial instrument has its own unique terms and conditions that set it apart from others, whether it's the level of risk, the guarantees, or the price. The difference is that Islamic financial products serve real economic needs for people in the market, not just as formal contracts or fake agreements. This shows how important innovation is in Islamic finance.⁷

Fourthly: Islamic Law as the Foundation Rather than Positive Legislation

Islamic Shariah's rulings are the basis for the Islamic financial industry's different rules for making financial products. The industry tries to avoid getting involved in disagreements over the

5- Abou Qa'nouna Shirin: Islamic Financial Engineering – Its Shariah Rules and Economic Foundations, Dar Al-Nafaes, Jordan, 2000, p. 434.

6- Saadia Zahra, Mohamed Zeidan: Islamic Financial Products and Strategies for Their Development, Al-Riyada Journal of Business Economics, Vol. 4, No. 7, 2018, p. 226.

7- Mokhtar Bounaghab: The Role of Financial Engineering in Managing the Risks of Islamic Finance Creation – A Case Study of Al Baraka Bank Algeria, Algerian Journal of Economic Development, Kasdi Merbah University – Ouargla, No. 5, December 2016, p. 50.

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

law. Its main idea is risk-sharing, which means that different parties share the burdens fairly, instead of transferring risk from one party to another, which is the basis of Islamic finance.⁸

Fifthly: Financing as an Alternative to Investment

The Islamic financial industry wants to get money from people who don't want to deal with high-interest loans and would rather put their money into activities that don't involve investing because it's less risky. In other words, its main goal is to manage liquidity, while the traditional model's main goal is to create new financial instruments mainly for hedging and speculation.

FOURTH REQUIREMENT: Islamic Financial Institutions

Islamic banks and other financial institutions are different from each other because of the different services they offer. Some provide banking, investment, or insurance services, all of which are done in line with Islamic principles. The following is a list of these institutions.

Firstly: Islamic Banks

Economic, social, financial, and banking institutions that attempt to draw resources from people and organizations, make the best use of these resources by offering a variety of banking services, and strive to provide capital owners with suitable returns are known as Islamic banks. Along with upholding the tenets and regulations of Islamic law, they also aid in the establishment of social cohesion within society, ultimately promoting the social and economic development of both people and institutions while taking into account the circumstances of the community.⁹

Secondly: Investment Funds:

Islamic investment funds are "financial institutions set up as joint-stock companies that collect savings from the public through standardized investment certificates or documents." These funds give another party the job of managing the pooled money. This party invests mostly in stocks and other types of investments for the savers, with the goal of making the most money with the least amount of risk under agreed-upon terms.¹⁰

Thirdly: Islamic Financial Markets

These are the Sharia-compliant frameworks or areas where deficit units issue financial instruments and surplus units then buy and sell them through efficient delivery channels. The Sharia supervisory board of the market oversees this process in an organized way, with the goal of making investments that are in line with Sharia law.¹¹

Fourthly: Takaful Insurance

The International Association of Islamic Banks says that Takaful insurance is "a carefully planned cooperation among a large number of people who are all at risk of the same thing." When the risk materializes for one member, all members cooperate to confront it through a small sacrifice made by each, thereby avoiding severe harm to the individual affected by the risk. So, Takaful is

8- Sasiya Jadi: The Role of Financial Engineering in the Development of the Financial Industry – A Case Study of Malaysia and Sudan, Master's Thesis in Economic Sciences, Specialization in Financial Markets and Stock Exchanges, Mohamed Khider University – Biskra, 2015, p. 133.

9- Abdelhamid Abdel Fattah: Strategic Management in Islamic Banks: The Islamic Development Bank, Islamic Development Bank – Islamic Research and Training Institute, Saudi Arabia, 2004, p. 86.

10- Walid Houmil, Abdelaziz Awjan: Islamic Investment Funds: Study and Analysis, The Jordanian Journal of Islamic Studies, Al al-Bayt University, Vol. 8, No. 1, March 2012, p. 80.

11- Nadia Jouda: Islamic Financial Markets, Conference on Developments in Sharia Sciences, University of Jordan, Faculty of Sharia, 2009, p. 8.

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

a good way for people to work together based on righteousness and piety, where everyone helps each other and protects themselves from the risks that come their way.¹²

Article 3 of the Executive Regulations of the Saudi Cooperative Insurance Companies Control Law specifies the Sharia-compliant forms of Takaful insurance, which are as follows:¹³

1- General Insurance:

comprising eight types

- Accident and liability insurance, covering twelve subtypes.
- Motor insurance, including coverage for losses and liabilities related to vehicles, excluding transport risks.
- Property insurance, covering losses caused by fire, theft, explosions, natural phenomena, civil disturbances, and any other insurance within this category.
- Marine insurance, including coverage for goods transported by sea, ship hulls, liabilities, and other insurances within this branch.
- Aviation insurance, encompassing coverage for aircraft bodies, liabilities towards passengers and third parties, air cargo, and other insurances within this branch.
- Energy insurance, covering petroleum facilities, petrochemical plants, other energy installations, and associated insurances.
- Engineering insurance, covering contractor risks, installation, construction hazards, and electrical equipment.
- Other insurance branches not previously mentioned.

2- Health Insurance

which pays for medical bills, drugs, all medical and therapeutic services and supplies, and the running of medical programs.

3- Protection and Savings Insurance

divided into three types:

- Protection insurance, covering risks related to death, permanent total or partial disability, or temporary disability for individuals and groups.
- Protection with savings insurance means signing a contract with an insurance company that pays a lump sum or multiple sums, including accumulated savings, at a later date in exchange for contributions made by the insured.
- Other branches of protection and savings insurance not previously listed.

FIFTH REQUIREMENT: ISLAMIC FINANCIAL PRODUCTS

Islamic financial products include contracts, structures, and mechanisms that follow Shariah rules. They are similar to modern financial products in terms of how useful and flexible they are, but they are different because of the rules and features that are unique to the Islamic economic system. The next section gives some important examples, but it is not a complete list:

12- Soumiha Jelouli: Retakaful as a Mechanism for Managing Takaful Insurance Risks: The Case of the Kingdom of Saudi Arabia, Journal of Industrial Economics, University of Batna 1, Vol. 2, No. 5, 2015, p. 381.

13- Article: Minister of Finance Decision No. (1/596) concerning the Executive Regulations of the Cooperative Insurance Companies Supervision System, dated April 20, 2004, Board of Experts at the Council of Ministers. Available at: <https://www.idc.gov.sa/ar-sa/RulesandRegulations1/اللائحة%20التنفيذية%20لنظام%20مراقبة%20شركات> (consulted on 25/12/2023).

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

Firstly: Profit-Sharing

This contract is between two people who are working together. One person is the investor, who gives the money, and the other person is the entrepreneur, who gives the knowledge or work. The profits from the business are split up according to a set ratio.¹⁴

Secondly: Diminishing Partnership

Islamic banks help pay for things by buying shares in a business, real estate, or service business with one or more partners. According to their agreement, both sides will share the expected profits or losses. The bank agrees to slowly give up its ownership share to the partners by selling them its equity. The partners promise to buy the shares either all at once or in installments, as long as they follow the rules that have been set. The bank's job isn't just to provide money; it also has to keep an eye on project management and offer financial and technical advice, especially for projects that will have a big impact on people's lives and the economy.¹⁵

Thirdly: Cost-Plus Financing

In this type of financing, the client asks the bank to buy certain goods, and then the bank sells those goods to the client at a set profit margin. This product is meant to help clients get the goods they need.¹⁶

Fourthly: Forward Sale

Salam is a type of investment and financing contract in which the buyer pays for goods up front and then gets them later. It lets the seller get the money they need by selling goods that will be delivered on a certain date in the future, and the buyer pays for them right away.¹⁷

Fifthly: Manufacturing Contract

A manufacturing contract is a deal between a buyer and a manufacturer in which the manufacturer agrees to make a certain item with certain features for the buyer. The manufacturer gives the raw materials needed for production. In return, the buyer pays an agreed-upon price, which can be paid right away or later.¹⁸

Sixthly: Lease Agreement

A Lease Agreement is a contract that lets someone use an asset without giving up ownership. Under this contract, the lessee gets to use a certain asset, like a house or farm land, for a set amount of time in exchange for a set amount of rent. Both the lessor and the lessee must be legally able to enter into the contract and be able to deliver the agreed-upon benefit.¹⁹

Seventhly: Credit Card

Credit cards are a good example of how the Islamic financial industry combines Shariah compliance with economic efficiency. According to the Islamic Fiqh Academy, credit cards are

14- Lakhdar Marghad: Financial Engineering from an Islamic Perspective: With Reference to the Experiences of Some Countries, Journal of Human Sciences, Mohamed Khider University – Biskra, Vol. 1, No. 13, 2013, p. 51.

15- Abdulrazzaq Al-Hiti: Islamic Banks Between Theory and Practice, Dar Osama, Amman, 1998, p. 501.

16- Habiba Abdli, Wafaa Abdli, Hala Abdli: Islamic Banking in Algeria: Reality and Challenges, Journal of Law and Political Science, University of Khenchela, Vol. 2, No. 7, p. 71.

17- Saad Oulad El Eid: Foundations of the Islamic Financial Industry: A Theoretical Comparison, International Peer-Reviewed Scientific Journal, Amar Telidji University – Laghouat, Vol. 2, No. 7, 2016, p. 32.

18- Abdli, op. cit., p. 72.

19- Oulad El Eid, op. cit., p. 32.

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

documents that a provider gives to a person or business as part of a contract. These cards let the holder buy goods or services from stores that accept them without having to pay right away. The issuer promises to pay. The issuer's account is charged, and the cardholder pays back the issuer in regular installments. Under Shariah, it is okay to issue these kinds of cards as long as the following conditions are met:²⁰

- No interest is charged on delayed payments by the cardholder.
- The card is not used for transactions prohibited by Islamic law; otherwise, the card must be revoked.
- If the cardholder deposits funds as collateral, it must be stipulated that the institution invests these funds under a profit-sharing arrangement.

THE SECOND TOPIC: KEY MILESTONES IN THE ISLAMIC FINANCIAL INDUSTRY OF AL RAJHI GROUP

The bank is part of the Al Rajhi Group, which has seven other companies that all follow Islamic law (Sharia). Three of these companies work around the world, while four are based in Saudi Arabia. The group's companies work together to provide their customers with new financial, banking, and insurance products and services that combine Islamic values with modern business needs. This part will talk about some of these businesses as examples, but it won't cover all of them.

FIRST REQUIREMENT: Al Rajhi Bank

1- Establishment of Al Rajhi Banking and Investment Company

It started out as a currency exchange company in 1957, but in 1987 it became a bank called Al Rajhi Banking and Investment Company. Royal Decree No. (M/59) and Article 6 of Ministerial Resolution No. 245, both issued in June 1987, set up and licensed the bank as a Saudi joint-stock company. The name of the institution changed to Al Rajhi Bank in 2006. It is based in Riyadh, Saudi Arabia, and has a commercial registration number of 10100000096. It is also publicly traded on the Saudi Stock Exchange ("Tadawul") under the symbol RJHI.²¹

The bank's goals include doing banking and investment business in line with its founding contract, its bylaws, the Banking Control Law, and the Cabinet resolution mentioned above. It does banking and investment business in accordance with Sharia law, both in the US and abroad, through a network of branches staffed by qualified employees. The table below shows how the number of branches and employees has changed over time:²²

Table 01: Evolution of Branch Numbers and Employee Count

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of Branches (units)	539	554	551	544	543	521	557	509	512
Number of Employees (persons)	10,320	10,263	9,628	9,683	9,380	9,360	Not Available	Not Available	24,000

Source: Prepared by the researcher based on Al Rajhi Bank's financial reports for the period 2016–2023.

20- Laamara, op. cit., p. 16.

21- Al Rajhi Bank: Annual Report for the Year 2019, Kingdom of Saudi Arabia, p. 11.

22- Al Rajhi Bank: Annual Report for the Year 2020, Kingdom of Saudi Arabia, p. 151.

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

2- Compliance with Islamic Sharia Provisions:

For more than sixty years, since it was founded, Al Rajhi Bank has followed the rules and guidelines of Islamic Sharia in all of its operations and banking services in the Kingdom and around the world. The bank has put an independent Sharia supervisory board in charge of making sure that these rules are followed. The board is made up of many well-known scholars. The General Assembly has given the go-ahead for this respected board to be formed and said that all bank departments and sectors must follow its decisions.

The Sharia Supervisory Board at Al Rajhi Bank meets regularly to go over all of the bank's products, contracts, investments, financing agreements, banking offers, and other business deals. Because of the COVID-19 pandemic, more than 30 meetings were held online in 2020. During these meetings, more than 220 topics were studied, looked at, and checked. There were questions and clarifications about contracts, agreements, services, and products, as well as issues with product ads, discounts, and brochures. In each case, the board made the necessary decisions, resulting in a total of 1,198 Sharia rulings and recommendations that must be followed.

Within the bank's organizational framework, the Sharia group was structured as follows:²³

- Sharia Secretariat Management: This unit has a number of advisors whose job it is to look over and analyze all of the contracts, agreements, and products that the bank's different groups, departments, and sections send in. After that, they write reports that will be sent to the Sharia Supervisory Board. After that, they tell the groups and departments that need to know about the board's decisions. The management also helps the bank follow Islamic Sharia rules better by giving advice and suggestions that are in line with the board's decisions. The Sharia Secretariat Management talked about 2,015 different topics in this area in 2020.
- Sharia Audit Management: This department is in charge of making sure that all bank transactions follow the Sharia Supervisory Board's decisions and suggestions about contracts, agreements, and products. It also makes sure that employees understand the board's decisions by using a team of specialized auditors, automated systems, and field inspections. The team also has to set up and review Sharia audit standards based on the board's decisions, which made 1,246 standards in 2020.

3- Financing Structures Offered by Al Rajhi Bank According to Islamic Sharia Provisions:

The bank offers its customers Sharia-compliant banking products that earn money, such as trading, installment sales, Murabaha financing, and credit cards. The table below shows how the amounts of financing changed over the study period from 2016 to 2020 based on these structures:

Table 02: Development of Financing Volume by Islamic Financing Structures

Unit: Thousands of Saudi Riyals

Year	Trade Financing	Installment Sales	Cost-Plus Financing	Credit Cards
2016	42,868,823	166,398,906	449,413	449,413
2017	46,366,966	17,214,272	914,733	914,733
2018	43,719,304	171,249,951	14,829,600	1,959,351
2019	41,577,244	187,724,001	17,228,066	3,153,494
2020	37,231,334	255,479,516	19,670,093	3,331,158
2021	65,712,607	366,999,727	16,599,890	3,518,433

23- Ibid., p. 87.

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

2022	116,819,089	425,621,430	2,102,913	4,870,682
2023	140,254,253	427,441,035	20,981,956	5,527,562
2024	190,669,194	466,708,738	27,797,044	8,234,747

Source: Prepared by the researcher based on Al Rajhi Bank's financial reports for the period 2016–2023.

We can make the following observations based on the table above: Between 2016 and 2024, the Islamic financing tools at Al Rajhi Bank have grown in different ways. Installment sale became the most popular way to pay for things, with its value rising from SAR 166.4 billion in 2016 to SAR 466.7 billion in 2024. This trend shows that the bank is focusing on lending to people and long-term consumer goods because these loans have relatively stable returns and lower risk.

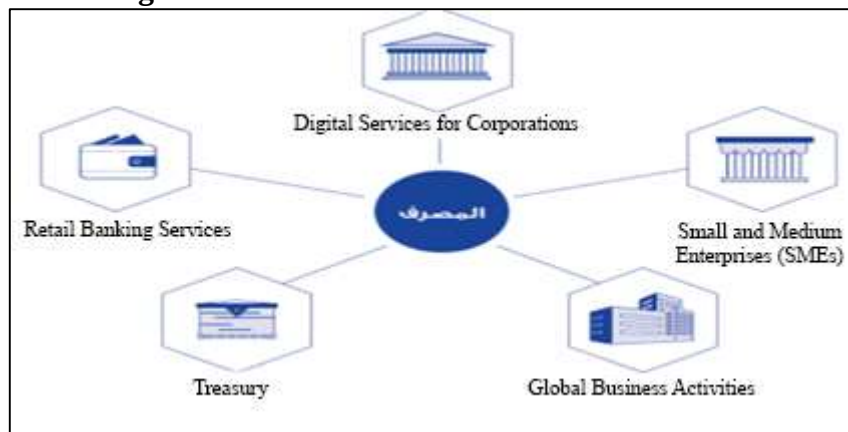
Trade financing, on the other hand, fell in the early years of the period, reaching SAR 37.2 billion in 2020. However, it made a big comeback after the pandemic, rising quickly to SAR 190.7 billion in 2024. This rise suggests that business is picking up again and that people are relying more on short-term loans.

The amount of Murabaha financing changed in an unpredictable way. It started at a low level of SAR 449,000 in 2016 and rose to a peak of SAR 14.8 billion in 2018. After that, it fell and then rose sharply to SAR 27.8 billion in 2024. This shows that the bank only uses Murabaha to pay for certain projects.

Lastly, credit card financing grew steadily, going from SAR 449,000 to SAR 8.2 billion. This was because the bank added more retail banking services and short-term consumer loans, and it also worked to get customers to use cashless payment methods.

These financing products cover the sectors illustrated in the following figure:

Figure 01: Services Directed to Various Sectors



Source: Al Rajhi Bank, Annual Report 2020, Saudi Arabia, p.11.

Al Rajhi Bank is a leader in Islamic banking services and finances many different sectors in many different fields, as shown in the figure above. This status is backed up by its large network of branches and wide customer base, as well as its strategic focus on providing high-quality goods and services through the best channels. This study will focus on the banking services sector for small and medium-sized businesses (SMEs) because it is a big part of Saudi Arabia's Vision 2030, which aims to increase the SME sector's share of the national GDP. The bank's goal is to better meet the needs of small and medium-sized businesses (SMEs) by continuing to offer targeted and selective financing, appropriate financing programs with easy access, structural reform facilities, digital products, and cash management services.

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

The bank started an online platform for small and medium-sized businesses (SMEs) in 2016 to make their daily transactions easier. This allowed SME clients to focus more on their core business activities, which shows how important this client group is becoming.²⁴ Al Rajhi Bank added Shariah-compliant foreign exchange forward contracts (FX Forward) and supply chain financing to its product line for small and medium-sized businesses by 2018. The latter includes facilities based on receivables purchase agreements that the bank's corporate clients make on behalf of suppliers. The bank also launched a "Point-of-Sale (POS) Financing" product that follows Shariah law and is specifically designed to meet the needs of small and medium-sized businesses (SMEs) by combining personal banking services with business services.²⁵

In 2019, the bank continued to put helping small and medium-sized businesses (SMEs) first, especially in the areas of healthcare, education, tourism, services, transportation, and telecommunications. The SME financing portfolio grew to SAR 4.4 billion, with a strong focus on the quality of the assets. The bank also helped these businesses become more profitable, with the minimum profit threshold going up to SAR 338 million, a big jump from SAR 2.2 million in the 2018 fiscal year.²⁶

Al Rajhi Bank reaffirmed the SME sector's critical importance in 2020. This sector is well-known around the world for its role in driving economic growth. The dynamic small and medium-sized business (SME) sector in Saudi Arabia is just as important on a global scale. It is a key player in creating jobs, growing the economy, improving cross-border trade, and encouraging entrepreneurship. The total SME portfolio grew from SAR 4.4 billion in 2019 to SAR 6.5 billion in 2020, which is a 49% increase from the previous year.²⁷

4- Evaluation of Al Rajhi Bank's Performance Using the CAMELS Model:

The CAMELS model is one of the most well-known tools around the world for fully assessing a bank's performance, covering important financial and managerial aspects. Using the CAMELS model, we will look at Al Rajhi Bank's performance over the study period to see how stable and efficient it is.

Table 03: Evaluation of Al Rajhi Bank's Performance Using the CAMELS Model

Year	2018	2019	2020	2021	2022	2023	2024
Rating Level	1	1	1	1	1	1	1
Asset Quality (%)	0.9	0.9	0.76	0.65	0.54	0.71	1.1
Rating Level	1	1	1	1	1	1	1
Management Quality (%)	0.01	0.02	0.01	0.01	0.01	0.01	0.01
Rating Level	1	1	1	1	1	1	1
Profitability - ROA (%)	1.04	2.76	2.56	2.7	2.46	2.12	2.05
Rating Level	1	1	1	1	1	1	1
Profitability - ROE (%)	7.01	20.49	19.94	23.87	22.68	19.35	18.9

24- Al Rajhi Bank: Annual Report for the Year 2016, Kingdom of Saudi Arabia, p. 36.

25- Al Rajhi Bank: Annual Report for the Year 2018, Kingdom of Saudi Arabia, p. 14.

26- Al Rajhi Bank, op. cit. (2019), p. 42.

27- Al Rajhi Bank, op. cit. (2020), p. 61.

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

Rating Level	1	1	1	1	1	1	1
Liquidity (%)	80.8	79.2	79	82.3	85.9	86.5	87
Rating Level	1	1	1	1	1	—	1
Market Risk Sensitivity	Negative Gap	Negative Gap	Negative Gap	Negative Gap	Negative Gap	Negative Gap	Negative Gap
Rating Level	1	1	1	1	1	1	1

Source: Prepared by the researcher based on Al Rajhi Bank's financial reports from 2018 to 2023.

Table 03 illustrates the performance of Al Rajhi Bank across six key dimensions of the CAMELS framework, presenting consistently positive and stable results that confirm the bank's sound financial position during the period from 2018 to 2024.

- **Capital Adequacy:** The bank's capital adequacy ratio stayed strong during the whole time, going from 17.5% in 2021 to 21.5% in 2023. These levels are higher than what the Saudi Central Bank (SAMA) and Basel III standards say are the minimums. This shows that the bank can handle losses well and makes people more confident in its financial strength.
- **Asset Quality:** The non-performing loan ratio dropped steadily from 2018 to 2022, hitting a low of 0.54% in 2022. It then rose slightly to 0.71% in 2023 and 1.1% in 2024. Even though this number has gone up, it is still low compared to global standards, which shows that the bank is managing credit risk well.
- **Management Quality:** The indicators of management performance stayed very stable over the whole time period, with administrative risk ratios always below 0.02%. This stability shows that the company has good governance, follows the rules, and runs its operations well.
- **Earnings:** The bank had good returns on assets (ROA) and equity (ROE), with an average ROA of about 2.3% in the last few years and a ROE of more than 20% in most years. These numbers show that the bank's business model works and that it is still growing.
- **Liquidity:** The bank's liquidity ratios went up steadily from 79% in 2020 to 87% in 2024. This shows that the bank is better able to meet short-term obligations and keep its operations flexible without needing emergency funding.
- **Sensitivity to Market Risk:** Al Rajhi Bank always has a "negative gap" in its market risk sensitivity metrics because it is an Islamic bank that does not use traditional interest rate-based financial instruments or derivatives (like futures and swaps) in accordance with Sharia principles. Still, the bank has some foreign currency debts, mostly in U.S. dollars, which means that it is only slightly affected by changes in exchange rates. But this exposure is still very small. The bank kept its top rating (01) in this category because it did a good job of managing market risk. This showed that it had strong control over possible risks.

SECOND REQUIREMENT: Al Rajhi Takaful Company

Firstly: Company Establishment

The Saudi joint-stock company Al Rajhi Takaful Company is listed on the stock exchange. It was created by Royal Decree No. (M/35) dated 26/06/1429H (01/08/2008) and Ministerial Resolution No. 181 dated 27/06/1429H (30/06/2008). The Riyadh Chamber of Commerce gave

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

the company Commercial Registration No. 1010270371 on 05/07/1430H (28/06/2009). The Saudi Arabian Monetary Authority (SAMA) gave the company its cooperative insurance license on 29/11/1430H (17/11/2009). According to the Cooperative Insurance Companies Control Law and its Executive Regulations, the company started selling insurance on June 1, 2009.

The Cooperative Insurance Companies Control Law, its Executive Regulations, and the laws and rules that apply in the Kingdom of Saudi Arabia all apply to Al Rajhi Takaful Company. The company does cooperative insurance business in full compliance with Islamic Sharia law, including things like reinsurance, agency representation, and correspondence. It can do whatever it needs to do to reach its goals in insurance and investment, such as owning, managing, selling, trading, or leasing fixed and liquid assets, either directly or through wholly owned subsidiaries, jointly established companies, or partnerships with third parties.²⁸

Secondly: Takaful Product Strategy

Al Rajhi Takaful has a full range of takaful products for businesses, families, and health coverage that give people peace of mind and security in many areas of their lives. There are three main groups of these products, which are as follows:²⁹

1- Health Takaful Products:

Al Rajhi Takaful Company has health insurance plans that are complete, useful, and adaptable, so they can always meet the needs of their customers. Clients can choose from four plans, all of which follow the rules set by the Cooperative Health Insurance Council. A network of contracted hospitals in the Kingdom provides health services in all medical specialties. Each client gets a unique health insurance card so that they can get medical care that meets their specific needs. The company also has a hotline that is open 24 hours a day, 7 days a week, all year round to handle customer calls, questions, and requests. Qualified medical staff take turns answering these calls and helping people in emergencies.

2- General Takaful Products:

These are some examples: individual vehicle insurance (which covers everything, including third-party liability), corporate vehicle insurance (which also covers everything, including third-party liability), engineering insurance, and construction-related coverage (which includes contractor risks and erection all-risk insurance). The portfolio also includes home and contents insurance, property insurance against fire and other risks, marine cargo and hull insurance, workers' compensation, fidelity and surety bonds, travel insurance for people and businesses, personal accident insurance for people and businesses, liability insurance, cash-in-transit coverage, machinery breakdown and equipment damage, professional indemnity and medical malpractice insurance, and error and omission coverage.

3- Family Takaful Products:

These include group insurance plans for businesses and the Family Takaful program, which offers protection and savings. Family Takaful products protect families in case someone dies or becomes disabled. They also help people save enough money and keep their income steady so they can keep up their standard of living and pay their bills every day. These products help families

28- Al Rajhi Company for Cooperative Insurance: Rights Issue Prospectus, Capital Market Authority, Kingdom of Saudi Arabia, 2014, p. 18.

29- Ibid., pp. 25–26.

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

reach their goals, like paying for their kids' education or planning for retirement. They also offer useful options, like mortgage repayment coverage.

Thirdly: Performance of Al Rajhi Takaful Company

1- Net Written Premiums:

Net written premiums are the insurance premiums that the company keeps after taking out the premiums it pays to local and international reinsurers from the total gross premiums written. The table below shows how net written premiums were spread out by type of activity from 2016 to 2023:

Table 04: Net Written Premiums

Unit: Thousands of Saudi Riyals

Year	Total (Thousands)	Health (Thousands)	Motor Vehicles (Thousands)	Property and Assets (Thousands)	Protection and Savings (Thousands)
2016	1,856,353	215,073	1,567,402	52,192	21,686
2017	3,073,018	449,309	2,547,380	31,774	53,809
2018	2,863,003	693,211	2,080,233	24,113	65,446
2019	2,436,136	499,672	1,821,057	145,602	103,869
2020	2,316,152	272,632	1,898,488	31,708	113,324
2021	2,534,154	273,299	2,085,051	29,082	146,722
2022	3,355,520	408,702	2,752,018	36,529	158,271
2023	4,342,105	408,702	3,599,230	62,405	234,275
2024	5,572,200	408,700	4,710,000	106,500	347,000

Source: Prepared by the researcher based on the financial reports of Al Rajhi Cooperative Insurance Company for the period 2016–2020.

The table shows that Al Rajhi Cooperative Insurance Company's performance has improved a lot. This is shown by the increase in net written premiums across different types of insurance from 2016 to 2024. This trend shows how dynamic the Saudi insurance market is and how the company is able to adapt to changes in the law and rising demand.

- **Motor Insurance:** Motor insurance is the most important part of the company's portfolio, and it has always had the highest premiums during the study period. The cost of premiums went up from SAR 1.56 billion in 2016 to an estimated SAR 4.71 billion in 2024. Most of this growth is due to the mandatory cooperative third-party liability insurance that all licensed drivers must have in order to register their vehicles and renew their licenses. Those who don't comply face financial penalties. There was a small drop in 2018, but the segment has been steadily growing since 2020, and in recent years it has made up about 80% of the total insurance portfolio each year.
- **Health Insurance:** Health insurance had the second-highest premium volume, peaking at SAR 693 million in 2018 and then falling to SAR 272 million in 2020. Its performance is closely linked to the Cooperative Health Insurance Law, which went into effect in 2006 and became mandatory for the private sector in 2010. The SHIB project, which started in 2013 to make electronic transactions easier, also played a role. The COVID-19 pandemic also led to more people wanting health insurance and made people more aware of how important it is to have medical coverage, even though growth rates have changed since then.

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

- Property and Asset Insurance: This is the smallest segment by volume, but it has grown significantly, from SAR 52,000 in 2016 to an estimated SAR 106,000 in 2024. This shows that more and more people and businesses are interested in protecting themselves from risks like fire, natural disasters, and theft. This part has grown a lot since 2019, especially in businesses and factories, which shows that people are more confident in this kind of coverage.
- Protection and Savings: This part has grown steadily over time, with premiums going up from SAR 21,000 in 2016 to an estimated SAR 347,000 in 2024. More and more people are interested in long-term savings-linked insurance plans, like retirement plans, plans for children's education, and coverage for death or disability. The growth shows that people are becoming more aware of money and are responding to government efforts to create insurance products that are linked to savings.
- Overall Performance: In 2016, total net written premiums were SAR 1.85 billion. By 2024, they are expected to be more than SAR 5.57 billion, which is a growth rate of more than 200% over nine years. This growth shows that Takaful Al Rajhi can improve its market position in Saudi Arabia and offer more services, even though motor insurance is its main business.
- Retention Ratio: The retention ratio is a risk metric that shows what percentage of underwritten insurance premiums the insurer keeps. The retention ratio and risk exposure are directly related to each other. To find this ratio, you divide the net written premiums by the total written premiums.

A ratio that is close to zero means that insurers are using more reinsurance companies to share risk coverage. On the other hand, a ratio close to one means that insurers are less reliant on reinsurance, which means they are taking on more risk themselves. The table below shows how these things work.

Table 05: Retention Ratio

Year	Retention Rate (%)
2016	0.95
2017	0.96
2018	0.96
2019	0.94
2020	0.84
2021	0.825
2022	0.807
2023	0.798
2024	0.785

Source: Prepared by the researcher based on Al Rajhi Cooperative Insurance Company's financial reports for the period 2016–2020.

The table shows that the retention ratio at Al Rajhi Cooperative Insurance Company has been steadily going down since 2017 and 2018, when it was 0.96%. By 2023, it had dropped to 0.798%, and by 2024, it is expected to drop to 0.785%. The company is slowly moving away from its previous strategy of relying less on reinsurance, especially as it starts to offer more high-risk insurance products like motor and property insurance.

This ongoing trend also shows that the company is taking a cautious approach to risk management in order to protect its financial position and reduce unwanted changes in operational

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

results, especially as competition grows and regulations change. Even though the ratios have gone down, they are still within an acceptable range, showing that there is a balance between growth and caution. It also shows that the company keeps a large part of its premiums, which suggests that underwriting and reinsurance management are relatively stable.

THIRD REQUIREMENT: AL RAJHI CAPITAL:

1- Company Establishment

a- Investment Funds Managed by Al Rajhi Capital:

Al Rajhi Capital has a full and integrated investment portfolio made up of professionally managed funds that include high-quality, award-winning investments that follow Islamic Sharia law.

Its wide range of investment options lets clients choose from equity and commodity funds at the local, regional, and global levels, all of which are tailored to different risk levels and investment goals. Also, its investment funds include well-managed fund-of-funds, each with its own investment strategy and asset allocation. Some of these are closed-end funds, protected funds, and private real estate income funds. Experienced fund managers run the investment funds, which can be accessed through a large network of investment centers and company experts throughout the Kingdom.³⁰

Al Rajhi Capital provides a range of investment funds that consistently generate total annual returns, as illustrated in the following table:

Table 06: Annual Total Returns of Investment Funds Managed by Al Rajhi Capital

Fund Name	Type	2016	2017	2018	2019	2020
Al Rajhi Saudi Equity Fund	Fund	8.21	2.75	11.44	10.46	19.41
	Index	10.56	3.89	11.37	12.35	11.93
Al Rajhi GCC Equity Fund	Fund	2.48	-0.83	9.05	8.78	16.81
	Index	11.03	2.98	10.59	10.29	9
Al Rajhi Basic Materials Equity Fund	Fund	15.45	-0.63	5.12	2.56	15.79
	Index	30.35	-4.67	1.98	8.36	15.12
Al Rajhi Capital Growth and Dividend Distribution Fund	Fund	6.2	0.09	7.9	5.28	15.06
	Index	12.37	9.35	9.5	8.01	8.28
Al Rajhi IPO Fund	Fund	11.08	-8.12	—	—	—
	Index	-7.54	-44.32	—	—	—
Al Rajhi Saudi Income Equity Fund	Fund	—	5.04	11.69	9.31	15.09
	Index	—	2.98	13.27	14.48	11.9
Al Rajhi Global Equity Fund	Fund	0.4	19.18	-9.63	26.44	17.03
	Index	5.53	27.04	-6.77	30.57	28.19
Al Rajhi Sukuk Fund	Fund	1.8	1.77	1.16	5.76	3.88
	Index	1.52	2.04	3.17	3.09	1.37
Al Rajhi Commodity Profit-Sharing Fund (USD)	Fund	1.71	1.53	2.11	2.52	1.4
	Index	0.77	1.3	2.39	2.32	0.61
Al Rajhi Commodity Profit-Sharing Fund (SAR)	Fund	2.47	1.89	2.33	2.8	1.65
	Index	2.11	1.82	2.53	2.64	1.17

30- Al Rajhi Capital: Investment Funds, Kingdom of Saudi Arabia, 2021.

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

Al Rajhi Balanced Multi-Asset Fund	Fund	2.67	3.58	1.8	7.24	5.6
	Index	3.99	5.01	2.53	7.2	5.99
Al Rajhi Growth Multi-Asset Fund	Fund	2.85	6.68	1.86	13.68	12.13
	Index	6.4	9.6	2.43	13.67	12.54
Al Rajhi Conservative Multi-Asset Fund	Fund	2.52	2.56	1.94	5.44	3.84
	Index	3.34	3.39	2.79	5.1	3.82

Source: Prepared by the researcher based on Al Rajhi Capital's financial reports for the period 2016–2020, p. 02.

Table 06 shows how the investment funds that Al Rajhi Financial Company managed did differently from 2016 to 2020. Most funds made money, especially in 2020, when the Al Rajhi Saudi Equity Fund beat its benchmark index with a return of 19.41%. The Basic Materials Fund and the Gulf Equity Fund also did a lot better. The Sukuk and Commodity Mudarabah funds, on the other hand, had stable and moderate performance, which shows that they used a conservative investment strategy. But some funds, like the Initial Public Offerings (IPO) Fund, were very volatile, which is a sign of the risks that come with the primary market. Overall, these results show that Al Rajhi Financial can offer a range of investment options that can handle different levels of risk and investment goals.

b- Ways to Benefit from the Al Rajhi Group Experience in Algeria:

The benefits of adopting the Al Rajhi Group's experience in Algeria could be realized if a suitable environment is established, as outlined below:

- Set up an independent Shariah supervisory board with its own structure. It should be made up of scholars and experts who know a lot about Islamic financial transactions. This board would oversee the Islamic financial sector, which includes banks, takaful companies, and other Islamic financial services.
- Law No. 20-02³¹ controls Islamic banking and how banks and other financial institutions run them, and Executive Decree No. 21-81³² organizes the takaful insurance sector. However, these rules are not enough. It is important to make the laws and rules that govern, protect, and help the Islamic financial industry stronger.
- Make sure that Islamic banks and other financial institutions sell products and make contracts that are fully compliant with Shariah law and are actively traded. It is very important for the Shariah board to check that these products are in line with Islamic law so that only nominal or superficial products are made.
- Support the creation of more than one Islamic bank and more than one takaful insurance company to create competition, which will improve service quality and make customers happier.
- Put small and medium-sized businesses (SMEs) at the top of the list for funding, especially those in agriculture, tourism, and education.
- Invest in training and developing the people who work in Islamic finance, with a focus on Shariah knowledge, to make the business run more smoothly.

31- Article 20-02: Regulation Defining Banking Operations Related to Islamic Banking and the Rules Governing Their Practice by Banks and Financial Institutions, No. 20-02, dated 20 Rajab 1441 AH / 15 March 2020.

32- Executive Decree No. 21-81: Defining the Terms and Procedures for Practicing Takaful Insurance, dated 11 Rajab 1442 AH / 23 February 2021.

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

- It is very important to stress how important it is to digitize the management of Islamic financial transactions, especially given the current situation. Digital transformation makes operations more efficient, makes money flow more smoothly, and builds customer trust by making services easier to find, more open, and more reliable.
- Use seminars, training sessions, and social media campaigns to raise public awareness of Islamic financial products, especially when an independent Shariah board certifies that these products are fully compliant with Islamic principles and do not contain any prohibited elements.

Conclusion:

The Islamic financial industry has grown a lot in the last few years, both in countries that are Islamic and those that are not. It has become one of the most talked-about financial events, sparking both intellectual and financial debate. The reason for this growth is that it is based on deep-rooted Shariah principles and rules that guide how it attracts, deploys, and invests capital.

The study is important because it explains the theoretical basis of the Islamic financial industry and focuses on the Al Rajhi Group, which is a leader in this field. Al Rajhi is an all-in-one model of Islamic financial services. It includes Al Rajhi Bank, Al Rajhi Takaful, and Al Rajhi Capital, all of which follow Islamic law. The study enc. ind. of the group's banking, insurance, and investment services has commonly revealed useful information that could be used to suggest ways to use this model in Algeria.

Study Findings:

The study arrived at a number of key findings, which are summarized as follows:

- The Al Rajhi Group has a lot of experience in the Islamic financial industry, both in the Arab world and around the world. This company is a leader because it offers a wide range of financial products that follow the rules and principles of Shariah. The group has also spent a lot of money on training and developing its employees, who are seen as the main drivers of this sector in both theory and practice.
- The evaluation of Al Rajhi Bank's performance using the CAMELS model revealed the following:
 - The bank possesses a strong capital adequacy ratio, which enables it to absorb various potential risks.
 - Asset quality was assessed as sound, providing a reliable base for generating future revenues.
 - The quality of management was deemed strong and effective, having successfully ensured profitability and liquidity during the study period.
 - The bank, which is an Islamic financial institution, doesn't deal with interest-bearing financial instruments that are against Shariah law when it comes to market risk sensitivity. Because of this, it had a negative gap, which means that it is not affected by changes in interest rates.
- The main focus of Al Rajhi Takaful's Islamic insurance business is health and vehicle insurance. This is mostly because the law requires people to have these types of coverage.
- The investment funds managed by Al Rajhi Capital have shown consistent growth, which can be attributed to the sound strategic management guiding their operations.

Study Recommendations:

According to the study's results, there are several strategic suggestions that can be made to help Islamic financial products grow and become more common in the Algerian market:

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

- Add more Islamic financial products to meet the needs of the national market, while still following Shariah rules and working to help the economy grow.
- Create a flexible and supportive legal and regulatory environment conducive to the growth of the Islamic financial industry.
- Develop the takaful sector and promote innovation within it.
- Strengthen the digital infrastructure of Islamic financial services to enhance accessibility and efficiency.
- Put money into training and certifying the people who run Islamic banks, windows, and insurance companies by giving them access to educational programs and training courses that focus on ethics, the goals of Shariah, and Islamic law as it relates to banking and financial transactions.
- Raise public awareness of Islamic finance and encourage its use in different ways, like by taking part in exhibitions, forums, and schools.
- Support the establishment of advanced research centers dedicated to Islamic finance and foster collaboration with university-based research laboratories.

Bibliography List:

Legal Texts

- Minister of Finance. Decision No. (1/596) concerning the Executive Regulations of the Cooperative Insurance Companies Supervision System. Board of Experts at the Council of Ministers. Available at: <http://www.idc.gov.sa/ar-sa/RulesandRegulations1/> (consulted on 25/12/2023).
- Regulation Defining Banking Operations Related to Islamic Banking and the Rules Governing Their Practice by Banks and Financial Institutions, No. 20-02. 20 Rajab 1441 AH / 15 March 2020.
- Executive Decree No. 21-81: Defining the Terms and Procedures for Practicing Takaful Insurance. 11 Rajab 1442 AH / 23 February 2021.

Books

- Sami Suwailem Ibrahim. Hedging in Islamic Finance. King Fahd Library, Riyadh; 2007.
- Abou Qa'nouna Shirin. Islamic Financial Engineering – Its Shariah Rules and Economic Foundations. Dar Al-Nafaes, Jordan; 2000.
- Abdelhamid Abdel Fattah. Strategic Management in Islamic Banks: The Islamic Development Bank. Islamic Development Bank – Islamic Research and Training Institute, Saudi Arabia; 2004.
- Abdulrazzaq Al-Hiti. Islamic Banks Between Theory and Practice. Dar Osama, Amman; 1998.

Theses

- Sasiya Jadi. The Role of Financial Engineering in the Development of the Financial Industry – A Case Study of Malaysia and Sudan. Master's Thesis, Economic Sciences, Specialization in Financial Markets and Stock Exchanges, Mohamed Khider University – Biskra; 2015.

Articles

- Saadia Zahra, Mohamed Zeidan. Islamic Financial Products and Strategies for Their Development. Al-Riyada Journal of Business Economics, Vol. 4, No. 7; 2018.

Al-Rajhi Group as a pioneering experience in the field of the Islamic financial industry and ways to benefit from it in Algeria

- Mokhtar Bounaghab. The Role of Financial Engineering in Managing the Risks of Islamic Finance Creation – A Case Study of Al Baraka Bank Algeria. Algerian Journal of Economic Development, Kasdi Merbah University – Ouargla, No. 5, December; 2016.
- Walid Houmil, Abdelaziz Awjan. Islamic Investment Funds: Study and Analysis. The Jordanian Journal of Islamic Studies, Al al-Bayt University, Vol. 8, No. 1, March; 2012.
- Soumiha Jelouli. Retakaful as a Mechanism for Managing Takaful Insurance Risks: The Case of the Kingdom of Saudi Arabia. Journal of Industrial Economics, University of Batna 1, Vol. 2, No. 5; 2015.
- Lakhdar Marghad. Financial Engineering from an Islamic Perspective: With Reference to the Experiences of Some Countries. Journal of Human Sciences, Mohamed Khider University – Biskra, Vol. 1, No. 13; 2013.
- Habiba Abdli, Wafaa Abdli, Hala Abdli. Islamic Banking in Algeria: Reality and Challenges. Journal of Law and Political Science, University of Khenchela, Vol. 2, No. 7.
- Saad Oulad El Eid. Foundations of the Islamic Financial Industry: A Theoretical Comparison. International Peer-Reviewed Scientific Journal, Amar Telidji University – Laghouat, Vol. 2, No. 7; 2016.

Seminar Papers

- Ben Ali Belaazouz. Risk Management in the Islamic Financial Industry: A Financial Engineering Approach. Khartoum Forum on Islamic Financial Products on Hedging and Risk Management in Islamic Financial Institutions, Sudan; 2012.
- Mohamed El-Amin Khnioua, Hanan Ali Moussa. Financial Engineering Products: Reality, Challenges, and Development Approaches. International Conference: Islamic Economy – Reality and Future Prospects, University of Ghardaïa; 2011.
- Djamel Laamara. Financial Products as Applications of Contracts in the Islamic Financial Industry. International Conference on: Products and Applications of Innovation and Financial Engineering Between Conventional and Islamic Financial Industries, Ferhat Abbas University – Setif; 2014.
- Nadia Jouda. Islamic Financial Markets. Conference on Developments in Sharia Sciences, University of Jordan, Faculty of Sharia; 2009.

Websites

- Al Rajhi Bank. Annual Report for the Year 2019. Kingdom of Saudi Arabia.
- Al Rajhi Bank. Annual Report for the Year 2020. Kingdom of Saudi Arabia.
- Al Rajhi Bank. Annual Report for the Year 2016. Kingdom of Saudi Arabia.
- Al Rajhi Bank. Annual Report for the Year 2018. Kingdom of Saudi Arabia.
- Al Rajhi Company for Cooperative Insurance. Rights Issue Prospectus. Capital Market Authority, Kingdom of Saudi Arabia; 2014.
- Al Rajhi Capital. Investment Funds. Kingdom of Saudi Arabia; 2021.