

Developing Islamic banking through Islamic windows in conventional banks

(a case study of the National Bank of Algeria in Tiaret Agency)

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Abstract: *The study aims to understand the reality of Islamic windows at the National Bank of Algeria, focusing on their role in providing banking services that comply with Islamic law within a traditional financial system that relies on interest. The study also analyzes the extent to which these Islamic windows align with the overall structure of traditional banks and their effectiveness in providing financial products and services that comply with local and international regulatory standards and are in accordance with Sharia.*

Keywords: *Islamic banking, Islamic windows, traditional banks,*

Jel Classification Codes: G20,G21,G30

Résumé: *L'étude vise à comprendre la réalité des guichets islamiques à la Banque nationale d'Algérie, en se concentrant sur leur rôle dans la fourniture de services bancaires conformes à la loi islamique au sein d'un système financier traditionnel qui repose sur les intérêts. L'étude analyse également dans quelle mesure ces guichets islamiques s'alignent avec la structure globale des banques traditionnelles et leur efficacité à fournir des produits et services financiers conformes aux normes réglementaires locales et internationales et conformes à la charia.*

Mots clés: *Banque islamique, fenêtres islamiques, banques traditionnelles,*

Jel Classification Codes: G20,G21,G30

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1. INTRODUCTION

In light of the widespread adoption of Islamic finance globally and the increasing awareness of its importance as an alternative that combines religious commitment with economic efficiency, many traditional banks have begun to take initiatives towards adopting mixed banking models that provide them with the opportunity to offer Islamic financial services while maintaining their institutional framework. Among these prominent models are Islamic windows, which represent specific departments within traditional banks tasked with providing banking products that comply with Islamic law. Algeria has begun taking steps towards adopting Islamic banking as a strategic option within its banking system in response to the increasing demand for financial products that comply with Sharia law. This trend has clearly manifested itself through the allocation of Islamic windows within traditional banks, a flexible approach that allows for the provision of Islamic banking services without the need to establish new independent banks. Therefore, the following issue can be raised:

How can Islamic windows in traditional banks contribute to the development of Islamic banking through the National Bank of Algeria, Tiaret branch?

Based on the issue, the following hypothesis can be formulated: The shift towards Islamic windows in traditional banks is merely a formal step without any fundamental change in the banking model. The importance of the study lies in:

- ✓ Contributing to increasing awareness of Islamic financial culture in Algeria.
- ✓ The modernity of Islamic banking in the global and national banking system.
- ✓ Highlighting the necessity of adapting to modern financial requirements in accordance with Sharia principles.

2. The theoretical framework of Islamic banking.

Islamic banking is considered a modern concept based on Islamic law. Nevertheless, its historical roots as an independent financial system trace back to the Bayt al-Mal of the Muslims.

2.1. Definition of Islamic Banking.

There have been various definitions attempting to determine the nature of Islamic banking, but all opinions agree on the necessity for financial institutions following the Islamic banking system to adhere to Sharia principles in all their transactions.

The International Islamic Banking Union defined in its thirty-sixth meeting of the Union's Board of Directors in 1997 that it is a comprehensive financial institution operating in accordance with Islamic Sharia law, engaging in all types of banking, financial, and investment activities for its own account or on behalf of others, including accepting current deposits or investment accounts, among others (al-ssadi, al-mufarji, & al-hilli, 2019, p. 19).

It is also defined as a financial banking institution for collecting and investing funds within the framework of Islamic Sharia, serving the purpose of building an integrated society and achieving justice in the distribution and placement of wealth in the Islamic path, or as an Islamic organization working in the business field with the aim of building the Muslim individual and the Muslim community and providing favorable opportunities for them to rise on Islamic foundations that adhere to the principles of halal and haram

It can also be said that Islamic banking is a term used for banking or financial contracts that are conducted according to the religious principles of Muslims and are based on the rules of Islamic Sharia in transactions (Belkassmi, 2020, p. 92).

Islamic banking can be defined as a banking system that operates according to the principles of Islamic law (Sharia), where it is committed to providing financial services that align with Islamic ethical values without engaging in prohibited activities.

2.2.Principles of Islamic Banking.

Islamic law has defined practical principles that Islamic banks must adhere to, and among the most important are (benou djafer, 2020, p. 5).

- ✓ Prohibition of dealing with usurious interest, both receiving and giving.
- ✓ Working on growing wealth and not hoarding it or keeping it from circulation.
- ✓ Prohibition of earning money through unlawful means by not entering into transactions or contracts that contain ignorance, uncertainty, extravagance, oppression, usury, and deceit.
- ✓ Investing money in good things and avoiding prohibitions by earning money and spending it in ways that benefit people.
- ✓ The principle of "ghunm bil-ghurm" means that "ghunm" refers to the right to profit, while "ghurm" refers to the readiness to bear the loss. This principle is fundamental in participatory transactions, where the client of an Islamic bank is a partner in both profit and loss.
- ✓ The connection between financing and the material aspect, meaning the real production that adds something new to society.

2.3.Islamic financing methods.

✓ **Speculation:** It is an investment process based on an agreement between two parties, namely the capital provider and the speculator or worker, who is the party responsible for investing the money. In it, the capital provider contributes capital to an institution or activity managed by the employer in their capacity as a speculator or service provider (Al-Krasneh, 2013, p. 9).

✓ **Manufacturing:** In Islamic jurisprudence, manufacturing is defined as a contract with a manufacturer to produce a specific item in the debtor's account. The nature of the contract is that a person (the buyer or the manufacturer) requests the seller or the manufacturer to produce an item, specifying its type, kind, description, and quantity, and they agree on its price, delivery date, and payment method (Yahya, 2009, p. 79).

✓ **Murabaha:** Selling the commodity at the same price the seller bought it for, with an agreed-upon profit margin either as a fixed amount or a percentage of the original price. Murabaha

sales fall under trust sales due to the necessity of disclosing the original price of the commodity (Abdel Hamid, 2010, p. 171)

✓ **Participation:** It is an agreement between the bank and the client to provide capital to enter into a specific project with the aim of making a profit, with the management of the project being shared between them. One of them specializes in management in exchange for a percentage of the profit rather than a wage. Participation in banks takes various forms and

different models depending on the purposes of financing (al-Maghrib, 2016, p. 74).

✓ **Ijarah:** It is a lease contract through which the bank or financial institution, referred to as the lessor, places at the disposal of the customer, referred to as the lessee, a movable or immovable asset owned by the bank or financial institution, for a specified period in exchange for a rent determined in the contract (Yahya Sharif & Mazghich, 2022, p. 404).

✓ **Muzara'a:** It is the transfer of land from its owner to someone who cultivates or works on it, and they share the harvest between them. Muzara'a is considered a "partnership contract" where the other partner provides labor on the land, and the Islamic bank's financing for muzara'a is a type of partnership between two parties.

✓ **Salam:** It is defined as a contract for the delivery of a described commodity on credit at the due date, with the price to be paid immediately, The commodity purchased on credit cannot be sold before it is received (Ali Said, 2018, p. 99).

2.4. The mechanism of Islamic windows in traditional banks:

Islamic windows generally refer to the traditional bank allocating a part or space within the traditional branch to offer Islamic banking services alongside the traditional services provided by that branch, with the aim of meeting the needs of some customers for banking transactions in accordance with Islamic law (Khatwi & laSalous, 2020, p. 926).

The Algerian legislator defined it as a structure within the bank or financial institution exclusively responsible for Islamic banking services and products (Official Gazette, 2020, p. 34). Among the most important motivations that led to the establishment of Islamic windows in Algerian banks within the framework of the provisions of system 20-02 are the following (Dahak, 2022, pp. 206-207):

✓ The attention of decision-makers and experts quickly shifted towards the Islamic banking project due to the presence of a large financial bloc outside official transactions, resulting from the reluctance of many segments of Algerian society to engage in banking and non-banking transactions with usurious interest.

✓ There are many Algerians who have not dealt with Islamic banks in Algeria, such as Baraka Bank, due to their trust in state banks, especially after the Khalifa Bank experience and the losses that resulted from it.

✓ The pursuit of attracting Islamic capital to diversify financing opportunities for the Algerian economy, by enabling traditional banks to

attract a wide audience of savers and businessmen who wish to operate according to Sharia principles.

Preventing the increasing need to establish more Islamic banks, which has driven traditional banks to enter the field of Islamic finance to retain their current customers and seek a share of this growing market.

2.5.The regulatory and supervisory framework for opening Islamic windows in traditional banks:

2.5.1.Legal requirements for opening Islamic windows:

Algerian legislation has clarified the legal requirements necessary to open an Islamic window, which can be summarized in the following points (Kermiche & Hasiba, 2024, p. 211):

- ✓ The National Shariah Advisory Board for Islamic Finance grants a Shariah Compliance Certificate as an approval permit through which the Bank of Algeria gives its preliminary approval for a new product for its transactions.
- ✓ A descriptive card for the product through which the type of product or service to be offered is determined, the method of applying the product or service is explained, along with all the necessary conditions.
- ✓ The compliance officer's report carries a positive opinion, confirming that this product does not violate the legislative provisions governing the operation of financial institutions.
- ✓ Statement of the accounting and financial independence of the window to be established from the other departments of the bank.

2.5.2.Regulatory requirements for opening Islamic windows:

According to the Algerian legislator, the establishment of Islamic windows requires independence in administrative and financial organization (Khetir, 2021, pp. 325-326).

✓ **Financial regulation:** Article 17 of Law No. 20-02 concerning Islamic banking mandates the financial regulation of Islamic banking counters by stating its basic provisions that ensure their financial independence through the establishment of a special accounting system for Islamic banking counters, separating it from the accounting system of the bank's structures.

✓ **Administrative organization:**

In Algeria, for the Islamic banking window to operate, it must have an organizational structure and human resources independent from the bank or the parent financial institution (as stated in Article 18 of Regulation No. 20-02). This ensures the independence of the Islamic window from the operations of the traditional interest-based bank or financial institution.

2.5.3.The Sharia requirements for opening Islamic windows:

To meet the Sharia requirements for the establishment of Islamic windows, two essential bodies must be appointed (Al-Lahiyan, 2022, pp. 80-81):

✓ **Sharia Supervisory Board:** Article 15 of Regulation 20-02 states, "In the context of conducting operations related to Islamic banking," the bank or financial institution must establish a Sharia Supervisory Board, which consists of at least three members appointed by the general assembly. Thus, banks authorized to open counters for Islamic banking are required to have a Sharia Supervisory Board.

✓ **The National Sharia Advisory Board:** Article 14 of Regulation 20-02 stipulates the establishment of a National Sharia Advisory Board for the Islamic financial industry, which works on granting compliance certificates to financial institutions and banks that wish to adopt Islamic financial transactions within their banking operations.

2.5.4.Supervision of Islamic banking activities within traditional banks.

To ensure compliance with Sharia provisions and regulatory standards, Islamic banking activities must be subject to strict oversight, which includes (Zoutat & Boukaïs, 2023, p. 672):

✓ **Algerian Bank Supervision:** The supervision of the Algerian Bank consists of two main phases: the first concerns the establishment of the Islamic bank, where obtaining a license from the Algerian Bank is required, which can be revoked if the establishment conditions are no longer met. The second phase involves continuous supervision during banking operations, through bodies such as the Risk Center and the Non-Performing Loans Center, to protect banks and financial institutions.

✓ **Banking Committee Oversight:** It is an independent administrative authority that monitors the compliance of banks with laws and addresses violations through legal procedures such as document and field inspections, and it has the authority to impose penalties, including revocation of licenses.

✓ **Sharia supervision:** The Currency and Credit Law did not include a definition of Sharia supervision as it did not primarily address the mechanisms of Islamic banking rules, and the same applies to the aforementioned Regulation No. 20-02, as Article 15 of it merely refers to its formation and general tasks. Sharia supervision is defined as an independent body responsible for directing, overseeing, and monitoring the transactions conducted by the bank, with the aim of verifying and ensuring their compliance with the principles of Islamic law.

3.The banking activity of the Islamic window at the National Bank of Algeria:

3.1.Presentation of the National Bank of Algeria - Tiaret Agency 540:

The Tiaret Agency is a main agency of type A due to its importance in its operations. The Tiaret Agency carries the number 540 and was established immediately after the creation of the National Bank of Algeria. The Tiaret Agency branches from the exploitation directorate of the Mostaganem province, which in turn carries the number 198, overseeing and funding the agency's operations. As part of its efforts to meet the needs of all segments of society and enhance its financial services, the Tiaret Agency of the National Bank of Algeria launched Islamic banking services in December 2020. This initiative falls within a national plan aimed at promoting Sharia-compliant financing.

3.2. Islamic Banking:

The Islamic bank accounts approved by the National Bank of Algeria offer a range of options that align with Islamic principles, and among these options are:

- ✓ **Islamic Check Account:**The Islamic Check Account is a banking service that allows customers to manage their funds in ways that comply with Islamic law without earning interest. It permits the customer to withdraw money through checks or electronic payment methods, in accordance with Islamic regulations. This account provides the customer with complete freedom to conduct their daily transactions while adhering to the Shariah rules related to withdrawals and transfers.
- ✓ **Islamic current account:** The Islamic current account is a banking tool aimed at managing funds without calculating interest or profits. It allows the holder to make deposits and withdrawals flexibly, in addition to the possibility of obtaining electronic payment methods such as sharia-compliant debit cards, while fully adhering to religious laws that prohibit usury.
- ✓ **Islamic savings account:** The Islamic savings account is considered a type of investment account, where the client can save their money with the possibility of obtaining returns that comply with Sharia law through the profit-sharing system. The bank invests these funds in projects that align with religious principles, and profits are distributed according to a pre-agreed partnership without guaranteed profits based on the principle of profit and loss sharing.
- ✓ **Islamic term deposit account:** This type of account represents an investment tool that allows the client to deposit a certain amount in the

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bank for a specified period in exchange for receiving a percentage of the profits generated from investing these funds in Sharia-compliant activities. This account also relies on a system

Speculation, where profits are distributed based on the actual investment results without guaranteeing a predetermined profit percentage. And the above can be summarized in the following table:

Table No. 01: Development of Islamic financial services from 2023 to 2024 at the Tiaret Agency.

Years	Balance 12/31/2023	Balance 12/31/2024	Number of files
Accounts Islamic Checking	22296384.81	32543496.30	712
Account Islamic Current	2503558.20	4673261.35	30
Account Islamic Savings	456528722.77	648147586.46	1168
Account Islamic Term Deposit Account	254174000.00	283491661.35	215
Total (Dz)	735502665.78	968856005.46	2125

Source:Documents submitted by the Director of the Tiaret Agency 540.

Based on the information available in the table, it can be concluded that the demand for Islamic accounts at BNA Tiaret Agency in 2024 witnessed a significant increase compared to 2023, indicating a growing interest among customers in Sharia-compliant financial transactions. This is clearly evident through the significant increase in the number of Islamic savings accounts and Islamic term deposit accounts.

3.3. Islamic financial products:

3.3.1 Ijarah: The National Bank of Algeria, Tiaret Agency 540, relies on the Ijarah Muntahia Bittamleek financing formula as one of the Sharia-compliant mechanisms for financing the acquisition of movable equipment and machinery. The bank purchases the required assets from suppliers or local agents, then leases them to the customer for a specified period, granting them the option to own the assets at the end of the contract in accordance with Islamic Sharia principles.

there is a complete absence of financing files in the form of leasing with ownership transfer at the level of the National Bank of Algeria agency in Tiaret during the period from 2020 to 2024. This clearly reflects the lack of actual demand for this form. It can be said that this absence indicates

weak promotion or limited service offering by the agency. It may also be related to internal organizational or procedural factors within the bank, necessitating a comprehensive review of how this product is marketed and presented to customers.

3.3.2. Murabaha: This formula is used to meet various needs according to the type of asset involved, whether it pertains to real estate, equipment, or vehicles. From this perspective, the bank's Murabaha is classified into three main types: property Murabaha, equipment Murabaha, and car Murabaha.

✓ **Real estate Murabaha:** It is a sale contract at cost price with an added known profit margin agreed upon between the purchasing customer and the selling bank. The process begins with the client selecting the property they wish to acquire, whether from a real estate developer or an individual owner. The bank then purchases the property in its name and sells it to the client with a previously agreed-upon profit margin. The sale price is repaid by the client in fixed monthly installments over a long period, which may extend up to 40 years. Sharia compliance certificate for Islamic finance: Real estate Murabaha.

Table No. 03: Real Estate Murabaha Formula at the National Bank of Algeria, Tiaret Agency.

Years	2020	2021	2022	2023	2024
Files	1	4	7	13	17
Amounts (Dz)	4249181.88	169667277.52	29744273.16	58172418.47	68413636.71

Source: Documents submitted by the Deputy Director of the National Bank of Algeria, Tiaret Agency.

The development of real estate Murabaha financing during the period from 2020 to 2024 indicates a significant growth in the number of files and financed amounts, reflecting a clear expansion in the adoption of this financing method. The number of files increased from just one file in 2020 to 17 files in 2024, while the amounts rose from approximately 4.2 million D. to more than 68 million D. J. This growth shows an increase in customer interest in real estate financing through the Murabaha method, either due to enhanced trust in this mechanism or thanks to banking marketing efforts and financing facilities. It is also noted that the average amount financed per file remained relatively stable, indicating a focus on a mid-range real estate segment in terms of value. The leap recorded between 2022 and 2023, both in the number of files and in the total amounts, reflects an acceleration in financing activity and an expansion in the market share of this product.

✓ **Equipment Murabaha:** It is a sales contract at cost price with an agreed-upon profit margin added, between the selling customer. The

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process begins with the client selecting the equipment they wish to purchase, then the bank buys it directly from the supplier. After that, the bank resells this equipment to the client at a price that includes the original cost and the agreed-upon profit margin. This price is paid in the form of fixed monthly installments, distributed over a period ranging from 12 to 36 months, according to a prior agreement between the two parties. (Sharia Compliance Certificate for Islamic Banking: Murabaha for Equipment (See Appendix No. 2)).

Table No. 04: Equipment Murabaha formula at the National Bank of Algeria, Tiaret branch.

Years	2020	2021	2022	2023	2024
Files	20	23	29	80	244
Amounts (Dz)	1272407.40	1463268.51	1844990.73	5089629.84	69567258.99

Source: Documents submitted by the Deputy Director of the National Bank of Algeria, Tiaret Agency.

The table illustrates the development of the institution's equipment monitoring process during the period from 2020 to the end of 2024, where a significant increase in the number of files was recorded, from 20 files in 2020 to 244 files in 2024, reflecting an expansion in activity or an increase in the number and size of the equipment that was inspected. From a financial perspective, the recorded value in 2022 was approximately 5,089,629.84 DZ, before it significantly increased in 2024 to 69,567,258.99 DZ, which may indicate an increase in spending on equipment or a rise in the value of the assets acquired. This notable growth in the volume of files and the amounts associated with them reflects an increase in business volume, necessitating the strengthening of monitoring and follow-up mechanisms to ensure transparency and efficiency in managing the institution's equipment.

✓ **Car Murabaha:** It is a sales contract for new cars, whether assembled or manufactured in Algeria, sold at cost price with an agreed profit margin between the client and the bank. In this type of financing, the bank purchases the car from an authorized dealer and then resells it to the customer at cost price plus an agreed-upon profit margin between the two parties, both of whom are fully aware of the amount of this margin and the repayment method. This type of financing is available to Algerian citizens under the age of 70 who have a stable and regular income of no less than 400,000 DZ, per month. The financing can cover up to 85% of the car's price, with the option to repay over a period ranging from 12 to 60 months, and fixed monthly installments. The bank also allows early repayment,

either in full or partially, but this financing remains restricted until further notice due to the current car crisis in the country and the scarcity of locally assembled cars. (Sharia-compliant certificate for Islamic banking: car Murabaha (see Appendix No. 3)).

The data in the table above indicate the absence of any transactions related to car Murabaha or files during the years 2020 to 2024. This could be due to the cessation of administrative activities by the concerned entity or the absence of vehicles or files requiring registration. It may also reflect poor documentation or delays in updating records. It is also possible that the tasks were linked to another entity during this period or that the process was not officially enforced in those years.

4. Evaluation of the implementation of Islamic banking in Algeria:

4.1. The difficulties facing Islamic windows in Algeria:

Islamic windows and Islamic banks are active in a reality filled with difficulties as represented in (Ben Kabo & Menad, 2022, p. 554):

✓ **Legal Environment:** One of the most important needs for Islamic windows in Algeria is to find a suitable legal framework for their operations. Despite the issuance of Regulation No. 20-02 related to Islamic banking, which has contributed to lifting the restrictions on Islamic financial transactions in Algeria, it remains insufficient. Islamic banks in general, and Islamic windows specifically, differ in their nature of operations from traditional banks. Consequently, some laws fall short of addressing the essential tasks of these banks in meeting their clients' needs in implementing non-interest-based financing methods. Therefore, the existence of a specific legal framework for them contributes to providing a suitable banking environment for the activities of these institutions.

✓ **Lack of qualified human resources:** Specialized and trained human resources contribute to a comprehensive understanding of the principles of Islamic transactions and the correct Sharia-based foundation for Islamic investment and financial services, which helps eliminate many gaps and address the deficiencies affecting many Islamic banks, a situation that is almost nonexistent in the Algerian context.

✓ **Subjection to Central Bank Oversight:** One of the challenges and obstacles facing Islamic windows is their subjection to the oversight and supervision of the central bank, similar to traditional banks. Therefore, when they need liquidity, they cannot turn to the central bank because it imposes interest on the loans it grants or on the discounting of commercial papers, which contradicts Islamic law. One of the principles of Islamic banking is the prohibition of dealing with interest, both in receiving and

giving, and the prohibition of usury, which God has forbidden in all heavenly scriptures. This obstacle hinders the progress and development of Islamic banks, as they operate in a mixed banking environment that impedes their development (Welad Muhammad al-Amin, 2022, p. 81).

✓ **Difficulties related to systems and policies:** Experience indicates that many banks wishing to offer Islamic banking alongside traditional banking do not pay sufficient attention to the following two matters: the incompatibility of the existing accounting system, which is based on traditional foundations, with the requirements of Islamic banking, and the occasional delay in meeting the needs of Islamic banking applications in terms of systems and technical procedures. This reflects on the work itself in the form of prolonged and complicated procedures and a relatively weak level of customer service (Ben Zaar, 2021, p. 106).

4.2.The components of the success of implementing Islamic windows in Algeria:

For the success of Islamic banking in Algeria, whether it involves establishing Islamic windows in traditional banks or expanding the services of existing Islamic banks in Algerian territory, the Algerian public authorities must meet a set of requirements, including (sahnoun, 2008, p. 17):

✓ **Regulating banking operations:** This means that the activities of Islamic banks should be governed by specific laws and regulations issued by the official and competent authorities in the state. A special law should cover everything related to Islamic banks, including their establishment and supervision. The absence of laws in this area will lead to many issues in oversight, supervision, accounting and auditing standards, and the relationship with various institutions operating in the Algerian banking market.

✓ **Organizing the relationship with the central bank:** The difference and distinction in the nature of Islamic banks' operations necessitate that the central bank in any country also deals with these banks in a special and distinguished manner. This does not mean that they are outside the scope of its supervision; rather, it requires finding and using special tools and methods for this supervision that suit their nature of work. Organizing this relationship is necessarily a result of the previously mentioned enactment of a special law regulating the establishment and supervision of Islamic banks. Consequently, the Bank of Algeria, under this law, can organize its relationship with Islamic banks in its essential aspects, including: the legal

reserve ratio, the role of the lender of last resort, the liquidity ratio, and the capital adequacy ratio.

✓ Training and religious education for employees of Islamic banks: The awareness of Islamic bank employees and their complete knowledge of the principles of Islamic financial transactions, along with the correct religious foundation for Islamic investment formulas and financial services, contribute to removing many obstacles and addressing the issues that affect many Islamic banks. Therefore, it is necessary to prepare scientifically qualified frameworks to work in Islamic banks and financial institutions.

4.3 Strategies and Solutions for Developing Islamic Banking in Algeria:

In order to activate the role of Islamic banking in the Algerian economy, Algerian experts proposed a set of solutions, which are (ben azaa & beldgham, 2018, p. 88):

✓ Revising the legal framework, especially the Currency and Credit Law, to allow for a dual banking system and thus the establishment of Islamic banking under its full conditions.

✓ Not restricting Islamic banking activities in Algeria, allowing banks in general, including Islamic banks, to use marketing tools to promote their products freely, and letting citizens choose whatever products they want freely.

✓ Opening Islamic banks and Islamic windows in all commercial banks.

✓ The adoption of Islamic bonds as official products in Algeria

✓ Launching Takaful insurance because it is a fundamental condition for the success of Islamic banking in the true sense of the word.

✓ Focusing on human resources specialized in Islamic banking and Takaful insurance through specialized training inside and outside the university.

✓ Facilitating the approval of new Islamic banks in Algeria based on a partnership between private entities and foreigners, as well as between the state and foreigners, and lifting the blockade on the files of Islamic banks that have requested approval for years without a response from the Bank of Algeria.

✓ Accelerating the approval procedures for new branches of Islamic banks in Algeria.

✓ Adopting new and flexible legal texts that officially integrate Islamic banks as an integral part of our banking system, recognizing Islamic financing methods, and providing them with the necessary legal protection.

✓ Respecting the privacy of Islamic banks and granting them a special area of interaction with the Bank of Algeria, allowing them to adhere to the Islamic Sharia rules that govern them.

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✓ The Ministry of Religious Affairs and Endowments and the Supreme Islamic Council fulfilling their duty in enlightening public opinion on the issue of Islamic banking transactions, the methods of dealing with Islamic financing institutions, and the possibilities of establishing them away from state authority and interference.

5. CONCLUSION

✓ The experience of opening Islamic windows in traditional banks in Algeria currently represents an important step towards creating a dual banking system that combines religious and social aspects on one hand, and aligns with global financing standards on the other. This model has provided traditional banks with the opportunity to explore Islamic finance products, including all forms of Murabaha, without the need for radical changes in the bank's structure or the laws associated with it. These windows also provided financing options that align with the values and beliefs of the community, thereby increasing customer trust in the local banking system. Through the analytical and field study, it was found that the hypothesis that the shift towards the Islamic window at the National Bank of Algeria is merely a formal step without any substantial change in the banking model is incorrect, because the opening of the Islamic window is not a formal step, but rather represents a real beginning in the process of transitioning towards an Islamic banking model, even if the transition is gradual and not yet complete. The following results were also reached:

✓ The integration of Islamic windows in traditional banks contributes to enhancing financial inclusion and opens new horizons for individuals who have avoided dealing with interest-based banks, thereby expanding the financial base and improving the banking environment to become more diverse and inclusive.

✓ The National Bank of Algeria has clearly demonstrated through its Islamic windows a strong reliance on the Murabaha formula as a primary financing tool. This formula has been directed towards financing individual needs such as purchasing cars or real estate, as well as financing the needs of small and medium-sized enterprises. This reflects the bank's confidence in this mechanism to expand its customer base among those who reject usury. The experience has also revealed Murabaha's ability to achieve a balance between Sharia compliance and commercial profitability within a traditional banking model.

✓ Although the issuance of Regulation 20-02, which regulates Islamic banking operations and their practice rules, is a step forward, it is not

sufficient. What is needed is to establish a foundation for Islamic banking by creating a specific law or incorporating it into the chapters and sections of the Currency and Credit Law.

✓ The proportion of real estate Murabaha transactions at the Tiaret agency is considered high compared to the proportion of car Murabaha transactions, and the reason for this is the lack of a local product and the halt in car assembly within Algeria.

✓ Islamic windows have shown that the actual interest in Islamic financial products does not arise solely from the religious context, but also stems from the desire to obtain financing characterized by transparency and fairness. This reflects the attractiveness of these services even for non-religious individuals.

✓ Through the analytical and field study, a series of recommendations were reached, the most important of which are:

✓ The establishment of a special law to regulate Islamic banking in Algeria with the aim of organizing the activities of Islamic windows and granting them greater operational independence within traditional banks.

✓ Limiting the central bank's intervention in regulating Islamic windows as well as Islamic banks.

✓ Reorganizing the banking information system to distinguish between Islamic and traditional operations, to avoid any overlap in accounting or legal aspects.

✓ Providing training and development for human resources related to Islamic finance through recognized programs, ensuring the efficiency of employees in Islamic windows.

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