Islamic banking policy and its role in easing the global financial crisis: An analytical study at Faisal Islamic Bank in Sudan

Política bancaria islámica y su papel para aliviar la crisis financiera mundial: un estudio analítico en el Banco Islámico Faisal en Sudán

ABSTRACT/ The paper focuses on the role of Islamic banking policy and its role in alleviating the global financial crisis from the perspective of analytical study in Faisal Islamic Bank in Sudan as a study case. The study period was taken from 2006 to 2010. The research problem is based on the fundamental question that states: Can Islamic banks through Islamic financial indicators in the face of the financial crisis, and the research starts from the premise that the main hypothesis is that, the Islamic banks through their indicators able to cope with the financial crisis and away from the risks of financial hardship, bankruptcy, and focused the practical side of the research based on the financial statements of the Bank researched for the years 2006-2010. The most important of these conclusions was that Islamic banks that used financial measures away from Riba-based frameworks were isolated from the global financial crisis. Keywords: The role of banks, financial crisis, global financial crisis, Islamic Banks

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Introduction
The world has witnessed many successive crises that have had a significant impact on the world economy. Since the beginning of the nineties of the last century, the world has witnessed multiple crises in one decade, which were successive local, regional or global crises. These crises were in different forms where some were small and some were large and therefore had a clear impact on many businessmen. Many researchers and writers found that there are many elements and props that Islamic jurisprudence possesses which can confront all crises through reference to the Koran and legislation. Islamic in order to build a strong Islamic economy to cope with financial crises in the future and not to fall into the same mistakes in the future.

Axis I: Theoretical Framework Islamic Banks (Origin, Concept, Importance, Goals)
The Global Financial Crisis (Concept, Implications)

Axis III: The practical side
**First: Research importance**
The importance of research is to know the transactions that take place through inputs and outputs of Islamic banking in a way that prevents the impact of financial instability caused by the global financial crisis in 2008. The role of Islamic banks to overcome the risks caused by activities and banking practices in the environment of the banking sector, the importance of research in knowledge of the impact of Islamic banks on the current global financial crisis and its resilience in the event of such a crisis, as well as the direction of many financial and banking institutions to the Islamic banking system in order to avoid the crises which are exposed to financial institutions and banks, and the impact of Islamic banks in a large and direct to the global financial crisis and its stability in the face of the crisis.

**Second: Research problem**
Research focused on the question of whether Islamic banks through indicators of profitability, liquidity and deposits played a role in overcoming the global financial crisis, which was the financial instability that resulted in the bankruptcy of many banks and traditional international financial institutions (Riba).

1. What is the nature of the recent global financial crisis? What are their causes?
2. What is the position of Islamic banks from the causes of the global financial crisis: such as interest, the process of creating credit, debt trading, speculation in the financial markets, and control?
3. What are the limits of the contribution of Islamic banks in light of the global financial crisis?
4. How can banks adopt the modern global financial crisis and adapt to the field of interest, investment and credit?

**Third: The hypothesis of research**
The hypothesis of the research is from a basic assumption that Islamic banks through their indicators (profitability, liquidity, deposits) can cope with the financial crisis and keep away from the risks of financial hardship and bankruptcy.

**Fourth: Research Objectives**
This research aims to shed light on the role played by Islamic financial indicators in confronting the global financial crisis in terms of the main reasons needed and their impact on the economies of the Arab countries. The research also aims to focus on the mechanism of dealing with Islamic banking and its ability to overcome the financial crisis of 2008 and how Use of funds and reduce risks resulting from financial instability.

**Fifth: Research methodology**
The research was based on an analytical approach to analyze the indicators and ratios of Faysal Islamic Bank (profitability, liquidity and deposits) to analyze the data for the period 2006-2010 using Microsoft Excel 2016. Faisal Islamic Bank of Sudan was selected to provide the Sharia- With the standards of the Sudanese banking sector.

**The first axis: The theoretical framework**
**Islamic banks (evolution, concept, importance, goals)**

**First: The formation of Islamic banks**
Islamic banks and Islamic exchange in the field of Islamic banking dates back to the beginning of Islam, where the owners of the funds are pledging their money to people known for their integrity and trust among the people. The purpose of depositing these funds is a saving point. The person who deposits them has a duty to return them when the depositor requests these funds. In the modern era, the banks originated in Malaysia in 1940, where the bank was established in Malaysia in the form of funds to save money and work without benefit from the owners of funds. In 1950, signs emerged of the methods of Islamic finance in Pakistan, and then the first Islamic savings banks were established in the bank in 1971, the purpose of which is to collect and dispense zakat and good loan. Then, the Islamic Bank in 1974 and Dubai Islamic Bank emerged in 1974, as well as in the countries of the Sudanese Faisal Bank in 1977. Time has become so many transactions and customers.

**Second: The concept of Islamic banks**
There are many opinions and understandings between the writers and researchers on the concept of Islamic banks, where many of them to give many of the concepts and definitions described by Islamic banks through its work. It is considered a banking financial institution based on the task of collecting and employing financial resources in accordance with the provisions and Islamic Shari'ah in order to achieve its objectives, which apply to the concepts and financial intermediation, which provides for the principle of participation in profits and losses. And is defined as financial institutions that do not deal with interest, but rather a religious, economic and social institution that deals with the light of the Islamic Shari'a rules which are far from Riba.
It can also be defined as a financial and monetary institution that collects the savings of its owners and directs them towards real investment based on the principles of Islamic law and not to take advantage of the interest and to achieve the objectives of socio-economic development in the interest of society. The Islamic Bank is known as the financial, advisory and social development institution and is based on the doctrinal principles derived from Islamic law. The Islamic Bank is known as a commercial institution that conducts banking business within the provisions and scope of Islamic Shari'a. Islamic banks are also known as financial institutions that provide financial and banking services and attract monetary resources and employ them to ensure their growth and achieve the greatest returns from them while achieving the objectives of economic and social development within the framework of Islamic Shari'a. And also known as banks that are in the dealings on the foundations and rules of Islamic law and principles and not to deal interest (usury) take and give and serves through which the work of banks. Through the definitions above it can be said that Islamic banks are a financial institution or banking system operating in accordance with the provisions of Islamic Shari'a and is to raise the funds of customers and investment in accordance with the rules of legitimacy in addition to financing investors in a way that eliminates them from the interest.

Third: The importance of Islamic banks
Islamic banks enjoy other commercial banks of great importance for a number of societies that prefer to deal with these banks, whose transactions are based on Islamic Shari'a, unlike commercial banks. The importance of Islamic banks is evident from the following functions:
1- Adopts in its work a system of values, ethics and behaviors that must be observed in banking and financial transactions and any other forms.
2- A banking institution that invests money in the way of Islamic instruments and products from Murabaha and other transactions that prohibit the interest of commercial banks.
3 - The overall development orientation of the Islamic banks, which takes into account the purposes of Islamic legitimacy in setting priorities for the necessary and quantitative needs to preserve the wealth and reached the level Almzlub.

Fourth: The objectives of Islamic banks
There are many objectives that Islamic banks are working to achieve in order to serve customers, which are based on their application to Islamic Sharia. The most important of these objectives is the following:
B - The commitment of Islamic banks to Islamic law in all activities, whether related to sources of funds or other uses in terms of the provision of banking services or management of the bank.
C) To invest the funds properly in all investment and commercial projects, provided that this is within the scope of individual transactions, while adhering to the general interest of Islamic societies.

Fifth: Financial indicators of Islamic banking
1- Profitability Index
The profitability index is one of the most important indicators to be achieved by financial institutions, organizations and banks in order to continue and remain active in their activities and services. Profitability is one of the important tools used by the management to measure efficiency in using its available resources. Profitability is defined as the relative measure of success as it provides an indicator of the level of assets required to support operational operations that achieve sales. Profitability indicators are also a function of the efficiency of investment and financing decisions. Profitability is an important indicator for banks and it is necessary for it to remain a target and a target for investors and customers. Profitability is an indicator of interest to creditors in dealing with banks and is an important tool used to measure the efficiency of management in using the resources available to the bank.

2. Liquidity Index
Liquidity is one of the most obvious indicators in commercial banks, through its daily work and its contact with the customers of the bank, as banks are more concerned with liquidity than other financial institutions because they need liquidity to meet the needs of their customers to the funds. The liquidity of the banking system means the measure of solvency in the bank's short term liquidity means the bank's ability to transfer its assets to cash as quickly as possible in order to meet...
the short-term debt. The higher the liquidity ratio of the bank, the greater the liquidity situation in cases of emergency and gives the bank experience in measuring for his existing liquidity (). Liquidity is defined as the ability of the economic units to provide the cash needed to meet short-term obligations and to take advantage of the contingency opportunity in terms of quantity, time and time, through good planning of financial and financial flows. It can be considered that each component of current assets has liquidity, that is, after a period that turns into ready-made funds such as accounts receivable and commodity inventory, which are considered semi-liquid assets.

3- Deposit Index:
Deposits are an important indicator for commercial banks, and the work of the banking system and research institutions to find ways to ensure the analysis of the results of these deposits in order to reach the necessary indicators serve the planning and control of banking. The deposits are defined as an agreement whereby the depositor to pay money by means of The financial means of payment, according to which the bank is obliged to refund the amount to the applicant on demand or when it is dissolved, and the bank also undertakes to pay interest on the deposit value.

The second axis: the global financial crisis (its concept, its implications)
First: The concept of financial crisis
After the global crisis that swept the world in 2008, many writers and researchers went on to give a lot of concepts and opinions, during which the financial crisis and its repercussions were described, which affected the economy of many countries. And the knowledge of the financial crisis as an event that cannot be expected and cannot be predicted and affects the macro-economic vulnerability and accompanied by a significant reduction in the value of the national currency and reserves of foreign currency and the expansion of large volume of foreign loans, which leads to the inability of the financial system of the State to carry out its basic functions. The crisis has been known as the fluctuations that affect in whole or in part the financial variables, which leads to confusion and imbalance in the movement of financial markets to the level of crisis, which happen suddenly as a result of the crisis of confidence in the financial system. It has also been known as sudden turbulence and is due to the lack of parity between the availability of production and diminishing needs, which leads to an imbalance between the phase of recession, recovery and contraction. The crisis is also known as fluctuations that affect in whole or in part the overall financial variables that occur in the volume of the issue, the prices of bonds and equities, and also affect bank deposits and exchange rates. As the researcher knows, it is an emergency or a surprise that affects the financial system so that it cannot be easily avoided except through modern methods such as prophecy or proper planning or follow the methods of Islamic banking.

Second: The repercussions of the financial crisis:
There have been many repercussions of the global financial crisis of 2008, which had a positive role in the direction of many countries of the world to study the repercussions and to benefit from them in the future, and these propaganda, which have a strong impact on the world, which is the following:
1 - The noticeable increase in new deposits of Islamic banks, unlike their investment and savings deposits.
2 - The increase in the number of new Islamic banks in the spread, with the transformation of the work of a large number of traditional banks to Islamic banks and the establishment of many traditional commercial banks to open branches of Islamic banks within the building.
3 - Increased interest by non-Islamic countries to study the Islamic economy in general and Islamic banking in particular.
4 - Increasing the use of Islamic financing instruments after the financial crisis on various private or public sectors, this explains the possibility of Islamic banks to be a full substitute for traditional banks.

Axis III: The practical side
First: Profile of the Bank:
Faisal Islamic Bank was established following the meeting of 86 Sudanese and Saudi founders and some citizens of other Islamic countries. The approval of the establishment of the bank was obtained and the subscription of half of the issued capital was approved at the time. Faisal Islamic Bank was established under temporary order No. 9 of 1977 on 4/4/1977, he started his business in 1978 with an authorized capital of 1 billion Sudanese pounds with a paid up capital of 700 Sudanese pounds. The bank conducts all banking activities and commercial and investment transactions. The bank also contributes to
economic and social development projects and activates the Workers in the field of foreign trade in accordance with Islamic law and modern advanced technologies.

Second: Calculation of developments in the ATMs and the number of employees and capital in the Faisal Islamic Bank of Sudan.

Table (1): The growth in ATMs and the number of employees and capital in Faisal Islamic Bank of Sudan

<table>
<thead>
<tr>
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<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Increasing</td>
<td>%154</td>
<td>80</td>
<td>72</td>
<td>64</td>
<td>59</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>%196</td>
<td>%166</td>
<td>%137</td>
<td>%118</td>
<td>%27</td>
<td>Indicators of change</td>
</tr>
<tr>
<td>Increasing</td>
<td>%24</td>
<td>886</td>
<td>805</td>
<td>789</td>
<td>723</td>
<td>644</td>
</tr>
<tr>
<td></td>
<td>%37</td>
<td>%25</td>
<td>%22</td>
<td>%12</td>
<td>%644</td>
<td>Indicators of change</td>
</tr>
<tr>
<td>Increasing</td>
<td>%66.25</td>
<td>140</td>
<td>110</td>
<td>80</td>
<td>70</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>%133</td>
<td>%83</td>
<td>%33</td>
<td>%16</td>
<td>%60</td>
<td>Indicators of change</td>
</tr>
</tbody>
</table>

Table (1) shows the following
1. The bank has an expansion in the number of ATMs and for all years of research, the number of which were respectively (27), (59), (64), (72), (80), and (154%), which indicates that the bank was not affected by the financial crisis of 2008 in terms of growth and expansion in terms of growth and expansion. ATMs in the provision of banking services unlike banks that failed and affected the crisis in 2008, which reduced the activities and the number of ATMs and withdrew or merged with other banks
2 - The Bank has expansions in the recruitment of employees and for all years of research has reached the number of employees and for the years 2006, 2007, 2008, 2020 respectively (644), (723), (789), (805), (886), (22%), (25%), and (37%) respectively, and the index is on an upward trend. The total change rate was also 24%, indicating that the bank has not been affected in the financial crisis of 2008 in terms of employment and polarization, unlike the banks that were affected by the crisis and which have taken the policies of layoffs for employees.
3 - The Bank has expansions in the capital through the profitability achieved and for all the years of research, the capital reached (LE million) and for the years 2006, 2007, 2008, 2009, 2010, respectively (60), (70), (80), (110), (33%), (83%), and (133%) respectively, and the index is on an upward trend. The total change rate was also 66.5%), which shows that the bank was not affected in the financial crisis for the year 2008 in terms of increase in capital, unlike banks affected by the crisis, which faced the policies of liquidation and merger or interrogation.
3 - Financial indicators studied:
For the purpose of calculating the financial indicators and arriving at the results, these indicators were calculated using Microsoft Excel 2016

Table (2): Financial Indicators

<table>
<thead>
<tr>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>Total change rate</th>
<th>Direction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability</td>
<td>%26.70</td>
<td>%34.28</td>
<td>%40</td>
<td>%45.50</td>
<td>%51</td>
<td>Direction</td>
</tr>
<tr>
<td>Indicators of change</td>
<td>26.7</td>
<td>%28</td>
<td>%49</td>
<td>%70</td>
<td>%91</td>
<td>%217</td>
</tr>
<tr>
<td>Cash</td>
<td>%77</td>
<td>%78</td>
<td>%85</td>
<td>%88</td>
<td>%97</td>
<td>Direction</td>
</tr>
<tr>
<td>Indicators of change</td>
<td>77</td>
<td>%1</td>
<td>%10</td>
<td>%14</td>
<td>%25</td>
<td>%12.50</td>
</tr>
<tr>
<td>Deposits</td>
<td>%90</td>
<td>%150</td>
<td>%150</td>
<td>%170</td>
<td>%190</td>
<td>%83</td>
</tr>
<tr>
<td>Indicators of change</td>
<td>90</td>
<td>%66</td>
<td>%66</td>
<td>%88</td>
<td>%111</td>
<td></td>
</tr>
</tbody>
</table>
Table (2) shows the financial ratios extracted from agencies:
1- Profitability Ratio: The results of the analysis show that the percentage of profitability is positive and upward, and for all years of research, it reached the percentage for the years 2006, 2007, 2008, 2009, 2010, respectively (26.7%), (34.28%), (40%), and (45.5%)) The percentage of change as a base for the year 2006 was 49% (70%) and 91% respectively. (217%), indicating that the bank was not affected in the financial crisis of 2008 in achieving profitability and maintaining market share, and as long as the profitability is higher than (10%), the bank is able to employ its assets efficiently.
2- Liquidity Ratio: The results of the analysis show that the Bank has enough liquidity to face emergency situations. The change rate as the base year 2006 was the indicator of change for all years and respectively (1%), (10%), (14%), and (25%) respectively, the total rate of change (12.5%) also showed that the bank was not affected by the financial crisis of 2008 and the bank has liquidity for the purpose of expansion in the face of emergency conditions.
3 - The percentage of bank deposits: The results of the analysis show that the bank enjoys attracting deposits through confidence and safety in its activities, as the ratios and for all years of research has reached the percentage for the years 2006, 2007, 2008, 2009, 2010, respectively (90%), (66%), (66%), and (88%) (111%) respectively. The change index for all years was 66% the index is in an upward direction. The total rate of change is also 83%, which indicates that the bank was not affected by the financial crisis of 2008. The bank has a high ability to employ its activities and keep it away from Riba-based transactions, the financial crisis has died. The Bank’s ability to meet the needs of organizations and the public, as it is available, is based on the availability of Sharia-based infrastructure. The Bank’s adoption of the current model and its indicators (profitability, liquidity, deposits) The Bank has modern information systems that have provided the current flexibility in responding to environmental variables

Conclusions
1- The financial crisis is a condition or a defect that affects the financial system so that it cannot be easily avoided except through the adoption of modern methods such as prophecy or proper planning or follow the methods of Islamic banking.
2 - Islamic banks that used financial standards that are compatible with Islamic law away from the frameworks of interest were in isolation from the global financial crisis.
3 - The results of the analysis showed that the profitability ratio is positive and this means that the bank was not affected by the financial crisis for the year 2008.
4 - It is clear to us through the results of the analysis that the bank has sufficient liquidity to cope with emergencies and financial crises.
5- The results of the analysis show that the bank has the ability to attract deposits through trust and safety in its activities with customers.

Recommendations
1 - The study reached the need to follow the traditional banks controls and standards used in the work of Islamic banks to achieve greater profitability and better security.
2 - The study confirmed through the study of the crisis the need to adopt the most banks on the principle of transparency and documentation and disclosure by a large percentage in banks and Islamic financial institutions.
3 - To encourage banks and Islamic financial institutions to apply the criteria of solvency in accordance with the requirements of capital adequacy established under the Basel II Convention.
4 - The study stressed the need to establish a financial environment for Islamic banks and financial institutions aimed at attracting surplus financial liquidity of many Islamic banks and working to invest in a manner consistent with the provisions of Islamic Sharia.

References


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