

Ecole des Hautes Etudes Commerciales d'Alger



**End-of-cycle thesis for obtaining a Master's degree in commercial
sciences**

Major: Finance and Accounting

Theme:

**Investment credit: comparative study between Islamic
finance and conventional finance**

Case study: BADR bank

Submitted by:

Ms.Mahmoudi Soulaf

Directed by

Mm lebsaira Meriem

(Professor at EHEC)

10th promotion

June 2023

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Dedication

I am dedicating this thesis to the special people who influenced me and made me who I am today.

To my treasure, wealth, life, the woman I love so much, the golden hand. To my dear mother for her love, tenderness, and prayers throughout my studies.

To the man who is always sacrificed for me, to the one who guided me on the right path, to whom I owe respect and privilege as a king... To my dear dad whom I love, I would like to thank you for your love, and finally, no dedication can express the love, esteem, and respect that I have always had for myself.

May the almighty God keep them for me.

To my brothers Mohamed and Abdou whom I love who are always by my side.

To my sister Amani, who has always pushed me to do better, I wish you a life full of love, happiness, and success.

To my dear friends Thank you for our sincere friendship and for the years we spent together, NCHALLAH we will always stay together.

to all the members of my family who have shown support from day one.

Thank you.

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I present my thanks to the members of the jury who do me the honor of evaluating and judging my work.

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List of abbreviations

Abbreviation	Title
AAOIFI	Accounting and Auditing Organization for Islamic Finance
ABS	Algerian banking system
ALP	Algérie Poste
ANGEM	Agence Nationale de gestion du Micro-crédit
ANSEJ	Agence Nationale de Soutien à l'Emploi des Jeunes
ATM	Automatic teller machine
B.N.P	Banque nationale de paris
BADR	Banque d'agriculture et de developpement rural
BCIA	Bank for Commerce and Industry of Algeria
BDC	Bons de caisse
BDL	Banque de developpement local
BEA	Banque exterieur d'algerie
BFR	Besoin en fonds de roulement
BIC	Bank Identifier Code
BNA	Banque nationale d'algerie
CACOBATPH	Caisse Nationale des Congés Payés et du Chômage-Intempéries
	des Secteurs du Bâtiment, des Travaux Publics et de l'Hydraulique
CAD	Caisse Algérienne de Développement
CBA	Commercial Banking Applications
CBR	Carte Badr de retrait.
CCLS	Coopérative des Céréales et Légumes Secs

CIB	Carte interbancaire
CNAC	Caisse Nationale d'Assurance Chômage
CNAS	Caisse nationale des assurances sociales
CNEP	Caisse Nationale de l'Epargne et de Prévoyance
CNMA	Caisse Nationale de Mutualité Agricole
CPA	Crédit Populaire Algérien
DAT	Dépôt à terme
DIB	Dubai Islamic Bank
DPAMR	Délégation Police d'Assurance Multirisque
DSA	Direction des services agricoles
EPC	Economic public companies
FNDIA	Fonds National de Développement de l'Investissement Agricole
FR	Fonds de roulement
GAB	Guichets Automatique de banques
GAD	General accounting department
GDP	Gross domestic product
GOP	Gross operating profit
GOS	Gross operating surplus
GRE	Groupe regional d'exploitation
IBAN	International Bank Account Number
IDB	Islamic Development Bank
IFI	Islamic Finance Institutions
IMF	International Monetary Fund

LEB	Compte livret épargne.
LEJ	Livret épargne junior.
LMC	Law on Money and Credit
LTL	Long-term loans
MENA	Middle East and Northern Africa
MTL	Medium-term loans
NHGDP	Non-hydrocarbons Gross domestic product
NOI	Net operating income
NPV	Net present value
OIC	Organization of the Islamic Conference
PI	Profitability index
PP	Payback period
PV	procès verbal
RMI	Réseau monétique interbancaire
ROA	Return on Assets
SALEM	La Société Algérienne de Leasing Mobilier.
SFC	Self-financing capacity
SMEs	Small and medium-sized enterprises
SPA	Société par action
TAP	Taxe sur l'activité professionnelle
TTC	Toutes taxes comprises.
VAT	value added tax

Abstract:

The business wants to accomplish its goals and to do so, it needs access to funding sources that will enable it to do. It is difficult for a business to fulfill its goals using only internal funding.

Therefore, it needs other sources that are considered external. to ensure business continuity. And among these external sources, we cite bank loans, which is why the subject of our research aims to define bank credits and highlight their role in achieving the profit margin for the beneficiary and the bank. Thanks to Al BADR Bank, we were able to differentiate the types of loans, in particular those related to Islamic financing and conventional financing.

Thus, in this research, we will be able to highlight the similarities and differences between these two financings.

Keywords: Islamic finance , Conventional finance , Islamic products , Islamic credit, Charia , Moucharaka, Moudaraba, Mourabaha , Ijara, Salam, Istisnaa .

Résumé :

L'entreprise cherche à atteindre ses objectifs et, pour y parvenir, elle doit disposer de sources financières qui l'aident à atteindre ces objectifs.

Il n'est pas facile pour une entreprise d'atteindre ses objectifs grâce à ses sources financières internes. Par conséquent, elle a besoin d'autres sources considérées comme externes. afin d'assurer la continuité de son activité.

Et parmi ces sources externes, nous citons les prêts bancaires, c'est pourquoi le sujet de notre recherche vise à définir les crédits bancaires et à mettre en évidence leur rôle dans la réalisation de la marge bénéficiaire pour le bénéficiaire et pour la banque. Grâce à Al Badr Bank, nous avons pu différencier les types de crédits, notamment ceux liés au financement islamique et au financement traditionnel.

Ainsi, dans cette recherche, nous pourrions mettre en évidence les similitudes et les différences entre ces deux financements.

Mots clés : la finance islamique , la finance conventionnelle ,Les produits islamiques, le crédit islamique, Charia, Moucharaka, Moudaraba, Mourabaha , Ijara, Salam, Istisnaa.

الملخص

تسعى الشركة لتحقيق أهدافها و لكي تتمكن من ذلك لابد لها من مصادر مالية تساعدنا في تحقيق تلك الاهداف ، ليس سهلا على اي شركة في تحقيق اهدافها من خلال مصادرنا المالية الداخلية .

لذا فهي تحتاج الى مصادر اخرى تعتبر خارجية . لكي تضمن السير المتواصل لنشاطها . و من بين هذه المصادر الخارجية نذكر القروض البنكية .

لهذا السبب يهدف موضوع البحث لدينا الى التعريف بالائتمانات البنكية و ابراز دورها في تحقيق هامش الربح على مستفيديها و على البنك . فمن خلال بنك البدر تمكنا من التفريق بين انواع الائتمانات و خاصة المتعلقة التمويل الاسلامي و التمويل التقليدي.

لذا في هذا البحث سنتمكن من ابراز اوجه التشابه و الاختلاف بين هذين التمويلين.

-الكلمات المفتاحية : المالية الاسلامية. المواد الاسلامية . القرض الاسلامي . الشريعة . المشاركة . المضاربة . المرابحة . الاجارة . السلام . الاستثناء .

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General Introduction

General introduction:

Companies are a vital part of a country's economic development process. Today, their contribution to production, jobs, and incomes in modern economies is widely recognized. However, financing their activities has always been a major concern for the various business leaders and political authorities, both in developing and developed countries.

Algerian companies began to emerge in 1990, following the promulgation of the investment code of 1993. Since this period, the number of companies has continued to grow in the national economy, in terms of production, added value, and job creation; the pace of growth accelerated relatively from 2001 with the successful implementation of new and various measures to encourage the creation of businesses, taken by the public authorities, in terms of assistance for creation, financing, upgrading Thus, official statistics show that the population of those companies exceeded the bar of 1,060,289 units in 2017 while it was only around 200,000 units in 2001. Despite this development, many obstacles continue to hinder their effective take-off. Their growth is still blocked today by serious difficulties in finding suitable financing.

The company always seeks to maximize its profit whether it is public or private, especially since we are faced with a very complex economic environment. it wants to carry out more projects therefore the internal resources are not sufficient so for that it calls on other external resources that they find on the money market. are moving towards financing by funds or credits such as bank credit.

The credit market is the expression of a strong need for liquidity. The first step to be taken to obtain a bank loan is to apply for a loan including all the necessary information about the company and its manager (in particular concerning its identity, but also its financial situation) so that the offer is perfectly adapted to its needs. In general, it is about the demonstration by the companies of a need for financing in the direction of the banks.

The bank is a body that plays a very important role in the development of the country's economy by helping companies to carry out their investment projects and finance their operating cycle.

General introduction

The company aims to make an investment operation to acquire production goods or to make certain expenses to develop the company's potential for the future .for this reason these companies call on the banks to obtain credit either through Islamic finance or conventional finance.

First, we introduce the theoretical foundations of Islamic finance using historical and descriptive approaches. This allows us to understand the key principles and concepts related to this financing type.

We then examine the results of Islamic and classical credit simulations using analytical methods supported by content analysis.

Finally, we use a comparative approach to find the similarities and differences between Islamic and conventional financing.

In this matter, I saw that its necessary to make research concerning this particular subject and the best example to do such research is BADR Bank.

My research objective is to make difference between two financings Islamic and conventional so that is what pushes me to choose this theme which is titled: investment credit :comparative study between Islamic finance and conventional finance.

According to the practical training, I will try to answer the following problem “**Is investment credit different in Islamic finance and conventional finance** “

To answer this main question I first answer its secondary questions;

- What is an investment loan?
- What is Islamic finance and what are its principles and what is the difference with those of conventional finance?
- How to process investment credit within BADR bank ?

For this purpose, I have come up with these hypotheses:

General introduction

H1: The examination of investment credits in the classical and Islamic systems varies little from one another.

H2: Islamic finance is content to meet a religious necessity while making a profit.

Choosing this theme was not for just study, it was chosen for several reasons, among them:

This study is of interest to future academics and researchers who conduct other research related to this matter and it will be useful to arrive up with more pleasing proposals.

The study will also add to the current understanding and help identify the characteristics of each financing, especially identifying the advantages of both financings, the pros and cons of each, and most importantly determining their impact on the bank, customer, and the country's economy.

Concerning the methodology of this examination:

Every scientific work should follow a logical and objective path supported by different methods and techniques to reach conclusive facts. Actually, in this work, I will use the comparative method by which I will make the difference between the financings.

The information used in my research was collected from a search in the Ecole des Hautes Etudes Commerciales (EHEC) library In addition to work related to the topic, as well as exchanges with BADR Bank.

To answer the problem, our study concentrated on a bibliographical search and the consultation of the specialized documents for the theoretical part, as for the practical part I tried to apply the theoretical information in BADR Bank.

To treat the subject exactly and reasonably the study was divided into three chapters:

The first chapter will be fated to elaborate on the theoretical factors related to the Generalities of banks and investment loans.

The second chapter will introduce each financing and take on the difference between them.

General introduction

In the third chapter, I will present my case study which will contain a presentation about BADR bank .and its domain of activity. In addition, I will present Islamic finance and conventional finance in this bank then I will try to apply those two financings on investment credit also I'll try to describe the differences. finally, I will include an explanation of the obtained results and give my suggestions aimed at satisfying the customer.

**chapter01: Generalities on
banks and investment loan**

Introduction:

After deciding to adopt a market economy, Algeria was compelled to start a process of modernizing its financial industry and attempt to catch up to the economic adaptation delays experienced by its neighbors, particularly Morocco and Tunisia.

The current state of the Algerian banking system is the outcome of a series of adjustments brought about by the shifting financing requirements of the country's economy.

Today, banks are essential to the growth of businesses and provide services, including funding these companies through investments. In this chapter, we will discuss the development of the Algerian banking system as well as the topic of the bank, which relates to these activities, its typology, and at the conclusion, a section that will be the most prevalent topic of the concept of credit in general and that of investment in specific.

Section 01: Algerian banking system

Before the start of the in-depth reforms of the Algerian economy, Algeria had a banking system that functioned and evolved as a privileged instrument at the service of the public economy and centralized planning. Banking activity was then exclusively focused on the proper functioning of public enterprises, which constituted the bulk of Algeria's economic potential.

Since the adoption of the 1990 law on currency and credit, the Algerian banking system began to regain its bearings. Indeed, a new banking and financial environment has been put in place. This law concretizes the universal character of the Algerian banking and financial system by allowing the opening of this space to national and foreign banks and financial institutions.

Algeria is the most buoyant future market in the region and one of the most dynamic in developing countries. However, the non-existence of a financial market in Algeria gives banks and financial institutions a crucial role, whether in collecting resources or in granting medium and long-term loans to businesses. The liberalization option was taken following pressure from the IMF and its conditions for rescheduling the external debt.

Chapter 01: Generalities on Banks on investment loan

1.1 History of the evolution of the Algerian banking sector:

The Algerian banking and financial sector were formed in two main stages, namely: the establishment of a national banking system specific to the country after independence and then its liberalization towards the private sector, whether national or foreign¹.

1.1.1 A national banking system:

From December 1962, Algeria acquired a national currency, namely the "Algerian Dinar" and a Central Bank whose mission was to create and maintain in the field of credit, currency, and foreign exchange, the most favorable conditions for the development of the national economy. The objective was the establishment of the monetary sovereignty of the country freshly independent after more than 132 years of French colonialism.

In 1963, the Caisse Algérienne de Développement CAD was created as much as an institution for financing the development effort because the public authorities of the time had displayed their will to break with the colonial economy by adopting a model of economic development based on socialist-type interventionism while prioritizing the heavy industries that were supposed to lead to the development of other sectors of the economy.

This fund will be used until 1970 as an instrument of execution of the State budget and incidentally, of some investment projects.

In 1964, the Caisse Nationale de l'Épargne et de Prévoyance CNEP was created to manage the system of collecting people's savings to redistribute them in the form of credit for housing finance. The nationalization of the banking system in Algeria between 1966 and 1968 provided the State with a significant instrument of development that was previously dominated by foreign capital. This nationalization was imposed on the Algerian State which, in addition to the desire to

¹ABOURA (Amira) and CHAHIDI (Mohamed) « Le système bancaire algérien : Evolution historique, libéralisation du secteur et défis de modernization », p02

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direct its economy towards the socialist pole, was confronted with the refusal of foreign banks to finance the economy of post-independence Algeria¹.

This is how the public sector was born, which was managed by the State via the Public Treasury and the planning body set up at the time for both the Central Bank and the primary banks. Thus, between 1966 and 1967, the nationalization of foreign banks began which gave birth to three public commercial banks, namely the National Bank of Algeria BNA, the Crédit Populaire Algérien CPA & the Exterior Bank of Algeria BEA.

Each of these banks therefore had a well-defined role and a well-defined field of intervention. This organization has led to a theoretical specialization of each bank in the financing of a well-defined sector²:

The BEA had to finance operators with foreign countries,

The CPA should finance SMEs,

The BNA should finance the agricultural sector and large companies.

What was most important for the public authorities at that time was to achieve in the short term the nationalization of the financing structures of the national economy to design a system of authentic Algerian banks that would serve the development of the country. It was then in 1970, through the establishment of finance law and the application of the first four-year plan 1970-1973 with the sacrament of the definitive choice of centralized planning as the system of organization of the national economy and thus, the establishment of credit distribution planning as an instrument for mobilizing and allocating available resources to finance productive investments in the public sector. , in physical terms is developed and approved, it remains to adapt a financing plan that allows its realization”³.

¹ IBID, p02

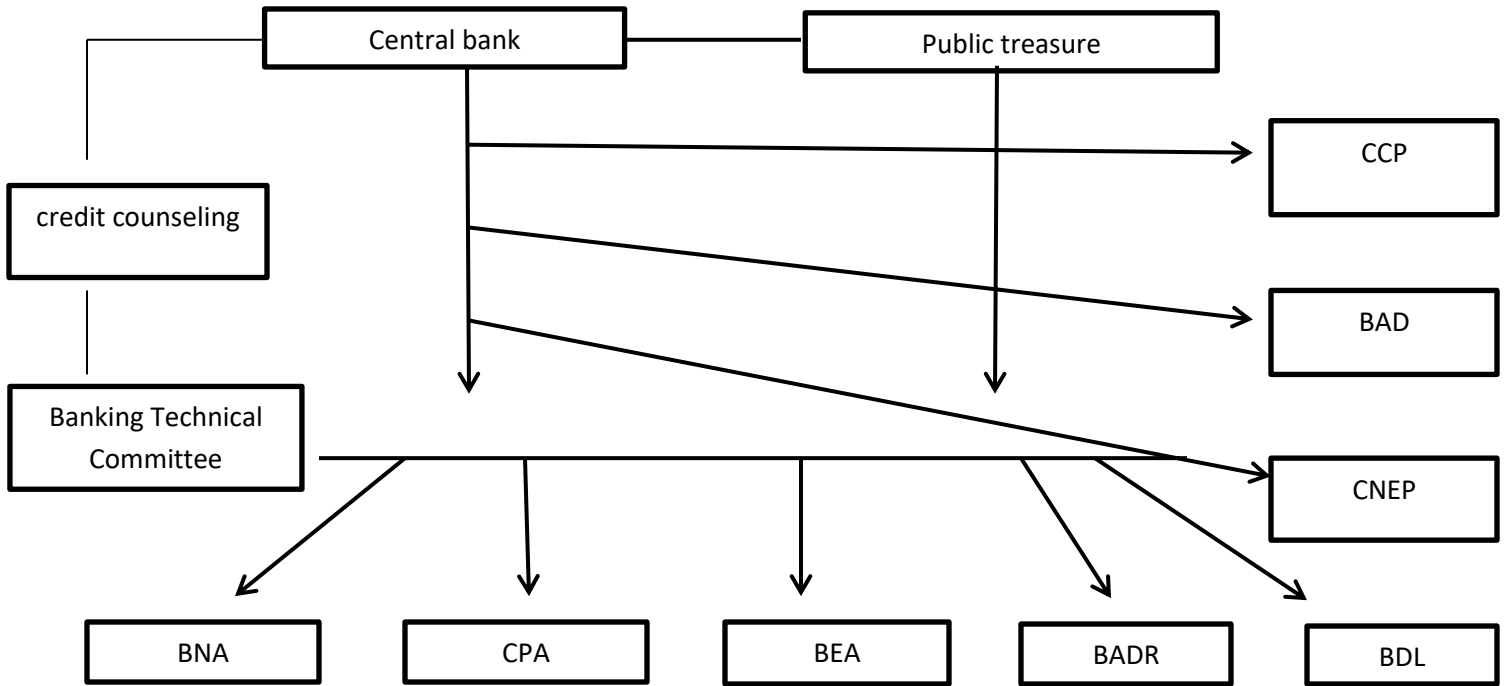
² KHERCHI ,(Hanya) « L’EVOLUTION DU SYSTEME BANCAIRE ALGERIEN SOUS LES NOUVELLES REGLE PRUDENTIELLES INTERNATIONALES »,p 04

³ ABOURA(Amira) and CHAHIDI (Mohamed) :Op.cit,p 03.

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During this period, the ABS became exclusively public; the sector also became specialized by being organized by activity. Thus, national companies have been forced to concentrate their banking operations on a single bank¹.

Figure 1: The national banking system after the 1970 reform



Source: GOUALI(Tinhinane) et LIBDIRI(Katia) : Le crédit d’investissement : étude comparative entre la finance islamique et la finance conventionnelle cas AL-BARAKA banque et la BNA, Mémoire de Magister en sciences de gestion , univresté MOULOUD MAMMERI DE TIZI-OUZOU 2020,p12

1.1.2 Privatization of the sector:

In 1988, the Algerian State carried out a vast restructuring of large public companies via the promulgation of law n°88-01 of January 12, 1988, relating to the orientation of economic public companies (EPC). Among its provisions, EPCs are restructured in the legal form of joint stock or limited liability companies. Banks were also affected by these changes, which were governed by Law No. 88-06 of January 12, 1988, amending and supplementing Law No. 86-12 of August 19, 1986, relating to the banking and credit system. Thus, they submitted a commercial code. Two

¹ Ibid, p. 03

Chapter 01: Generalities on Banks on investment loan

new banks have been created: the Bank for Agriculture and Rural Development (BADR) and the Bank for Local Development (BDL) respectively issue the dismemberment of the BNA and the CPA. This desire to free the Algerian banking and the financial sector was accompanied by the promulgation of Law No. 90-10 of April 14, 1990, relating to money and credit. The trigger opened via this law, the national banking sector to national and foreign private investors which is reflected in the establishment of several international banks and financial institutions¹. **BADR:** Created on March 13, 1982, by the restructuring of the BNA, its mission was to set up new mechanisms for financing agricultural and agro-industrial activities².

The Local Development Bank (BDL):

Created on April 30, 1982, by the restructuring of the CPA, the BDL's mission was to finance local investments and part of the companies and establishments of an economic nature under the supervision of the wilayas and municipalities.

1.1.3 Liberalization phase:

In years of the 1970s, Algerian people lived in what was called «The Golden Age», wherein the socioeconomic indicators were good. In 1986, the Algerian economy witnessed a severe crisis caused by a drastic fall in oil prices, which led to the contraction of the exportation revenue and economic growth rate which registered negative values. The Algerian banks have suffered from the insolvency problem that was aggravated by the critical situation of the state-owned enterprises that failed to attain their objectives and hence impeded the banks' performance. Management autonomy has been given to the banks to determine their credit policies in the context of the national plan of credit³.

The Law of 1988 was established to achieve the process of providing autonomy to the economic public enterprises including financial institutions. Thus, the economic public enterprises were required to be subject only to the logic of performance and profitability. Hence, this orientation has confirmed the principle of management's independence of the banks as an

¹ KHERCHI,(Hanya) :Op.cit, p03

² Ibid,p.04.

³ HACINI,(Ishaq): «The Evolution of the Algerian Banking System »,Management Dynamics in the Knowledge Economy Vol.6 (2018) No.1, pp.145-166,p.06.

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economic enterprise. These situations have forced the Algerian authorities to introduce a set of political and economic reforms.

In the economic aspect, the essence of the reforms was switching the national economy from a system highly dominated by the state to a market-oriented system. The objectives of these programs were correcting macroeconomic imbalances, attracting foreign direct investment, and promoting the private sector by encouraging privatization. To realize the objectives of the economic reforms, it was necessary to make fundamental financial reforms. The main objectives of this law were moving from directed credit banks to market-determined credit banks and enhancing the modernization and competition in the banking sector.

Table 1: interest rate indicators (1990-2016)

Table 1. Interest Rate Indicators (1990-2016) (IMF, 2017)

	Deposit Interest Rate (%)	Lending Interest Rate (%)	Spread (%)
1990	8.0	N.A	N.A
1991	8.0	N.A	N.A
1992	8.0	N.A	N.A
1993	8.0	N.A	N.A
1994	12.0	16.0	4.0
1995	16.6	18.4	1.8
1996	14.5	19.0	4.5
1997	12.6	15.7	3.1
1998	9.1	11.5	2.4
1999	8.3	10.8	2.5
2000	7.5	10.0	2.5
2001	6.3	9.5	3.2
2002	5.3	8.6	3.3
2003	5.3	8.1	2.8
2004	3.6	8.0	4.4
2005	1.9	8.0	6.1
2006	1.8	8.0	6.2
2007	1.8	8.0	6.2
2008	1.8	8.0	6.2
2009	1.8	8.0	6.2
2010	1.8	8.0	6.2
2011	1.8	8.0	6.2
2012	1.8	8.0	6.2
2013	1.8	8.0	6.2
2014	1.8	8.0	6.2
2015	1.8	8.0	6.2
2016	1.8	8.0	6.2

Source ; HACINI,(Ishaq)and DAHOU,(Khadra): «The Evolution of the Algerian Banking System», Management Dynamics in the Knowledge Economy Vol.6 (2018) no.1, pp.145-166,p09.

Commentary: Table 1 reports the interest rate indicators. It is clear that the banking reforms have allowed the interest on deposits and lending varying, where, deposits interest rate has taken

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an increased trend from 8% to reach the maximum value of 16.6 %. After that, it has reversed its direction and has decreased to reach 1.8 %. Concerning the lending interest rate, it started from 16% to reach the maximum value of 19%, after that, it followed a decreasing trend to reach 8%. From another side, the decline of the Management Dynamics in the Knowledge Economy | 153 Vol.6 (2018) no.1, pp.147-168; www.managementdynamics.ro lending and deposit interest rates may be explained by the decline of the inflation rate and the stabilization of the exchange rate which are the consequences of the economic reforms (Benamraoui, 2008). It is clear that spread interest rate (yield) has registered a significant increase from 4% to 6%. This demonstrates that the liberalization policy had a positive impact on the bank profitability in which it enabled banks increased their interest yield by reducing the deposit interest rate and increasing the lending interest rate.

The deposit interest rate is the rate paid by commercial or similar banks for demand, time, or savings deposits. The lending Interest Rate is the bank rate that usually meets the short- and medium-term financing needs of the private sector. This rate is normally differentiated according to the creditworthiness of borrowers and the objectives of financing. Interest rate spread is the interest rate charged by banks on loans minus the interest rate paid by commercial or similar banks for savings deposits.

1.1.4 The establishment of partnerships:

It was the complementary finance law of 2009 that paved the way for partnerships in the Algerian banking sector. Indeed, this law established the 51/49 partnership as the sole method of setting up any new foreign investor and whose provisions were framed during the establishment of the Ordinance relating to currency and credit of 2003 amended and supplemented in 2010 via Ordinance No. 10-04 of August 26, 2010¹.

For the first time, the law allowed the opening of the banking sector to private investment to increase the competition level in the banking sector and improve the banks' performance. For this purpose, the authorities have removed the entry constraints to encourage foreign banks to operate in the Algerian markets. On the other hand, authorities have offered the privatization of some state-owned banks by negotiating the sale of these banks to foreign investors. As a result, the

¹ ABOURA (Amira) and CHAHIDI(Mohamed), Op,cit,p03

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establishment of the private banks started in the early year of 1990 by establishing Baraka Bank, which is a joint venture between banks from Algeria and Saudi Arabia, and Banque du Maghreb Arab , which is Joint Offshore between Libya and Algeria. After that, the entry of new foreign and private banks has intensified since 1997. Thus, several international banks have started to operate in Algeria such as; B.N.P Paribas Bank, Société Générale, Natixis Bank, Arab Banking Corporation...etc. The process of opening the banking sector to private and foreign investment has continued at an increased pace, in 2001, the ABS is composed of more than twenty banks and financial institutions varying between public, private, and foreign¹.

1.1.5 Algerian banking sector indicators:

This section analyses the banking sector in Algeria by focusing on the following indicators; bank ownership, bank activity, and bank soundness.

1.1.5.1 Banks' ownership :

After the process of the reforms, it could be said that the banking system in Algeria today changed radically, where it moved from a closed-central system to an independent open system. In 2015, the banking system is composed of twenty commercial banks and eight financial companies, and a group of liaison offices of foreign banks, as Table 2 shows.

Concerning the commercial banks, six of the commercial banks are public; while thirteen are private all of them are foreign banks except "Al Barka Bank" which has mixed capital (public + private). Despite, the superiority of the private banks in terms of the number the public banks capture the majority of the banking activities,

At the end of 2015, the branches' number of public banks was 1123 branches and just 346 branches of private banks. This allows the public banks to hold 87.2% of the total assets of the banking sector in Algeria. By comparing the situation in 2014, 1113 branches of public banks and 325 branches of private banks. The private banks try to improve their spread by increasing the pace of creating new branches in comparison with the public banks. Nevertheless, the binarization rate remains weak with one counter for 25 600 people (including the financial companies), while the international standards determine one counter for 8000 people.

¹ HACINI,(Ishaq),Op.cit,p10

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Concerning the financial companies, eight companies operate in Algeria, and all of them are private except private companies. The number of their branches remained without changes 88 in 2015 versus 88 branches in 2014. According to LMC of 1990, financial companies are entities that perform all the activities of commercial banks excluding the reception of funds from the public as deposits.

Table 2: list of banks and financial companies in Algeria

Table 2. List of Banks and Financial Companies in Algeria (CBA, 2016)

I: Commercial Banks			
No	Name	Ownership	Approval Date
01	Banque Nationale d'Algérie	Public	25/09/1995
02	Caisse Nationale d'Epargne et de prévoyance	Public	25/05/1997
03	Crédit Populaire d'Algérie	Public	25/05/1997
04	Banque de Développement Local	Public	23/09/2002
05	Banque Extérieur d'Algérie	Public	23/09/2002
06	Banque de l'Agriculture et du Développement Rural	Public	23/09/2002
07	Banque Al Baraka Algérie	Private (Mixed)	20/05/1991
08	Arab Banking Corporation Algerie	Private (Foreign)	24/09/1998
09	Natixis Banque	Private (Foreign)	27/10/1999
10	Société Générale Algérie	Private (Foreign)	04/11/1999
11	City Bank Algeria	Private (Foreign)	18/05/1998
12	Arab Bank	Private (Foreign)	15/10/2001
13	B.N.P Paribas El Djazair	Private (Foreign)	31/01/2001
14	Trust Bank Algeria	Private (Foreign)	30/12/2002
15	Gulf Bank Algeria	Private (Foreign)	15/12/2003
16	The Housing Bank For Trade And Finance-Algeria	Private (Foreign)	08/10/2003
17	Fransabank El Djazaïr	Private (Foreign)	07/09/2006
18	Credit Agricole Corporate Et Investissement Bank-Algerie	Private (Foreign)	09/05/2007
19	Al Salam Bank-Algeria	Private (Foreign)	10/09/2008
20	H.S.B.C Algeria	Private (Foreign)	17/06/2008
II: Financial Companies			
No	Name	Ownership	Approval Date
01	Sofinance	Public	09/01/2001
02	Société de Refinancement Hypothécaire (SRH)	Public	06/04/1998
03	Arab Leasing Corporation	Mixed	20/02/2002
04	Cetelem Algerie	Private (Foreign)	22/02/2006
05	Maghreb Leasing Algerie	Private (Foreign)	11/03/2006
06	Société Nationale de Leasing	Public	23/02/2011
07	IJAR Leasing Algerie	Mixed	31/05/2012
08	El Djazair Ijar	Mixed	02/08/2012

Source : HACINI(Ishaq) and DAHOU(Khadra): «The Evolution of the Algerian Banking System», Management Dynamics in the Knowledge Economy Vol.6 (2018) no.1, pp.145-166,p12.

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Commentary: the table represented that private banks are the most dominant in Algeria from 1995 to 2012.

1.1.5.2 Banks' activity :

Table 3 reports the aggregate balance Sheet of banks during (2000-2015).

Table 3: Aggregate Balance sheet of banks in Algeria (2000-2015)(DZD million)

Assets																
Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Reserves	63016	198937	203874	373754	280584	198104	273613	444631	370284	340185	464710	538625	717800	899800	1003500	1091200
Foreign Assets	28315	32354	49666	55509	76611	91406	83950	107727	142300	57729	28280	76142	79400	48100	44700	57500
Claims on State	771241	766478	843906	808517	803400	876384	1014523	941239	678301	841131	1150065	1462327	1403900	1334300	1472000	1929900
Loans to Economy	993053	1077698	1266043	1379473	1534389	1778916	1904102	2203756	2614050	3085168	3266712	3724746	4285500	5154600	6502900	7275600
Loans to Public Sector	664349	740086	715835	791693	857983	882479	848408	989274	1202201	1485944	1461372	1742337	2040600	2434400	3225200	3530900
Loans to Private Sector	328504	337219	550208	587780	674731	895871	1055694	1212953	1411041	1597976	1804707	1981452	2244700	2719900	3119700	3586100
Loans to Financial Institution	201	393	0	0	1675	566	0	1529	808	1248	633	957	200	300	158000	158600
Other Assets	585983	717652	960213	917193	1198001	1264998	1952714	2813413	3482260	3002833	3078942	3200568	3167600	2883400	2953300	2154500
Total Assets	2441607	2793121	3323702	3534446	3892985	4209808	5228902	6510766	7287195	7327045	7988709	9002408	9654400	10320000	11976400	12508700
Liabilities																
Current Deposits	467502	554927	642168	718905	1127916	122444	1750432	2560801	2946919	2502926	2870718	3495792	3357100	3537400	4434700	3891700
Public S	-	240463	322068	387331	697423	773903	1163928	1831698	2056423	1426827	1680711	2005287	1667700	1585700	2008800	1825700
Private S	-	260282	244450	232346	273903	321294	442418	563301	720765	903596	910679	1039688	1224300	1403800	1581000	1527800
Other	74106	54182	75649	99228	156590	129207	144087	165801	169731	172503	279328	450817	465100	547900	844900	538200
Deposits Term	974350	1235006	1485191	1724043	1577456	173614	1766105	1956555	2214968	2228894	2524281	2787488	3333600	3691700	4083800	4443400
Public S	-	253475	382902	513972	254102	365818	364453	350673	394011	499167	579536	625678	862900	1022500	1189100	1211900
Private S	-	901634	1001637	1102217	1189187	123285	1271360	1395884	1572921	1722577	1935527	2152283	2420400	2597400	2795300	3139500
Other	66454	79896	100653	107853	134167	137531	130291	209998	248036	7150	9218	9527	50300	71800	99400	92000
Foreign Commitment	54274	59676	73320	80680	116143	83829	114671	89755	134310	46137	43508	39554	75900	93802	138300	208300
Deposits of State	33507	26896	69929	51140	66513	99122	143675	218189	399710	444699	302987	346369	473000	401171	557800	551800
Other Liabilities	80810	776795	902208	799855	838844	894757	1269194	1486927	1238728	1632400	1708224	1723258	1748500	1871727	2017400	2549600
Capital Accounts	10384	139820	150886	159823	166112	171531	184824	198538	352560	471989	538991	609947	667000	724200	744400	863900
Total Liabilities	2441607	2793121	3323702	3534446	3892985	4209808	5228902	6510766	7287195	7327045	7988709	9002408	9654400	10320000	11976400	12508700

Source : HACINI(Ishaq) and DAHOU(Khadra): «The Evolution of the Algerian Banking System», Management Dynamics in the Knowledge Economy Vol.6 (2018) no.1, pp.145-166,p14.

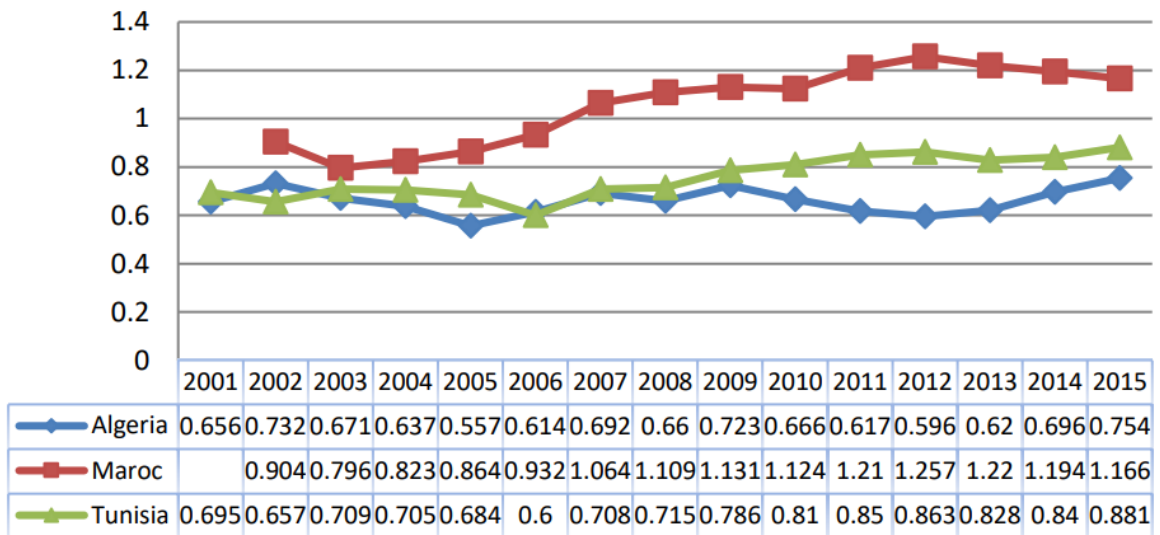
Commentary: The table clarifies that banks in Algeria have grown significantly from 2000-2015, in which the total assets increased by 412%, and the total assets which represent 75.5% of the GDP in 2015. This expansion is due to the establishment of new banks in the context of the entry of foreign banks, and the increasing of the branches of the existing banks. Concerning the

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banking intermediation, banks have known large activities in collecting funds (deposits) and granting loans.

Figure 2 presents the evolution of the total assets as a percentage of GDP. Therefore, there is an upward trend in the longrun of the total assets of the Algerian banks, but this progress is inferior to the progress in Morocco and Tunisia.

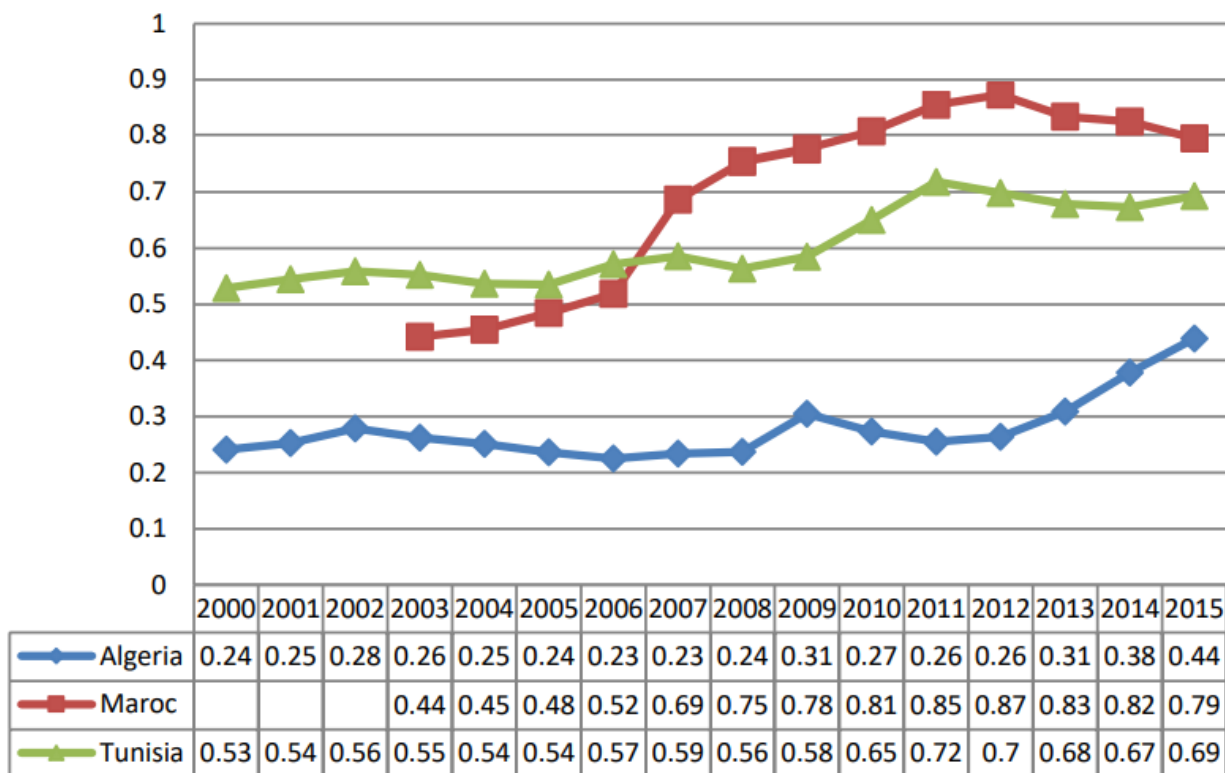
Figure 2: Banks total assets as a percentage of GDP in Algeria , Morocco and Tunisia



Source: HACINI(Ishaq) and DAHOU(Khadra): «The Evolution of the Algerian Banking System», Management Dynamics in the Knowledge Economy Vol.6 (2018) no.1, pp.145-166,p15.

Commentary ; The deposits (current and long-term) have expanded by 365% from 2001 to 2015, in which the collected deposits represented 8.7% of GDP in 2015. This clarifies the role of banks in mobilizing savings. However; the largest part of the deposits is collected by the public banks, in 2012 the public banks collected 88.3% of the total deposits while the private banks collected 11.7%. These percentages demonstrate the extent of the dominance of the public banks over the private banks. The private banks collect funds principally from private companies and householders while the public banks collect funds from private companies, householders, and public companies. Public companies prefer to deal only with public banks. Furthermore, it appears that the private sector (householders and private enterprises) is the primary source of the banks' deposits which represent 59% of the total deposits in 2015.

Figure 3: Credit for the Economy as a percentage of GDP in Algeria , Morocco and Tunisia



Source: HACINI(Ishaq) and DAHOU(Khadra): «The Evolution of the Algerian Banking System», Management Dynamics in the Knowledge Economy Vol.6 (2018) no.1, pp.145-166,p16.

Commentary; Figure 3 indicates that the credit granted to the economy as a percentage of GDP passed from 20% to 45%, but the banks' credit to the economy as a percentage of Non-hydrocarbons GDP did not exceed the level of 50%. Hence, it is clear that the banking sector does not play its role as the principal source in financing the economic sector despite the high level of liquidity that it holds. The ratio of credit to NHGDP in Algeria is below the ratios recorded in non-hydrocarbon countries, while in the developed countries the percentage of the credit to GDP exceeds 100%. On the other hand, the banks in Morocco and Tunisia play an important role in financing the economy, wherein the amount of credit as a percentage of GDP reached 87% in Morocco and 72%.

- The weakness of the banking sector in granting more credit to the economy might be explained by the unwillingness of the Algerian householders to borrow to finance their activities,

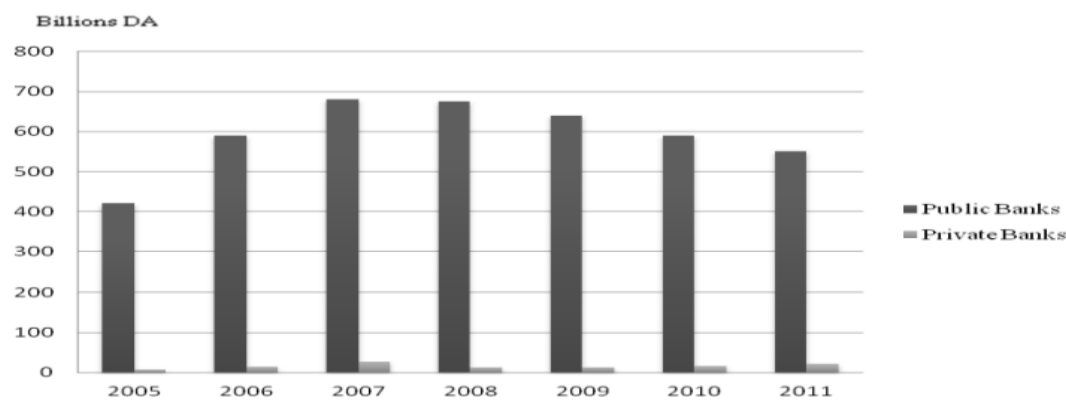
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considering that householders are among the main borrowers in the developed countries. However, the refraining from borrowing from the householders and Algerian peoples, in general, is due to religious considerations. On another hand, this shortcoming might be explained by the failure of the banking sector in Algeria to transform efficiently short-term savings into long-term assets to finance the investment projects regarding the limited information they hold about enterprises and projects that might push the banks to invest their savings in long-term investments. Indeed, the banks sector in Algeria is the only financial source that serves the economic units, considering that the financial market and the financial institution are inactive and the commercial banks dominate the financial system as is the case in the MENA countries¹.

1.1.5.3 Banks' soundness :

For the financial strength of the banking sector in Algeria, the banks have responded to the instructions of the central bank concerning prudential regulation by increasing their capital. Hence, the banks' capital has increased by 60% from 2000 to 2013. The default risk of banks in Algeria is low, in 2012 the solvency ratio of banks reached 15,4 %, which represents idle capital, due to the central bank policy, where for inflation control the central bank has prevented some types of loans such as the loans of consummation. In addition, the conservative policy of banks in providing loans is another reason for the banks' liquidity excess. The banks follow this policy as a procedure to control well the credit risk regarding the worrying level of non-performing loans, especially for public banks.

Figure 4: Non -performing Loans (CBA 2013).



¹ HACINI,(Ishaq),Op.cit,p17

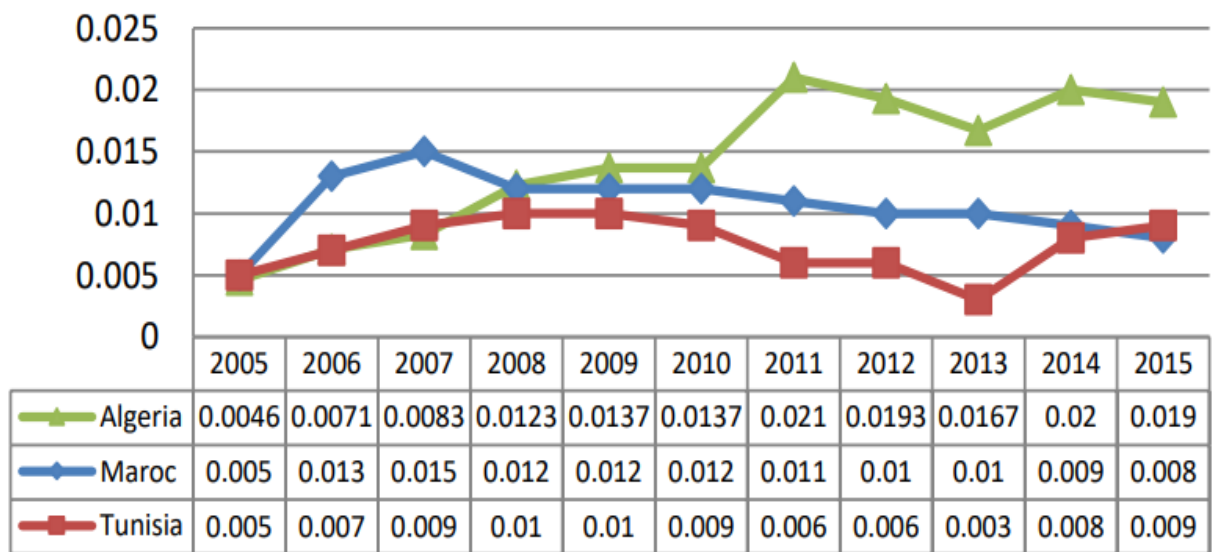
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Source : HACINI(Ishaq) and DAHOU(Khadra): «The Evolution of the Algerian Banking System», Management Dynamics in the Knowledge Economy Vol.6 (2018) no.1, pp.145-166,p18.

Commentary: Figure 4 shows that the volume of non-performing loans at public banks is very high, especially in 2007, which reached a maximum of 680 billion DA. The non-performing loans represented 23.6% of total loans granted by public banks in 2009, after that, it decreased to reach 16% in 2011. However, these loans back principally to the loans granted to state-owned enterprises during the period of the central economy. In addition, the non-performing loans toward private enterprises and householders were important, where; representing 13.4% and 12% of all the public banks' nonperforming loans in 2010 and 2011 respectively.

-On the contrary, the non-performing loans of private banks remain low, where, they didn't exceed 30 billion DA. It reached 3.8% and 4.2% of all loans in 2009 and 2011 respectively. This demonstrates that the private banks manage well their credit risk compared to the public banks which positively influence their performance. The literature shows evidence of a positive relationship between state ownership and risk-taking and a negative relationship for foreign banks (Lassoued, Houda, & Mouna, 2016). This may explain the higher level of nonperforming loans of public banks compared to private banks.

Figure 5: Bank's profitability



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Source: HACINI(Ishaq) and DAHOU(Khadra): «The Evolution of the Algerian Banking System», Management Dynamics in the Knowledge Economy Vol.6 (2018) no.1, pp.145-166,p18.

Commentary : Concerning the banks' profitability, figure 5 reports ROA as an indicator of the profitability in Algeria, Morocco, and, Tunisia. However, the profitability of Algerian banks stagnated in 2008 and 2009, and this may be attributed to the effect of the decision of the authorities increasing of the minimum required capital in 2008 and the effect of the financial crisis in 2007. This level of profitability clarifies that the Algerian market didn't reach the maturity stage and there are more opportunities to realize high-profit contrary to the Tunisian and Moroccan markets where the competition reached high levels.

1.2 Banking regulations in Algeria:

The main vocation of a bank is intermediation and for this to be healthy and efficient, regulatory instruments have been put in place to consolidate the conditions for carrying out banking activity and reporting as well as the banking supervision by increasingly rigorous universal standards and principles. Several laws and ordinances have been enacted, the most significant of which, in our opinion, are set out below:

1.2.1 The law of August 19, 1986, relating to the system of banks and credit:

the Algerian banking sector was framed only via scattered texts:

- Law n°62-144 relating to the creation of the Central Bank of Algeria and fixing its statutes,
- The finance laws of 1970 and 1971,
- Law No. 80-05 amended and supplemented relating to the exercise of the control functions of the Court of Auditors.

It was only following the collapse of the socialist regime and the strong advent of globalism accompanied by the oil shock of 1986 and the resulting increase in the country's external debt that the continuation of the administrative management of the national economy had become impossible. Thus, a banking law was established in August 1986 to define the banking and credit regime as well as the new institutional and functional framework of banking activity. It was

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therefore in 1986 that the Algerian banking system was framed by a law whose primary objective was to make adjustments to the methods of financing the national economy. This law renewed the principle according to which the banking system constituted an instrument for implementing the policy as decided by the government through the allocation of financial and monetary resources within the framework of the implementation of the national credit plan¹.

1.2.2 The law of January 12, 1988:

Several reforms were undertaken by the Algerian authorities in 1988, the main one being oriented toward granting management autonomy to public enterprises following the transition from a command economy to a more liberalized market economy. Thus, via the law of 1988, the Algerian State delegated its prerogatives to investment funds set up as joint-stock companies to manage the new category of companies created under the name "public economic company known as PEC" and whose banking business was one of them. According to the law of 1988, the bank was defined as a commercial legal person called to have greater autonomy in the management of its business.

1.2.3 The Law on Money and Credit No. 90-10 of April 14, 1990:

Following the oil crisis of 1986, it was noted the failure of the Algerian banking system to provide services to the national economy via direct financing operations from economic and social development programs in the era of the controlled economy, and several defects were observed such as the bureaucratic delays caused by the centralization of decisions, the lack of technicality of the banks and the financing directed mainly towards public enterprises.

The objective of the promulgation of Law No. 90-10 of April 14, 1990, was to remedy these defects while advancing the working methods of the national banking fabric and establishing competition, and improving banking intermediation via the opening of the field to national and foreign private capital but also the free determination of bank interest rates by banks without State intervention.

1.2.4 Ordinance n°01-01 of February 27, 2001:

This ordinance was amended and completed Law No. 90-10 via adjustments mainly affecting the Money and Credit Council, which was therefore divided into two bodies:

¹ ABOURA,(Amira) and CHAHIDI,(Mohamed),Op.cit,p03.

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- The first body consists of the Board of Directors responsible for the management and administration of the Bank of Algeria,
- The second body is constituted by the Council of Money and Credit plays the role of the monetary authority.

1.2.5 Ordinance n°03-11 of August 26, 2003:

This year was marked by the bankruptcy of two private banks, namely: EL KHALIFA BANK and the Bank for Commerce and Industry of Algeria (B.C.I.A). This financial scandal prompted the public authorities to seek an overhaul of the law on currency and credit. Three main objectives have been sought through this new legislative text: to enable the Bank of Algeria to better exercise its missions, to strengthen collaboration between the Bank of Algeria and the government on the country's financial issues, and to allow better protection of the actor's local financial institutions as well as public savings. Thus, the mission assigned to the Bank of Algeria has been more detailed, the liberalization of the banking sector has been maintained while strengthening the conditions for the installation of new institutions and new requirements have been introduced in terms of supervision and control of the fabric. national banking and finance.

1.2.6 Ordinance n°10-04 of August 26, 2010:

This ordinance was promulgated in order to modify and supplement certain articles of ordinance 03-11 of August 26, 2003 relating to money and credit. The mission of the Bank of Algeria has been expanded, that of the currency and credit council has been updated and that of banks and financial institutions has integrated new related operations. In addition and as previously mentioned, the complementary finance law of 2009 incorporated the obligation for foreign investors in the banking sector to observe, within the framework of the partnership, the rule of distribution of capital at a minimum of 51% for the national resident shareholder.

1.3 Banking network:

The Algerian banking sector is dominated by public banks through the importance of their branch networks spread throughout the national territory. Nevertheless, one should not neglect the pace of the establishment of private bank branches, which has accelerated in recent years and contributes to the development of competition both in terms of collecting resources and terms of credit distribution and the supply of banking services to the customer base. The following table

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and graph show the evolution of the network of public and private banks for the period (2009 to 2017).

Table 4: Evolution of the network of banks in Algeria

Banques	Année	2009	2010	2011	2012	2013	2014	2015	2016	2017
BNA		197	199	202	203	208	209	210	211	214
BEA		91	91	92	92	92	93	97	100	101
CPA		137	139	140	140	140	140	141	143	143
BADR		290	290	293	298	298	303	308	310	317
BDL		148	149	150	150	150	150	152	152	153
CNEP		209	209	211	211	212	214	215	217	218
SGA		54	63	75	82	86	86	86	86	88
BNP PARIBAS		49	55	66	70	70	70	74	76	76
FRANSABANK		1	2	2	3	3	3	3	4	5
TRUST BANK		7	11	13	16	16	16	16	18	22
NATIXIS		/	/	21	24	26	27	28	28	28
CITY BANK		4	4	4	4	4	4	4	4	3
CALYON		1	1	1	1	1	1	1	1	1
ABC		12	18	18	23	23	23	23	24	24
HSBC		1	2	2	3	3	3	3	3	3
ARAB BANK		4	5	5	5	7	8	8	8	8
AL SALAM		1	2	2	3	4	5	6	7	7
AGB		12	21	29	33	44	48	57	58	61
AL BARAKA		20	21	25	25	26	28	30	29	29
HOUSING BANK		/	/	5	5	5	6	7	7	7

Source : BOUCHELGHOU (Fella) and BOUSSAFI (Kamel) : L'évolution du système bancaire algérien, Revue des Sciences administratives et financières Volume: 03 / N°: 02 (2019), p 121-132,p03

Commentary ; In terms of the structure of the banking sector, public banks predominate by the importance of their branch networks spread throughout the national territory, even if the pace of establishment of private bank branches has accelerated in recent years. The sustained growth in the activity of the latter contributes to the development of competition, both at the level of the collection of resources and at the level of the distribution of loans and the offer of basic banking services to customers¹.

1.3.1 The evolution of deposits:

The following table illustrates the sight and term deposits collected during the period from 2009 to 2017, by all banks, national and foreign, operating in Algeria.

Table 5: table of deposits of the banks studied 2009-2016(DZD)

¹ BOUCHELGHOU (Fella) and BOUSSAFI (Kamel) : L'évolution du système bancaire algérien, Revue des Sciences administratives et financières Volume: 03 / N°: 02 (2019), p 121-132,p04.

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in million dinars	31dec 09	31dec 10	31dec 11	31dec 12	31dec 13	31dec 14	31dec 15	31dec 16
Sight	250292	287071	349579	335639	353747	443476	389168	373217
Deposit	6	8	2	7	2	0	0	5
Public Banks	224189 0	256948 8	309578 7	282325 5	294220 3	371209 1	329766 3	306045 8
Private Banks	261036	301231	400004	533143	595269	722670	594017	671717
A term	222889	252428	278748	333364	369169	408373	444337	440933
Deposit	3	1	9	4	7	2	5	7
Public Banks	207902 0	233353 4	255229 2	305367 2	338037 8	379360 6	407575 9	401077 1
Private Banks	149874	190747	235197	279971	311319	290126	367617	398565
Deposit in guarantee s	414598	424149	449774	548028	558229	598991	865701	938419
Public banks	311101 103498	323157 100992	351752 98022	426234 121794	419414 138815	494397 104593	751252 114450	833672 104746
Private banks								

Source : BOUCHELGHOU (Fella) and BOUSSAFI (Kamel) : L'évolution du système bancaire algérien, Revue des Sciences administratives et financières Volume: 03 / N°: 02 (2019), p 121-132,p03

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Commentary: In terms of the structure of the banking sector, public banks predominate by the importance of their branch networks spread throughout the national territory, even if the pace of establishment of private bank branches has accelerated in recent years. The sustained growth in the activity of the latter contributes to the development of competition, both at the level of the collection of resources and at the level of the distribution of loans and the offer of basic banking services to customers.

Section 02 : the notion of bank

The bank is the primary driver of the contemporary economy; it influences economic growth by providing financing or credit.

2 Definition of bank and its role:

2.1 Definition of the bank:

Banks are intermediary financial institutions that facilitate the process of supply and demand for money, so whoever has surplus wealth that exceeds his need keeps it in the bank, then the bank lends the person who needs liquidity or a specific amount of money what he needs in exchange for a guarantee or a fixed asset that is sufficient or more than The value of the borrowed amount, and banks invest this money and give its owner interest, either annually, semi-annually, quarterly, or monthly, according to the agreement that took place between the bank and the customer, but it is required that this money be deposited in the form of long-term deposits or savings accounts, and not even current accounts The bank has the freedom to dispose of it during the deposit period, and banks perform several other functions, such as withdrawing and endorsing bills of exchange and commercial papers¹.

“A bank is a private or public organization that facilitates payments from people and businesses, advances and gets funds, and manages the means of payment, per the "petit Larousse" dictionary”².

¹ <https://www.babelsoftco.com/ما-هو-مفهوم-البنوك-وانواعها/> (consulted at 22-03-23,published on 2013)

² [https://www.larousse.fr/encyclopedie/oeuvre/Petit_Larousse/banque/7863.edition1998.\(consulted](https://www.larousse.fr/encyclopedie/oeuvre/Petit_Larousse/banque/7863.edition1998.(consulted) on 22-03-23)

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Financial institution which, receiving funds from the public, uses them to carry out credit and financial transactions, and is responsible for the supply and management of means of payment.

A bank is a business that specializes in taking savings on deposit, making loans, and offering other financial services¹.

2.2 The role of the bank:

2.2.1 The process of creating money:

Banks are the ones who start the process of creating money because they have to hold back a portion of their deposits as reserves and can't just lend everything they have, whether it be in the form of cash reserves or rapidly convertible securities, to cash. The size of these reserves is determined by the bank's estimate of the extent of the liquidity needs of its depositors as well as the requirements set by the banking regulator, typically the central bank, a governmental organization at the center of the monetary and banking system in the relevant nation. These required reserves are held by institutions as deposits with central banks.

Banks create money when they lend the rest of the money they receive from depositors. This money can be used to purchase goods and services, and it can also be poured back into the banking system as a deposit in another bank, which can then lend part of it. There are several ways that banks use to make money besides keeping the difference between the interest you pay on deposits and borrowed money and the interest that you collect from borrowers or on the securities in their possession.

2.2.2 Banking intermediation:

The bank, therefore, acts as an intermediary between those who have too much available (depositors) and those who do not have enough (borrowers). Each economic agent (State, companies, individuals, etc.) can hold, at certain times, a quantity of money greater than one's

¹ https://www.iconomix.ch/fileadmin/user_upload/iconomix/mat/fr/a034_banque_partie-1.pdf. (Consulted at 23-03-23)

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needs; on the contrary, it may be that at other times, he runs out of money to meet his cash or equipment needs¹.

2.2.3 Collection of deposits:

Whenever it can, the bank borrows from its customers who thus become its suppliers; this activity is called «deposit collection».

By deposits, we mean all the cash entrusted by the clientele to the banker. These deposits can be made

- on sight, that is to say "with the possibility of withdrawal at any time which allows you to withdraw the money at any time. In return for blocking the money².

-In the long term, the withdrawal is then, in principle, possible only at a deadline determined in advance.

The term deposit designates a sum of money placed on deposit and blocked in a bank account. This sum can only be withdrawn by its owner after a certain period fixed in advance in a contract, signed by the persons concerned by the deposit.

higher. The interest rate governing this type of deposit is freely set by the banking establishments; it may or may not be indexed to the money market. If the term deposit contract is terminated before maturity, penalties may be applied.

It is imposed on the banker to return to the depositor the thing deposited after having taken care of it; in the meantime, the banker can use these deposits for his account.

2.2.4 Credit distribution :

"Granting credit is a crucial part of what banks do because it allows them to grow their money"¹.

¹ Luc BERNET(Rollande) :” Principes de technique bancaire”,Dunod paris 2008 ,27e édition, p.24

² <https://www.journaldunet.fr/business/dictionnaire-economique-et-financier/1198629-depot-a-terme-definition-traduction>. (published on 02-02-19 at 09:11,consulted at 29-03-23).

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2.2.5 The service offer:

“The bank provides a number of services, including check or card transactions, safe deposit box rental, and insurance services, which are offered by all institutions”.

2.3 The functions of the bank:

2.3.1 Customer service functions:

“They contribute to the stability of a bank's balance sheet because they reflect market shares, which in turn rely on the bank's business strategy. Additionally, they produce larger margins in comparison to currency exchange transactions, feeding the interest-related components of net banking income.

-The distribution of loans according to maturity or type, keeping in mind that the balance statement shows the net values of provisions, as well as the division of deposits between time deposits (unpaid or paying low interest) and savings deposits whose interest rates fluctuate with the market”².

2.3.2 Foreign exchange functions:

“In order to support these operations, it is essential to differentiate between loans and borrowings. These loans and borrowings have variable interest rates, and the margin collected is not particularly sensitive to changes in interest rates”.

“Liabilities, issues of negotiable debt securities and bonds, assets, the securities portfolio divided between variable income securities and fixed income securities, or between active financial fair value through profit or loss, make up the majority of the balance sheet in the majority of banks.”

¹ GOUALLI(Tinhinane) and LIBDIRI(Katia) : crédit d'investissement : étude comparative entre la finance islamique et la finance conventionnelle cas ALBARAKA banque et la BNA. Promotion 2020,mémoire de magister en Sciences de Gestion, UNIVERSITE MOULOUD MAMMERI DE TIZI-OUZOU,p22

²Ibid,p23.

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2.3.3 liquidité management control:

In the case of a liquidity deficit, the bank may borrow funds from the central bank or other commercial banks in order to satisfy the needs of its customers¹.

2.4 Different types of banks:

2.4.1 In terms of the legal status of the bank:

2.4.1.1 public banks :

These are the banks that are owned by the state and own all of its capital and supervise its affairs and activities. they carry out the orders of the state.

2.4.1.2 private banks:

They are banks that are owned by persons, whether natural or legal, who manage their affairs and bear all their legal and financial responsibilities towards the state.

2.4.1.3 mixed banks:

They are the banks that are jointly owned and managed by both the state and individuals or organizations, and in order for the state to maintain control over these banks, it is based on owning 1/2 of the capital, which allows it to supervise and direct them in a manner consistent with the financial and economic policy of the state².

2.4.2 In terms of the nature of the business practiced by banks :

2.4.2.1 Commercial banks :

They are the banks that engage in banking business from accepting deposits, offering loans, discounting or collecting commercial papers, and opening letters of credit. These banks may practice other non-banking activities, such as participating in economic projects and buying and selling stocks and bonds.

¹ GOUALLI(Tinhinane) and LIBDIRI(Katia),Op.cit,p24

² [http://jps-accountants-directory/محاسبة البنوك/](http://jps-accountants-directory.com/محاسبة%20البنوك/) (published on 06/2010, consulted at 26/03/23).

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2.4.2.2 industrial banks:

They are the banks that specialize in dealing with the industrial sector and contribute to the industrial development process by supporting industrial projects in return for providing loans and granting them banking facilities.

2.4.2.3 agricultural banks:

They are the banks that deal with agricultural institutions, as they specialize in providing all facilities and banking services to help these institutions to perform their role in the agricultural development process.

2.4.2.4 Real estate banks:

They are the banks that provide all banking facilities and services to individuals, institutions or residential cooperative societies to help them establish real estate.

2.4.3 in terms of sources of funds:

2.4.3.1 central banks :

These are the banks established by the state to assume the process of supervision , guidance and control over the banking system , central government is what the state allocates to it. As well as from the deposits of its commercial banks .

2.4.3.2 deposit banks(commercial banks);

They are the banks whose private funds consist of the capital owned by the partners as well as from deposits , made by individuals and institutions for the purpose of investment or current accounts¹.

2.4.3.3 business or investment banks:

They are the banks that rely mainly on their own funds in addition to time deposits in carrying out the work for which they were established , one of the most important of these works is providing long term loans to projects or contributing to them for investment purposes .

¹ [http://jpsaccountants directory/محاسبة البنوك/](http://jpsaccountantsdirectory.com/محاسبة%20البنوك/) (published on 06/2010, consulted at 26/03/23).

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2.4.4 in term of the legitimacy of operations:

2.4.4.1 traditional banks:

2.4.4.2 Islamic banks :

Islamic banks work according to what is imposed by the provisions and rules in Islamic law. These banks were distinguished by not dealing with interest, taking from borrowers or giving to depositors, but their relationship with their clients was characterized as that of a partner with his partner, where there is no prior return on the deposited funds to its clients in the form of funds , it has or offers funds to its clients in the form of funds determined by Murabaha, Mudharaba or Musharaka, and Islamic banks perform various banking services such as those carried out by conventional banks in exchange for commissions they charge.

Section 03: investment credit

We place ourselves in the logic of the company, whether private or public (local community, State, international organization). The definitions and characteristics are fully transposable for the individual whose investment opportunities are multiple: land, real estate, or stock market investments, subscription to a life insurance contract, or the constitution of a capitalization pension plan¹.

3 General presentation of the investment and its characteristics:

3.1 General presentation of the investment:

In economics, an investment is an immediate expense intended to increase, in the long term, the wealth of the person who commits it. In a company, an investment is used to increase productivity (invest in additional machines or more efficient machines), to save time (invest in task automation software)².

-Accounting vision

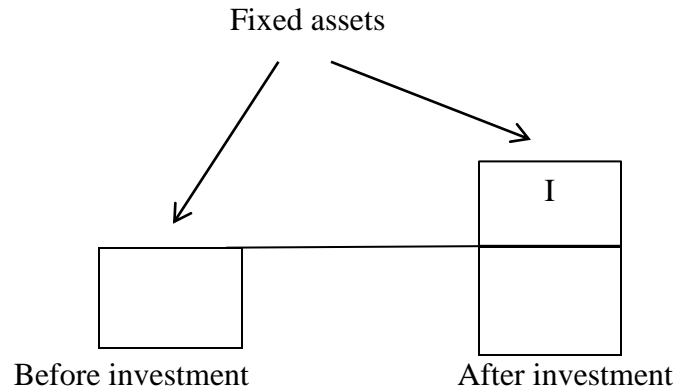
¹ TAVERDET POPIOLEK,(Nathalie) :« Guide du choix d'investissement », Éditions d'Organisation, 75240 Paris Cedex 05,p 01.

² <https://www.l-expert-comptable.com/l'expert-comptable/qu'est-ce-qu'un-investissement>(published on 23/11/2022,consulted on 01/04/2023).

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“Definition For the accountant, an investment is a flow of capital that changes the level of fixed assets in the company. It becomes immobilization”.

Figure 6: Investment in the accounting sense of the term



Source: TAVERDET POPIOLEK,(Nathalie) :« Guide du choix d’investissement », Éditions d’Organisation, 75240 Paris Cedex 05,p10.

For the accountant, investment is confused with fixed assets. From this point of view, therefore constitutes an investment:

- any property, movable or immovable, corporeal or incorporeal, acquired or created by the company,
- intended to remain permanently (more than one year) in the same form in the company.

This definition, proposed by the French General Accounting Plan (PCG), emphasizes the notion of ownership and lifespan”¹.

-Economic vision

For the economist as for the business manager, investment has a broader definition which includes investments in the accounting sense, to which are added the need for operating working capital, certain operating expenses and short-term financial securities. term forming part of current assets.

- Operating working capital requirement

¹ TAVERDET POPIOLEK,(Nathalie) ,Op.cit,p10

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The operating working capital requirement (WCR) is generated by the additional activity linked to certain industrial or commercial investments¹.

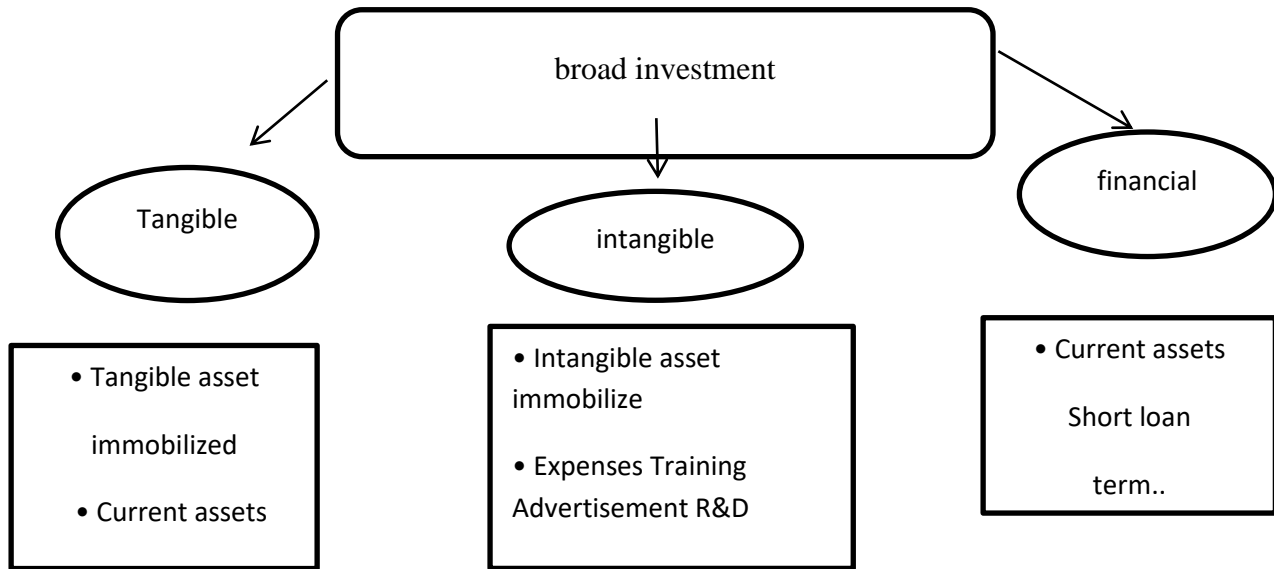
It is equal to the difference between:

- needs arising from the operating cycle (mainly financing of inventories and customer outstandings),
- resources from operations (essentially in-progress from suppliers).

$$\text{WCR} = \text{Stocks} + \text{customer work in progress} - \text{supplier work in progress.}$$

It can be expressed in days or as a percentage of turnover (excluding taxes).

Figure 7: The different types of investment in the economic sense.

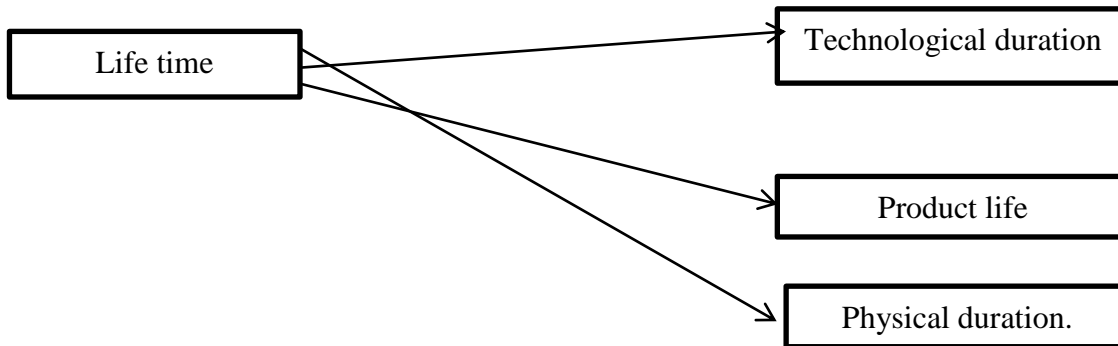


Source : TAVERDET POPIOLEK,(Nathalie) :« Guide du choix d’investissement », Éditions d’Organisation, 75240 Paris Cedex 05,p12.

For the financier: “Investment is analyzed as the allocation of money to the acquisition of industrial or financial assets. It is a decision to immobilize capital to incur an immediate expense with the aim of realizing a gain over several successive periods”.

¹ TAVERDET POPIOLEK,(Nathalie) ,Op.cit,p12

Figure 8: Operating period or economic or useful life of the investment



Source : TAVERDET POPIOLEK,(Nathalie) :« Guide du choix d’investissement », Éditions d’Organisation, 75240 Paris Cedex 05,p14.

3.2 The different types of investment :

We can distinguish four main types of grouping of investments: investments by nature, by destination and strategic and based on the time sequence of the money flows they involve ¹.

3.2.1 Investments by nature:

Investments by nature make it possible to establish a classification that is similar to the accounting classification:

3.2.1.1 tangible or directly productive investments:

such as factories, buildings, etc., concern physical assets;

3.2.1.2 intangible investments :

such as brands, funds of commerce, research and development, advertising campaigns, etc., relate to intangible assets. Their share in total business investment is steadily increasing.

3.2.1.3 Investments in equity securities:

for example, relate to financial assets.

3.2.2 Investments by destination:

Investments by destination obey a logic of grouping according to the objectives sought:

¹ CABANEN, (Pierre) : « l’essentiel de la finance : A l’usage des managers », Eyrolles : 2^{ème} Editions, Paris, 2008, p234.

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3.2.2.1 renewal investments:

are intended to replace worn or obsolete equipment. The objective here is to maintain, in an identical state, the production potential of the company;

3.2.2.2 modernization investments:

complete the previous objective by adding, for example, the contribution of a new technology (example of the airline company which invests in a supersonic plane to replace its propeller planes);

3.2.2.3 productivity investments:

the objective of which is to seek lower unit costs, are frequently combined with the first two;

3.2.2.4 capacity investments:

aim to increase production capacities;

3.2.2.5 safety investments :

aim to reduce the number of workplace accidents and meet new standards;

3.2.3 Strategic investments:

Finally, among the strategic investments, we distinguish:

3.2.3.1 offensive investments:

to conquer new market share and strengthen its position (takeover of a competitor, for example);

3.2.3.2 defensive investments:

to maintain its position competitive (purchase of patents or integration of a subcontractor with unique know-how, for example);

3.2.3.3 diversification investments:

to build a group operating in several sectors of activity.

3.2.4 classification based on the time sequence of the money flows they involve:

Here are four big families that have been categorized according to the cash flows they produce:

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3.2.4.1 Point Input-Point Output:

The investment expenditure is made in full at a single time T_0 , which results in a single income at a single time T_1 . An illustration of this would be a project to plant trees in order to provide building wood.

3.2.4.2 Item Input-Continue Output:

This is a textbook example of an investment expense occurring completely in T_0 , followed by a series of cash receipts spaced out over time. As an illustration, consider the investment in a machine made in T_0 that allows manufacturing and generates net cash inflows over the course of the equipment's life.

3.2.4.3 Let's move on. Output-Point Input:

While the corresponding product is localized to a single era, investment expenditure is spread out over time. The process of getting a finished product, which necessitates the implementation of numerous subsequent operations, can be used to demonstrate this sort of investment.

3.2.4.4 Continue Input-Continue Output:

Cash inflows and outflows from investments are spaced out over time. It is typical for expenditures associated with building a factory to be spread out over several years, as are the net cash inflows brought on by using this tool.

3.3 Definition of investment project:

A project is a set of actions that consume limited resources (labour, capital, raw materials) and from which a certain number of defined economic agents expect monetary or non-monetary benefits. It corresponds to a specific (unique), temporary process with a beginning and an end, as opposed to well-established and repetitive activities. To be effective, this approach must be structured and methodical.

Thinking about an investment, selecting it, making it and then operating it until its end of life is a project in itself since it corresponds to a specific approach that mobilizes resources to meet a well-defined objective. We then speak of investment or investment project indiscriminately¹.

¹TAVERDET POPIOLEK,(Nathalie) ,Op.cit,p25.

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3.4 The purpose of the investment:

-An investment is an immediate expense whose objective is to obtain a quantifiable positive effect in the long term. A company invests¹:

-to increase productivity (invest in additional machine tools, etc.)

-to win new customers or take care of your brand image (invest in a communication campaign, etc.)

-to save time (invest in task automation software, etc.)

-to ultimately reduce costs, i.e. increase profits (invest in a tool for monitoring energy consumption, for example to find where and how to save money, etc.)

-Investment may also be necessary to maintain turnover (renewal of obsolete equipment) or to modernize equipment: newer and more efficient or more ecological...

3.5 Definition of credit:

"Credit is the act by which a person acting against payment makes or promises to make funds available to another person or takes in the interest of the latter, a commitment by signature such as an endorsement , a bond or a guarantee..."².

"Credit is defined as "to make credit is to make trust, but it also means giving freely the effective and immediate disposal of real property or purchasing power, against the promise that the same property or an equivalent property will be returned to you within a certain period, most often with remuneration for the service rendered and the danger incurred, danger of partial or total loan inherent in the very nature of this service"³.

¹ <https://www.l-expert-comptable.com/l'expert-comptable/qu'est-ce-qu'un-investissement/>(published on 23/11/2022,consulted on 01/04/2023).

² BOUFOUS,(Sawssan) and KHARISS ,(Mohamed)"Le Crédit Bancaire: « Le Crédit Bancaire: Histoire et Typologie [Bank credit: history and typology]", International Journal of Innovation and Applied Studies ISSN 2028-9324 Vol. 8 No. 2 Sep. 2014, pp. 728-735, p732

³ DUTAILLIS,(petit) : « Le risque de crédit bancaire », Edition scientifique RIBER, Paris, 1967, p 50.

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“A credit is a bank loan allowing a sum of money to be obtained from a lender, generally a bank, and which must be repaid over a period determined in a loan contract.

Repayments are debited from the account of the borrower, who may be an individual or a professional, at a frequency provided for in the terms of the financing. Generally, it is common for installments to be paid once a month, although it could be once every quarter, semester or year”¹.

“More briefly, the Dictionary of Economics and social sciences defines the credit “Resources lent by a bank or a financial institution to an economic agent who undertakes to pay interest and repay the capital of the loan. All the definitions thus reach the same meaning: a credit is the operation, where the bank makes its funds available to a third party, who undertakes to reimburse it”².

3.6 Credit types:

“The credits currently offered by banking establishments are very diversified, since they tend to meet the new needs of customers. Except that there are basic needs from which arise a panel of credit offers that meet "primary" and daily needs, in this part we will mention the best known among customers and banks, and the classification will depend on the category of customers.

The banking service offers a wide range of credit products to individual customers, such as”³:

* Operating credits;

* Investment loans

3.6.1 Operating credit :

Used to cover irregular financing needs. Intended to finance current assets that are not covered by working capital, it corresponds to a maximum amount accepted by the bank, but the interest rate only applies to the part actually used. Operating credit provides immediate cash and

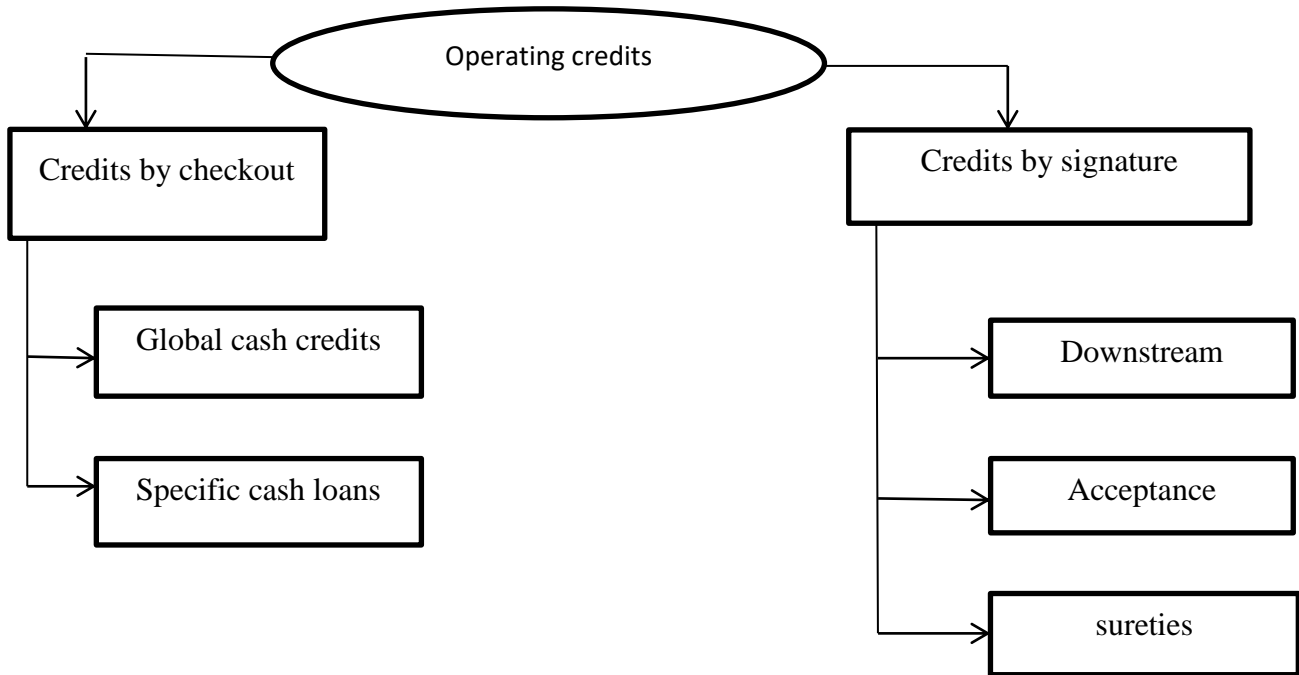
¹ <https://www.solutis.fr/differents-types-credit.html>, (published on 17/10/2022, consulted on 05/05/2023).

² BOUFOUS,(Sawssan), Op.cit ,p732 .

³ BOUFOUS,(Sawssan), Op.cit ,p733.

avoids the short-term realization of certain assets. It is therefore a credit limit that can be used as needed and can be used in different forms¹.

Figure 9: Categories of operating loans



Source: Jean barreau et all, gestion financière, édition DUNOD, 13ème édition, 2004, P 15.

There are two main categories of operating loans:

3.6.1.1 Operating credits per fund.

They are: To. International operating funds²:

3.6.1.1.1 Global operating credits :

Are only used to cover a financial shortfall brought on by a sizable working capital requirement. Because the banker considers the beneficiary's character, morals, and financial position, no other guarantee is necessary other than the guarantee of reimbursement.

¹ BOUFOUS,(Sawssan), Op.cit ,p733.

² GOUALLI(Tinhinane) and LIBDIRI(Katia) : crédit d'investissement : étude comparative entre la finance islamique et la finance conventionnelle cas ALBARAKA banque et la BNA. Promotion 2020 Le crédit d'investissement : étude comparative entre la finance islamique et la finance conventionnelle cas AL-BARAKA banque et la BNA,mémoire de magister en Sciences de Gestion, UNIVERSITE MOULOUDE MAMMERI DE TIZI-OUZOU,2020,p27.

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This form of credit is also distinguished by the fact that it is given by charging the beneficiary's current account, provided that it is pre-authorized. We separate the following from the total running credits:

-The overdraft facility:

The overdraft account is a line of credit created to bridge cash flow gaps caused by the turnover of current assets, such as payments, raw material purchases, tax settlements, etc. The sum is fixed based on the monthly turnover with all applicable taxes. (TTC).

-The overdraft:

This is a short-term bank loan granted to companies to enable them to cope with disbursements that exceed their cash flow possibilities, to temporarily meet a working capital requirement. (BFR) exceeding the possibilities of working capital (FR). By granting this type of assistance, the banker agrees that the account of his relationship evolves into a debit position for a period ranging from a few weeks to a few months depending on the needs to be met.

-The bridging loan:

which anticipates an operation generally financial situation with certain or almost certain chances of being realized.

-Companion credit:

"Companion credit is given when either the company's manufacturing cycle or its sales cycle, or both simultaneously, are seasonal. It is the ideal working credit for agriculture. However, some industrial or commercial operations also follow a cycle".

3.6.1.1.2 Specific operating credits

These credits give rise to the pledge of certain circulating assets, within the framework of a specific operation, they can take the following forms:

- The discount commercial:

it is a short-term credit transaction by which a discount banker pays the amount of a commercial paper to his client who is the bearer and who gives it to him in return. The banker

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deducts from this amount a sum itself called a discount, corresponding to the interest to run until maturity in addition to certain commissions¹.

-Advance on goods :

consisting in financing a stock and apprehending, in return for this financing, goods which are pledged to the creditor, It is a loan given to businesses with the purpose of financing the purchase of products pled to the creditor. By using this method, the client can pay his supplier and gain enough time to quickly resell his goods.

The products must be removed from the advance recipient's possession. These will either be placed in the custody of a third party consignee or in a storage owned by the bank (or one it rents).

The banker must ensure the nature, quality, and value of the products to be financed, the company's industry of operation, and the economic situation in addition to taking possession of the pledge.

The prior criteria will be used to determine the advance's amount. This must never exceed the cost of the donated items. Warrant discount enables a range of commodity advances.

-advance on public contract :

for the execution of works or the delivery of supplies. This is the funding of agreements made between public officials and suppliers, such as those for the supply of goods, the completion of public projects, or the building of public facilities like hospitals

3.6.1.2 Operating credits by signature :

For the banker, these credits entail lending a straightforward promise that is made real by a signature rather than actual money. In the event that the debtor defaults on this promise, money may be disbursed.

which is a commitment made by a bank to make funds available to its client or to intervene financially in the event of the latter's default. It allows a company to exercise its activity, to defer

¹ BOUFOUS,(Sawssan), Op.cit ,p733.

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its payments, to avoid them or to accelerate its receipts. They include administrative guarantees, customs guarantees, various guarantees

-Suretyship:

"A suretyship is a contract wherein a person guarantees the performance of an obligation by committing to the creditor to satisfy this obligation in the event that the debtor does not satisfy it himself."

The bond represents the bank's promise to fulfill the client's obligations in the case of default. The customer wants to delay a payment that is due, prevent having to pay cash under a surety bond, and hasten the inflow of cash¹.

-The endorsement :

is a promise made by a third party that commits to pay all or part of the balance of a debt, typically a bill of exchange, according to article 409 of the Algerian Commercial Code. Either on the draft or in a separate act, the endorsement may be provided. It is indicated by the phrase "Good for downstream" and the banker's autograph.

An endorsement is given by a banker to ensure that his client's (a business) commitment to people is genuine.

-Acceptance:

"Acceptance is the commitment made by the drawee to pay the bill of exchange to the person who will be the legitimate bearer at maturity," according to the definition of acceptance.

Banks primarily use this credit for foreign trade. It enables the banker's name to take the place of his client's. Since the seller or his banker cannot fully understand the significance of each overseas buyer's signature, they both need the banker's signature.

-Documentary credit:

¹ See article 644 of the Civil Code.

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A documentary credit is a credit by signature under which a banker commits to paying for imported goods in exchange for the showing of a specific set of documents at the time the credit is opened.

The documentary credit is a commitment by signature that the bank makes during a customer's import operation; this commitment by the bank covers the importing customer for the payment of his imported products at the agreed-upon deadline in the event that he would be faulty.

which is granted to a customer in favor of his supplier, where the importer through a bank undertakes to make a payment after the presentation of the documents in conformity with the request for the opening of the credit¹.

3.6.2 Investment credits:

3.6.2.1 Definition of investment credit:

From an economic point of view :

“Economists describe investment as "the exchange of immediate and certain satisfaction, which one renounces, against a hope which one acquires and whose property invested and the support"².

“ from an economic perspective. Investment is defined as "a flow of capital intended to modify the existing stock, which constitutes, with the labor factor in particular, one of the main factors of the production function" in practice. In other words, an investment is a financial sacrifice that is made today but will eventually pay off"³.

From a financial point of view:

¹ BOUFOUS,(Sawssan), Op.cit ,p734.

² JACKY (K), « Le choix des investissements », Ed. Dunod, Paris, 2003, p. 11.

³ BANEEL (F) RICHARD (A), « Les choix des investissements : méthodes traditionnelles, flexibilité et analyse stratégique », Ed. Economica, Paris, 1996, p. 21.

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“which can be medium or long-term and whose interest rate, terms of use and repayment plan are fixed by contract. They can be used to finance investments in fixed assets such as buildings, machinery, equipment, etc”.

3.6.2.2 The different types of investment credit:

The different types of investment credit make it possible to finance a business, but not all of them are suitable for each profile or company. In addition, it is important to distinguish between long-term and short-term investment loans.

3.6.2.2.1 Medium-term loans (MTL):

whose duration is approximately between two and seven years is generally to finance the acquisition of light equipment. It involves more risks of immobilization, of loss than short-term credits. However, the risk of immobilization is removed when there is a commitment made by the central bank or any other mobilizing body¹.

It is a medium-term loan that is inserted between short-term and long-term debt at the time that a need for extending the short-term or shortening the long-term debt has emerged. According to Algerian law 90-10 of April 14, 1990 relating to money and credit, medium-term credit can be rediscounted with the bank for a period not exceeding 3 years. It primarily finances light installations, the amortization period of which does not exceed 7 years. There are three (3) types of medium-term credit for the banker²:

-Discounted M.T.L:

This is the type of credit that Algerian banks use the most because it enables them to rediscount the note to order subscribed by the investor with the Bank of Algeria, which allows them to reconstitute the cash given on the occasion of the realization of the credit. (borrower).

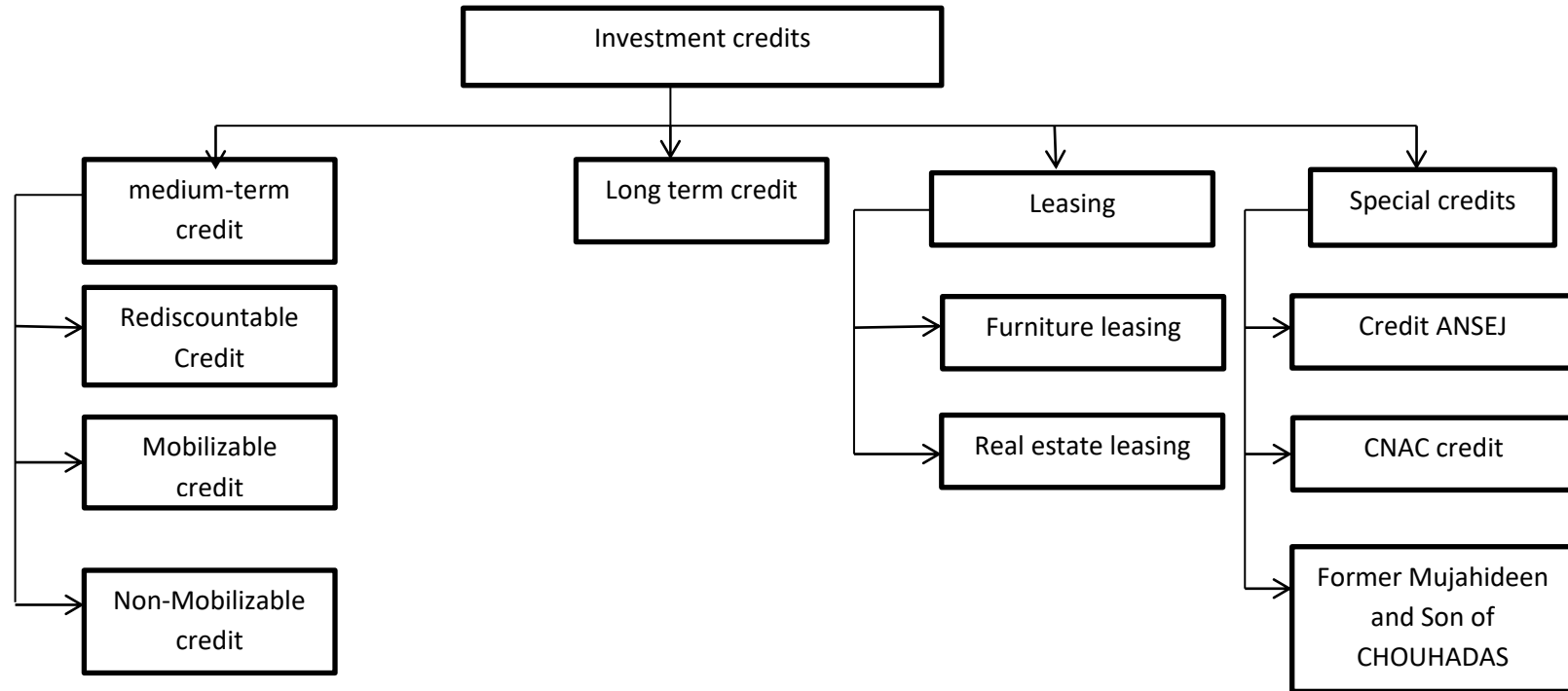
A medium-term loan must be used for one of the following: creation of production tools, operating financing, or apartment building construction.

Figure 10: Investment credit

¹ BOUFOUS,(Sawssan), Op.cit ,p734.

²BOUYACOUB, F, « l'entreprise et le financement bancaire », casbah édition,Alger, 2001.p60

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source: compiled by myself.

-The mobilizable M.T.L:

The banker will not rediscount the credit with the Algerian bank for this form of credit; instead, they will mobilize it on the financial market, a possibility that Algerian banks are not yet able to offer.

-The non-mobilizable M.T.L:

The MTL is said to be non-mobilizable when the promissory note that the borrower has signed is viewed as a debt acknowledgment rather than an accounting document. This form of credit will cause a change in the bank's cash flow, so it is compensated more expensively than other types of MTL for this reason.

3.6.2.2.2 Long-term loans (LTL):

They leave the long-term segment open to "specialized bodies" (in Algeria, the Algerian Development Bank), who act as a go-between for the financial market and businesses by intervening on resources that are essentially required to be borrowed and financing investments through indirect calls on savings.

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"Long-term credit is in the acceptable range." (8-20 years). It provides funding for large permanent assets, particularly constructions. long-term with funding primarily from debts that are required. The bank functions as a relay and, in some circumstances, shares the risk with the lending organization¹.

Are by definition credits whose duration exceeds seven years and are generally intended to finance heavy investments, i.e. those for which the amortization period goes beyond seven years, it can take the form of a:

-leasing :

Leasing is a rental agreement for movable or immovable property that includes a purchase choice for the remaining value of the leased asset at the conclusion of the agreement. Three parties are involved in a lease agreement legally: the vendor, the beneficiary of the property, and the bank².

These are governed by two contracts and a few conventions:

- A contract of sale tying the vendor to the lending institution;
- A lease agreement signed by the lending institution and the recipient of the good;
- Potential insurance on the loaned item.

which will allow the financing of all the equipment that the company will need for its current activity. This technique allows a company to acquire capital goods at the end of a rental period under conditions that vary depending on whether this good is mobilized or immobilized³.

Credit can be divided into two categories:

-Leasing of furniture :

¹ BOUYACOUB F, Op.cit, P.253.

² Michel Bialès, C. Bialès, Rémi Leurion and Jean-Louis Rivaud , Voir le dictionnaire de faits économiques et sociaux contemporains, édition FAUCHE, France.2005.

³ BOUFOUS,(Sawssan), Op.cit ,p734.

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is related to capital products that must be used for business purposes. (port on movable property). The lessor then sells this property to the buyer, who leases it to them for a set amount of time. (generally seven years).

-Real estate leasing:

This process involves professionally developed, already-built real estate and lasts for 15 to 20 years before the tenant (or lessee) becomes the owner¹.

3.6.2.2.3 Credits for special investments:

These credits are a component of a government development initiative. It has to do with funding initiatives that are backed by open competitions. There are various special investment credit kinds.

-Credits for youth work

The public sector, working with the banking industry, has established a financing system dubbed "youth employment credit" in an effort to end the scourge of unemployment that plagues a sizable portion of the Algerian population. This credit was created to help young investors who want to participate in the economy fund microbusiness debt. By taking this action, they can generate income and lower unemployment.

- ANSEJ credit:

Is a medium-term competition designed to fund the purchase of equipment and/or the realization of approved projects within the framework of the youth employment program, up to a maximum of 70%.

-The recognition given to promoters between the ages of 35 and 50 who create jobs:

A new system that grants specific investment credits to unemployed people between the ages of 35 and 50 who are skilled in their field but lack the capital to launch a company is being established as part of the government's development strategy. It is a medium-term loan with a

¹ LUC BERNET. « Principe des technique bancaire »,20ème édition, p257.

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maximum 7-year tenure. The maximum sum of this credit is 5 million dinars, and the unemployed receive benefits from the CNAC's unpaid loan as well as the interest rate subsidy.

-Credits due to past Mujahideen and CHOUHADA children:

According to the provisions of Executive Decree No. 96/201 of June 2, 1996, and the interministerial decree of January 29, 1997, investment projects of a commercial, industrial, artisanal, agricultural, or service nature presented by the mujahideen and children of CHOUHADA receive a maximum 50% interest rate subsidy from the Public Treasury.

Conclusion of the chapter:

I have discussed the Algerian banking system and we have seen that this system is oriented by numerous regulations and laws. We defined also the bank, its different roles, and its crucial place in a specific financial system in this chapter. We have also concentrated on medium- and long-term credit products designed to finance commercial and private project funding.

In order to achieve this, i have been able to notice that these credits, while still being less extensive than those meant for the financing of operations, are much more significant. They are the very foundation of any business's launch into a new industry, but they place a lot more emphasis on the length of the debt they represent than on the specific discomforts it causes.

The credit meant to finance the investment will be just as crucial because it is a significant event with significant repercussions. This forces the banker, who is fully aware of the extent of his commitment in this area of credit, to be knowledgeable about all the financial data in order to make an educated decision. Additionally, he will need to determine as accurately as possible the sums to be distributed and the timing of their reimbursements, particularly in light of the potential surprises that the uncertain future of business development may hold.

In reality, the banker must keep in mind that a credit with an inadequate amount and short duration may jeopardize the proper realisation of the investment and, consequently, its repayment. Similar to this, a credit with an excessively wide amount and duration may burden the company's situation or encourage it to engage in risky speculative activities.

Chapter 02 : Islamic finance and conventional finance

Chapter 02: Islamic finance and conventional finance

Introduction :

Whatever the organization, whether professional or associative, its finance department is of major importance in its development. Its role is to manage, balance and grow capital.

Finance comes in a variety of forms. We have traditional finance, also known as classical finance, and Islamic finance. Islamic finance was ignored despite being around much longer than conventional banking.

In a context characterized by the rise of the problems of conventional finance which are hitting the major economies, in particular with the current global crisis, many investors have lost confidence in the financial markets. Also, savers, because of their risk aversion, turned to less risky investments. And this is how Islamic finance is imposing itself with force alongside conventional banks. Based on the principles of Sharia, Islamic finance differs from conventional financial practices by a different conception of the value of capital.

Determining the products, principles, and notion of conventional and Islamic financing is the primary goal of this work. In my research, I'll discuss the theory developments related to drawing comparisons between these two various forms of conventional and Islamic financing.

Section 01 : The Islamic finance

1 Definition of Islamic finance and its history:

1.1 Definition of Islamic finance:

“Islamic finance is defined as being: "a compartment of so-called 'ethical' finance, that is to say, a finance which intends to make itself available to the real economy and serve it, at the by a limited number of structuring principles”. Islamic finance is a compartment of ethical finance because it is characterized by a moral and socially responsible dimension, and could meet a need that goes beyond financing. Thus, it has specificities related to respect for the principles of Islam in the field of business, which distinguishes it from conventional finance. This difference implies the existence of financial institutions whose referent is religious and supposes the supervision of their activities by independent committees to control the conformity of their products with the principles of Sharia.

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Islamic finance is based on a religious referent which is the Shariâ, governing both the spiritual and civil life of Muslims and of which the Holy Quran and the Sunna are the main sources. In the absence of an explicit reference to an economic or social field in the main sources, the jurisconsults who are specialists in Islamic law engage in the creative effort "Ijtihad" (Jurisprudence) aimed at deducing bases of the law an opinion concerning a rule of law or by appealing to analogical reasoning with existing principles (Qiyas). The goal is to reach a consensus (Ijmaâ) in which all the specialists recognize the validity of an opinion, it then takes on the force of law.

In the Islamic conception of wealth, everything belongs to God. Money is a deposit of which man is the manager and responsible for its use before God. However, Islam is not opposed to private property, it also encourages business relations provided that the sectors are lawful, that each of the parties respects its contractual obligations, and that the resulting remuneration is the fruit of a productive effort

Social justice is at the heart of the concerns of Islam. Thus, among the five pillars, the third concerns giving a share, generally 2.5% per year, of one's wealth as legal alms (Zakat) to the needy. This alms is obligatory for any Muslim with wealth above a fixed minimum to purify his money or the other wealth he has.

In terms of investment, Islamic finance has drawn its legitimacy from religious texts and also from some of its practical aspects. Thus, Islamic finance aims to finance viable projects and to serve the real economy as specified. Some scholars speak of a full-fledged "Islamic financial system". These authors show that the Islamic financial industry has diversified to reach several segments of modern finance, and discuss the different institutions, structures, and regulatory authorities ensuring the control and survival of the system".

"What is Islamic Finance? Definitions vary from very narrow (financing transactions without bank interest) to very generalized (financial transactions carried out by Muslims). Islamic finance could be defined as financial services and financing transactions primarily implemented to comply with Sharia principles. This definition goes beyond the assimilation of Islamic finance aims for an equal and equitable distribution of resources as well as equity in the distribution of risks"¹.

¹ N. HANY , Y. REGRAGUI , and Y. AL MERIOUH : « Etude comparative du coût de crédit entre la finance islamique et la finance conventionnelle», International Journal of Innovation and Scientific Research –IJISR, Vol.67, No1, jan 2016, p 91 .

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1.2 History of Islamic finance:

1.2.1 Birth of Islamic finance:

The roots and principles of Islamic Finance are as old as the religion itself. Indeed, Fiqh Al Mouamalat has for centuries provided a structured framework for the financial transactions of Muslims, but it was not until the end of the 20th century that the Islamic financial system developed enough to be considered as a distinct model for Muslims (and non-Muslims) to carry out financial activities by the precepts of Islam¹.

Between the 7th and the 14th century, when Islam was at its height and the political-religious climate was favorable, the Arab-Muslim world dominated knowledge. This is when the first types of Islamic finance emerged. This financial system was more like a dynamic monetary economy. It also appears to be focused on the successors' state finances².

Islamic finance did not exist in its current shape during the early stages of Islam. Instead, agreements and deals were governed by the Quran's laws and the Prophet's example. The earliest indications of organized banking in Islamic nations can be traced back as far as the first successors. It was more about the financial management of the resources of a fledgling state and finance that had its roots in the creation of the first accounting systems.

The territorial expansion of Islam and Islamic institutions during this time needed strict management of state finances. It was specifically about efficiently channeling the alms (Zakat) tax, which is required of every Muslim and is claimed above a certain salary. The proceeds from this collection are sent to the state treasury or Beit-Elmel-Elmouslimine. Therefore, the emergence of an accounting and financial system in the land of Islam was likely to result from the fusion of these commercial (private management) and tax (public management) components³.

¹ N. HANY , Y. REGRAGUI , and Y. AL MERIOUH, Op.cit,p 6 .

² SAIDANE.D., «La finance islamique à l'heure de la mondialisation», Paris: édition RB, 2^{ème} edition ,2011, p17.

³ SAIDANE D, Op.cit,p 17.

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1.2.2 Development of Islamic finance:

The first experience in this field dates back to the 1960s with the creation of rural savings banks Mit Gamr (Detla du Nil) in Egypt and the “Pilgrim’s Management Fund” in Malaysia. These institutions aimed to reduce banking exclusion and promote the development of disadvantaged sections of the population. Their activities which were mainly focused on a development objective were limited to a local level¹.

To this end, the consensus is to consider the true birth of modern Islamic finance after the 1970s following the creation of the Organization of the Islamic Conference (OIC) bringing together a large number of Muslim countries.

At the time, the challenge was to design a financial system that had to respect the precepts of Islam and be compatible with the modern economic model. At the Third Islamic Conference, held in Jeddah in 1972, a comprehensive plan for reforming the monetary and financial systems according to Islamic ethics was presented.

In 1974, the OIC summit in Lahore voted to establish the intergovernmental Islamic Development Bank (IDB), which was to become the cornerstone of the Islamic banking system. This new institution aimed to participate by injecting or lending capital for productive business projects and to provide financial assistance to member countries for their economic and social development. This bank is also responsible for establishing and managing special funds for specific purposes. It was authorized to accept deposits and mobilize financial resources on Sharia-compliant terms.

Currently, the IDB has 56 member countries with the largest holdings being Saudi Arabia (26.5%), Libya (10.6%), the United Arab Emirates (7.5%), and Kuwait (7.1%).

In 1975, the Dubai Islamic Bank (DIB) came into existence. It is considered to be the first universal and non-governmental Islamic bank. During the same period, the number of similar Islamic banks expanded rapidly: Kuwait Finance House in 1977, Banque Fayçal in Egypt in the same year, the Islamic Bank of Jordan (1978) as well as the Islamic Bank of Bahrain in 1980. In addition, a group of specialized investment banks was established, including Nassau Investment

¹ CDVM, Op.cit.p06.

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Company in 1977, Sharja-based Gulf Investment Company also established in 1977 and Sharia Investment Services based in Sharja. Geneva in 1980.

The 1990s saw the expansion of Islamic Retail Banking and the birth of Islamic financial disintermediation, i.e. the transition from a debt economy to a financial market economy. During these years, the IFIs became more and more structured, and their operating rules were refined. Thus, in 1991, the main international organization for standardization of the Islamic finance industry was created: the Accounting and Auditing Organization for Islamic Finance Institutions (AAOIF) which will be responsible for developing the appropriate accounting standards for IFIs.

1.2.3 The 21st Century: The Growth of Islamic Finance:

According to IMF estimates, there are currently over 300 Islamic institutions operating in over 75 countries. According to Bank Negara Malaysia, the number of Islamic bank branches in Malaysia increased from 126 in 2004 to 766 in 2005 . Elsewhere, a significant number of new Islamic financial institutions have been set up rapidly in the traditional markets of this industry, more specifically in the countries of the Gulf Cooperation Council¹.

Islamic finance is also growing in new markets such as Syria, Lebanon, the UK, Turkey and Canada. With increased liberalization, the Islamic financial system has become more diverse and has gained more and more depth. Consequently, Islamic finance currently appears to be one of the most dynamic segments of the international financial services industry.

The very strong demand for Islamic products and their growing popularity was mainly driven by a considerable mass of liquidity from petrodollars in the Persian Gulf region as well as by new geopolitical configurations. Several reasons could explain the significant growth of Islamic assets. Large banks had the choice between converting to IFIs or opening Islamic “windows” in order to diversify their portfolios and take advantage of this developing niche.

Today, Islamic financial institutions continue to consolidate their deposit base and the various operators are taking advantage of financial innovations to expand their product offerings. They are currently present in several regions of the world: Middle East, South Asia, Europe, America, North Africa, etc.

¹ CDVM, Op.cit.p08.

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1.3 Sources of Islamic finance:

Man is not permitted to allocate resources in accordance with his preferences in finance or Islamic economics. He must uphold the rules established by the Koran and the Sunna, two authoritative authorities. These sources are created by reason (Ijmâ) and agreement (Ijmâ) (ijtihad).

1.3.1 The Koran:

The holy book of Islam gives an account of the message of God as revealed to the Prophet Muhammad (SAWS), it constitutes the first source in terms of law. Any material taken from other legal sources must imperatively be in full compliance with the word of God in the Quran.

1.3.2 The Sunna:

This term encompasses all the teachings transmitted by the Prophet Muhammad (SAWS) through his words, expressions, actions, and his tacit approval.

These two sources constitute the essential bases allowing to determine the conformity of any action with the rules and the finality of the Sharia. However, the Sharia remains open to possible interpretations and developments. Thus we can add two other sources of Sharia:

1.3.3 The Ijmaa:

In its technical dimension, Ijmaa means the consensus of Muslim jurists on a point of law. In practice, the Ijmaa acts as proof if no element of the Koran or the Sunna allows to decide on a case.

1.3.4 The Qiyass (reasoning by analogy):

This technique consists in assigning, on the basis of a common underlying characteristic, the legal rule of an existing case found in the texts of the Koran, the Sunnah and/or the 'Ijmaa to a new case whose legal rule could not be identified. This while remaining faithful to the spirit of the traditional sources of Muslim law¹.

¹ BENLAHMAR, Imad :« La finance islamique est un rempart à la finance conventionnelle face à la crise ? », mémoire de recherche appliquée, INSEEC BUSINESS SCHOOL, Paris. Bordeaux, 2010.

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1.4 The principles of Islamic finance:

All researchers in Islamic finance agree on the fundamental principles governing financial practice in Islam and which are five in number, of which two are positive principles and three are negative (prohibitions).

1.4.1 Prohibition of interest-bearing loans (riba):

Usury (riba) has been expressly forbidden in the Quran. The Prophet cursed the taker, the giver, the writer of the deed and the witness. It is therefore forbidden to demand a return for the simple fact of lending. Interest is the price of the loan while basically the loan should not earn any profit. This prohibition is valid both for the contractual interest on the loan and for any other form of late payment interest or interest disguised as penalties and commissions¹.

This principle constitutes the cornerstone on which the Islamic financial industry is based. It is even considered to be its main reason for being. Indeed, if lending at interest has been prohibited, it is because it is in contradiction with the objective of solidarity. It consists of taking other people's money without compensation, it contributes to the enrichment of the creditor who has excess liquidity and to the impoverishment of the debtor who needs it and who finds himself increasingly deprived by this practice of the creditor towards him. This ends on the one hand by preventing the rich from investing in projects that create added value by preferring easy gain, and by destroying the kindness between people in matters of lending, on the other hand.

Sharia strictly prohibits Riba, which means both interest and usury. Any type of capital increase is thus condemned independently of the rate applied, and this contrary to the Western vision which only speaks of usury from a certain level of rate.

Note that the prohibition of interest in Islam is not an innovation compared to other religions. However, Islamic finance is not opposed to the principle of remuneration of lent capital, it prohibits the fact that it is related only to the passage of time. Thus, to prevent the banker from lending money based solely on the criterion of solvency and the customer's ability

¹WADI,(Mzid),la_finance_islamique ;principes-fondamentaux_et_apports_potentiels_dans_le_financement_de_la_croissance_et_du_developpement , Economic Agendas of Islamic Actors, Banque Zitouna, Tunisie. p 7

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to repay, Islamic finance takes into consideration other criteria, namely: the viability of the project on the economically, socially, ethically and morally¹.

1.4.2 The ban on excessive risk (Al Gharar):

Operations and transactions must have the necessary transparency and clarity, so that the parties have full knowledge of the values of their exchanges. It is in this respect that operations whose equivalent value is not known exactly, those generating excessive risk or those whose outcome depends essentially on chance, are prohibited (gambling, standard insurance, etc.)²

1.4.3 The principle of prohibition of speculation and uncertainty:

As the field of business is dominated by uncertainty, this implies the impossibility of controlling all risks, particularly in the event of force majeure. However, “Gharar” refers to ambiguities that may bring additional risks. These additional risks are related to the main characteristics of a good, namely: its nature, price, weight, date, place of delivery, etc. Indeed, the Koran and the Sunna urge contractors to take all necessary precautions to avoid any excessive risk. One of the recommendations consists in prohibiting the sale of an asset that the seller does not own at the time of the transaction. This results in the prohibition, within the meaning, of any bet on the future.

1.4.4 Prohibition of illicit investments:

The Sharia also requires that any Muslim cannot deal in goods deemed illicit or Haram. Indeed, there are requirements as to the nature of the activity in which an investment remains consistent with moral and religious imperatives as dictated by Islam. Thus, games of chance, activities related to alcohol, pig farming or even armaments, the film industry arousing or suggesting debauchery, and activities related to pornography in particular constitute sectors of investment prohibited in Islam. We find this principle of exclusion in ethical finance in favor of sustainable development and socially responsible investment. From a financial point of view, the underlying of any type of contract must also be Sharia-compliant. Typically, in the context of an

¹ N. HANY, Y. REGRAGUI, and Y. AL MERIOUH, Op.cit, p92.

² WADI, (Mzid), Op.cit,p07.

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investment in the form of shares, a certain number of sectors whose activities are considered to be illicit are to be excluded from the investment universe¹.

1.4.5 Profit and Loss Sharing:

A single party cannot, alone, assume all the risk associated with a transaction. In this way, the other party cannot claim the privilege of transferring all the risks to the other party. Return is a corollary of risk and is the main justification for it. It is for this reason that one cannot commit to a fixed return for an investment, for example².

1.4.6 Backing to real assets:

Islamic finance is, in all cases, attached to the real economy. All financial transactions must be backed by real, tradable assets. This principle, combined with that of the prohibition of excessive uncertainty means that, for example, derivatives are prohibited.

According to this principle, financial transactions must be backed by a tangible and identifiable asset. Thus, for it to be valid, the contract must relate to a real asset whose characteristics are precisely defined in order to allow the sharing of losses and profits generated by this asset. Let us cite the example of bonds which can only be authorized in Islamic finance when the issue is backed by tangible underlying.

The Islamic financial industry knows these Islamic bonds as "Sukuk". The redemption of debts as well as the sale of receivables do not meet this condition, which explains the absence of these practices in Islamic finance. This principle extends to join the previous ones insofar as the capital gains that can be realized by a seller who sells a property that he does not own are prohibited since the motive is purely speculative.

Like all ethical finance, Islamic finance draws its legitimacy from the solutions it could offer to deal with the crises that the financial markets are going through³.

¹ BENLAHMAR,(Imad),Op.cit,p10.

² WADI , (Mzid),Op.cit.p07.

³ N. HANY, Y. REGRAGUI, and Y. AL MERIOUH, Op.cit,p93.

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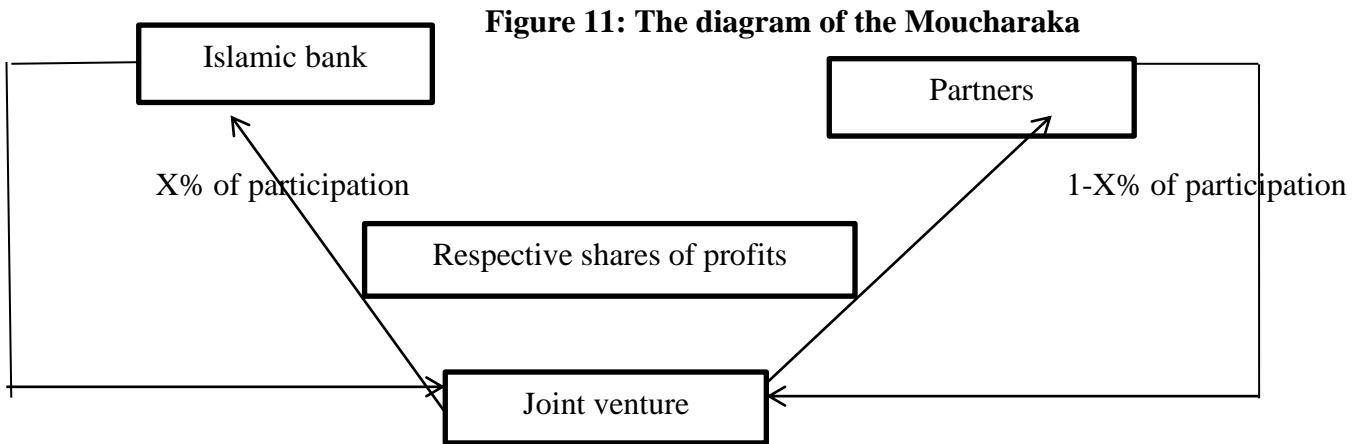
1.5 Islamic financial products:

1.5.1 MOCHARAKA (ACTIVE PARTICIPATION):

It is an active partnership, a mode of financing used in both Islamic and conventional finance whereby two or more parties participate by pooling capital and labor. The bank thus becomes co-owner and co-responsible for the management of the project. This mode joins the joint venture with the principle of sharing profits and losses in proportion to the contribution of each party.

The specificity of Islamic finance at this level concerns the degressive participation which allows the Islamic bank to withdraw from the business gradually in favor of its client who undertakes to pay the bank all or part of the profit made, and this up to the amount of his participation. Thus each year, at the time of profit sharing, the bank is allocated, in addition to its share, part or all of the share of its partner who, at maturity, becomes the sole owner and master of the project¹.

“In this operation, two partners invest together in a project and share the profits according to the capital invested. In the event of a loss, this is borne by both parties in proportion to the capital invested. An interesting form is the digressive Al Moucharaka: an operation where the share of one of the partners in the association is gradually bought by the other partners”².



¹ Ibid,p96.

² BELAZIL, F.and BENYAHIA-TAIBI ,G : « L'intégration des produits financiers islamiques dans les banques conventionnelles : Enquête auprès d'un échantillon de banques nationales », ALGERIAN BUSINESS PERFORMANCE REVIEW, N°: 13/2018.p408.

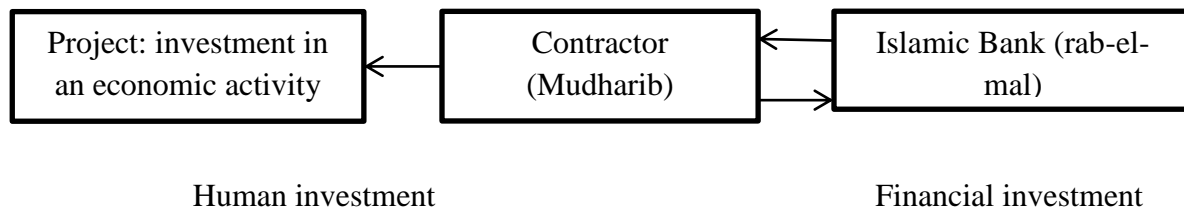
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Source: M. Ruimy, «La finance islamique», France: Arnaud Fanel, 2008, p 101

1.5.2 Mudharaba:

Mudharaba is a financing technique used by Islamic banks. The bank plays the role of the investor (Rab el Mal). It undertakes to fully finance the project. In return, the contractor (Mudharib) must manage the project. Remuneration is based on a percentage of the entrepreneur's profit fixed in advance. Any losses must be borne by the capital provider alone. The entrepreneur waives variable remuneration for his work. Today, the Mudharaba can be applied to various economic activities¹.

Figure 12: The diagram of the Mudharaba. Sharing of profits and investment returns.



Source : D. Saidane, « La finance islamique à l'heure de la mondialisation », Paris : édition RB, 2011, p77.

1.5.3 The main financing instruments:

1.5.3.1 Al Ijara (leasing/hire-purchase)

“This operation consists for the bank in buying goods that it rents to a customer who can benefit from the possibility of redemption at the end of the contract. In the event of late payments, it is not possible to provide for the payment of late payment interest, as this may penalize a debtor in good faith who is already in difficulty. Also, payments cannot begin before the lessee has taken possession of the property in question. "In an Ijara contract, it is the lessor who continues to be responsible for the property, except in the event of malice or negligence on the part of the lessee. Finally, it is possible to determine the amount of each payment, not

¹ BENLAHMAR,(Imad),Op.cit,p13.

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beforehand, but on the expected date of delivery of the underlying asset. This flexibility makes this instrument particularly useful in the case of project financing”¹.

1.5.3.2 Murabaha:

“It assumes that the bank purchases a given asset on behalf of its customer, and subsequently the bank resells that asset to the customer for payment, staggered or not, over a given period, at a price agreed in advance between the two parties and higher than the purchase price³”. In effect, the bank has become the beneficial owner of the underlying asset. It is therefore a sale on credit transaction. In addition, the bank bears the risks associated with holding the asset and this constitutes the main justification for its profit margin which is fixed in advance and does not vary during the duration of the financing. It is one of the most used financial instruments by Islamic financial institutions because it is very flexible”.

“It is a mode of financing according to which the customer signs an agreement with the Islamic financial institution for the purchase of a commodity. The financial institution acts as a trader: it buys the asset in cash and resells it to its client forward with a profit margin. Two cases are possible:

- The customer asks his adviser to buy goods from him, specifying its characteristics including its price, he offers a commission to the Islamic financial institution, in return and remains fully responsible for the goods.
- The customer designates a commodity and asks the Islamic financial institution to buy it, in this case it is the latter who sets the selling price with a profit margin and remains responsible for the good until its delivery. For this operation to be valid, from a Sharia point of view, a set of conditions must be met:
 - The acquisition price must be known by the seller and the buyer;
 - The profit margin must be precisely determined and freely negotiated between contractors;
 - The Islamic financial institution must actually own the asset before reselling it to its client;

¹ BELAZIL F.and BENYAHIA-TAIBI,G,Op.cit,p06.

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- The sale price must not be subject to any modification in the event of late or early payment;
- The customer retains the possibility of refusing the goods in the event of hidden or apparent defects.

This is a low-risk operation, which concerns the purchase of raw materials, semi-finished products and goods. This operation constitutes the bulk of the jobs of Islamic financial institutions and provides them with significant liquidity. For opponents of Islamic finance, this operation has similarities with a conventional mode of financing. However, the supporters of the Islamic banking system insist on the differences which are at the level of the contractual obligations of each of the parties concerned by the contract”¹.

1.5.3.3 Al Salam:

The Al Salam sale is a forward sale, i.e. an operation where the payment is made in cash while delivery is made in the future. Islamic finance prohibits, in principle, the sale of a non-existing good because it involves chance (gharar). But, to facilitate certain operations, particularly in agriculture and for the financing of production inputs. However "this sale (Salam) was authorized by the Prophet (ﷺ) on condition that this merchandise does not cease to be available on the market from the moment of the act until the fixed term".

Salam, however, is not popular with Islamic banks. It is widely used in Sudan but not elsewhere.

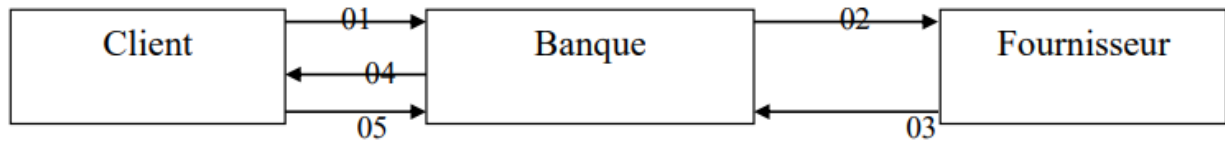
1.5.3.4 Al Istisnaa

This financial contract allows a buyer to obtain goods that he makes deliver on time. Unlike the Salam, in this type of contract, the price, agreed in advance, is paid gradually throughout the manufacture of the good. The concrete terms of payment are determined by the terms of the agreement between the buyer and the seller (in this case the bank). This financing structure is mainly used in real estate, shipbuilding and aeronautics.

Figure 13: Description of the Istisnaa operation

¹ N. HANY, Y. REGRAGUI, and Y. AL MERIOUH, Op.cit, p06.

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Source : D. Saidane, « La finance islamique à l’heure de la mondialisation », Paris : édition RB, 2011, p81.

- 01-** The client asks the bank to manufacture a described good with precise specifications.
- 02-** The bank asks the manufacturer (supplier) to manufacture the product requested by the client.
- 03-** The manufacturer delivers the requested product to the Bank .
- 04-** The bank delivers the good to the customer.
- 05-** The customer pays the price of the property in full or in several installments.

1.5.3.5 Moucharaka:

In this operation, two partners invest together in a project and share the profits according to the capital invested. In the event of a loss, this is borne by both parties in proportion to the capital invested. An interesting form is the digressive Al Moucharakah: an operation where the share of one of the partners in the association is gradually bought by the other partners.

1.5.4 Sukuk (Islamic bonds):

Sukuks are the flagship product of the Islamic financial industry. Sukuk are therefore financial products backed by tangible assets or their usufruct, which must be lawful, with a fixed maturity, and which generate financial flows allowing the remuneration of the holders of these securities. The sale of the underlying or its redemption enables investors to be repaid at maturity (Jouaber Snoussi, 2012). There are 2 types of Sukuk issue, sovereign sukuk which are issued by States, but there are also corporate issues, at the initiative of companies or banks. According to the AAOIFI, at least 14 methods of structuring sukuk are possible. In practice, the most used are: Sukûk al İjarah, Sukûk al Mushârahah, Sukûk al istisâ'... sophisticated. They also offer the possibility of mobilizing savings in search of long-term investment opportunities.

Chapter 02: Islamic finance and conventional finance

1.5.5 Takaful (Islamic insurance):

Takaful refers to “a cooperative insurance scheme which originates from the Arabic word “kafalah” which means reciprocal or joint guarantee. Each participant contributes funds which are pooled and used to support the group in case of need, particularly in the event of crop loss or an accident. Premiums paid are invested in compliance with Sharia to avoid interest”

Section 02: conventional finance:

2 Definition of conventional finance and its history:

2.1 Definition of conventional finance:

Classical finance refers to the traditional principles and practices of finance. It is often associated with financial analysis, investment management and portfolio management, as well as risk and return assessment.

Classical finance tools and methods include fundamental analysis, which involves examining a company's financial statements to determine its financial health, and technical analysis, which uses charts and other indicators to predict market trends.

Classic portfolio management often involves a diversification approach, which involves investing in a wide range of assets to reduce risk. Conventional investors also seek to maximize returns while minimizing risk.

However, traditional finance is evolving with the arrival of new technologies and new business models. More modern approaches to finance, such as behavioral finance and green finance, take into account factors such as irrational investor behavior and environmental and social issues.

2.2 The history of conventional finance:

"Since the first trades were made by humans, finance has been a part of human activity. Nearly everything about the latter's development is related to trade. As shown by their age, the emergence of a few significant shipping firms, and the success of numerous traders in Mesopotamia, an area that had a great Babylonian empire under the rule of Hammurabi.

Chapter 02: Islamic finance and conventional finance

Documents from this time era demonstrate the use of negotiable bills of exchange, which permitted the execution of forward transactions”¹.

In the first century before Christ, limited partnerships (commercial entities in which the partners contribute capital without participating in management) are born in Rome. At that time, there were already institutions providing financial services, such as the COLLEGIA MERCARUM stock exchange, where trade bills and currencies were exchanged. Finance is gradually modernizing, and many nations around the globe are starting to have their own central banks and financial markets. (rice stock exchange in Japan, Chicago stock exchange, New York stock exchange which use, from 1878, a revolutionary invention like the industrial revolution of the same period that of Alexander G Bell the telephone).

Endless speculative bubbles in American stocks and gold characterized the close of the previous century and the start of the one after it. The latter will result in the most severe crisis that humanity has ever experienced in 1929, and it was followed by a serious depression in the nation (50 States bringing with it a fall in output of 50%).

From this point on, the State starts to act in its capacity as regulator of the banking system. However, after the 1971 dollar crisis, the State drastically cut back on its involvement and allowed the market to function freely. Then, finance has a tendency to liberalize².

2.3 The principals of classical finance:

Finance describes the activities that lead to money flows, such as receipts and payments. Finance's primary goals are, in reality, to gather dispersed savings and apply them to investment projects whose scope and risk are greater than what is feasible for an individual's wealth. If the movements of the inflow and outflow of cash were made simultaneously, a comparison between these two processes would be simple. which is still challenging to accomplish. It typically takes some time for the savings to pay off; similarly, it often takes some time for the money spent buying a building to pay off in terms of the revenue it enables. The same amount, however, when expressed at two distinct points in time does not have the same value.

¹ GOUALI,(Tinhinane)and LIBDIRI,(katia),Op.cit,p52

² Ibid, p51.

Chapter 02: Islamic finance and conventional finance

The exchange of money is made possible by the presence of a capital market or direct financing market. Over time, an investment allows you to set aside money that is currently available for future use, and a loan, on the other hand, makes future capital currently accessible. In addition to the features unique to these lending and borrowing activities, these exchanges are not free and result in interest.

2.3.1 The rate of income:

Interest is the compensation for a monetary investment made by the borrower and given to the lender as part of a lending deal. The relationship to time is crucial in a loan-borrowing process. The amount of interest, which is always positive, primarily relies on three variables: capital, time spent investing, and interest rate¹.

2.3.2 Arbitrage, speculation, and hedging:

In addition to trading, borrowing, and leasing on the capital market, participants also engage in risk hedging, speculation, and arbitrage.

2.3.2.1 The hedging:

Changes in the financial markets can be advantageous or disadvantageous to an economic actor. When it intervenes in the market, it must decouple its assets from these changes in order to protect itself from potential losses. Depending on how his assets and liabilities compare, the agent can adopt a variety of positions on those assets. They can be closed (assets and liabilities must equal zero), open long (assets must exceed liabilities), or open short. The agent uses the futures markets, which offer a wide range of derivative products related to either raw materials, financial assets, or commodities, to lower its risk exposure. These items, which have been around since the 1970s, frequently transmit risks between individuals.

2.3.2.2 Speculation:

Speculators enable other agents to hedge (by risk transfer) against potential risks, making speculation an activity that is inextricably linked to the operation of the market's financial organizations. Additionally, speculation enables the precise adjusting of market players' desires.

¹ BLANCARD G., COUDERC N. et VANDELANOITE S., « Les marchés financiers en fiche », édition optimum, Paris, 2004, p 81.

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2.3.2.3 The arbitrage:

Arbitrage is characterized as a series of actions needing no initial investment and producing a certain positive gain. This shows us that gambling and arbitrage are two completely different activities. While the second is dangerous, the first is risk-free. Arbitrage aims to profit from any flaws in the market. Therefore, it would not be surprising to see some market players profiting while others are having trouble.

2.3.3 The efficiency of financial markets:

If a financial market accurately represents all the information important for setting prices, it is said to be efficient. It is only effective if and when every piece of knowledge about every asset is accessible.

2.3.4 Credit:

Credit is a key component of a market system. Indeed, without credit, which enables economic agents to obtain funds they do not personally have, the economy could not operate. Because of this, credit is regarded as the economic motor. Additionally, it makes consumer products more accessible and permits mass production. Additionally, it results in a drop in selling prices, which ultimately helps the buyer.

2.4 Finance nowadays:

Finance today is an ever-evolving field that encompasses a wide variety of business practices and models. Finance now includes areas such as behavioral finance, sustainable finance, fintech, blockchain, cryptocurrency and more.

Behavioral finance takes into account the psychological and emotional influences that can affect the financial decisions of investors and consumers.

Sustainable finance, also called green finance or responsible finance, focuses on investments and financial practices that take into account environmental, social and governance (ESG) issues.

Fintech, or technological finance, uses technology to improve and transform financial services. This can include products such as online lending platforms, budget apps, and mobile payment services.

Chapter 02: Islamic finance and conventional finance

Blockchain is a distributed ledger technology that enables secure and transparent transactions without the use of intermediaries. It is used in areas such as cryptocurrencies and smart contracts. They have become increasingly popular in recent years as an alternative investment.

In summary, finance today is an ever-evolving field that incorporates new business models, technologies and societal challenges to meet the needs of investors and consumers.

Section 03: The difference between Islamic finance and conventional finance

Given the uniqueness and variation of products in each sector, comparing Islamic products and conventional banking products is a challenging job. However, after looking at a few studied Islamic finance goods in general, we continue to notice similarities between the components of the products.

The fundamental distinction lies in how the stated principles of Islamic finance—no riba, no gharar, no haram, duty to share earnings and losses, and backing an actual asset—are actually put into practice.

3 Presentation of The difference between Islamic finance and conventional finance:

3.1 According to their economic systems:

Table 6: The difference between Islamic finance and conventional finance.

Islamic finance	Conventional finance
<ul style="list-style-type: none"> - works in accordance with ethical standards - does not capitalize interest but instead uses a profit margin - In the Islamic economy, the best conduct necessitates balancing the satisfaction of a person's material and spiritual requirements. - Money is a straightforward tool that is 	<ul style="list-style-type: none"> - Follows the capitalization of interest and premium principal - In the traditional economy, the market is based on the maximization of individual utility postulate. - Money serves as an instrument of transfer as well as an instrument of trade and unit of

Chapter 02: Islamic finance and conventional finance

<p>required to enable exchanges but should not become the object of consideration, which means to take into account both the individual interest and the public interest.</p>	<p>account.</p>
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Source :MEKACHER Narimene and MEKACHER Nesrine : « la finance islamique » . Mémoire de Fin de Cycle En vue de l'obtention du diplôme de Master en Sciences de Gestion Option: finance.2012

3.2 According to the terminology of the insured and the interest rate (the riba):

Table 7: The difference between the terminology of usury and interest rate according to Islamic finance and that of conventional finance.

Islamic finance	Conventional finance
<p>- Riba is expressly forbidden in the Koran.</p> <p>-Money has no intrinsic value and serves only as a medium of trade, according to Muslim philosophy, which forbids all interest, whether it be usury or not.</p>	<p>-Christian tradition has made a clear distinction between usury and interest, where the former is condemned and the latter is accepted.</p> <p>-The interest is also not alien to the Western economy, or several economists and philosophers have taken a stance on this issue.</p>

Source : MEKACHER Narimene and MEKACHER Nesrine : « la finance islamique » . Mémoire de Fin de Cycle En vue de l'obtention du diplôme de Master en Sciences de Gestion Option: finance.2012

3.3 According to the products offered:

Table 8: The Difference products of Islamic finance.

Appellation	Characteristic	Matching with western instruments
Moudharaba	-Bank financing for an enterprise with profit-sharing .	-Capital investment

Chapter 02: Islamic finance and conventional finance

Moucharaka	Bank and entrepreneur co-financing with profit-and-loss sharing	-Capital investment
Kard Hassana	-Interest-free loan with borrower covering genuine bank fees.	- Mutual lending
Bai salam	-The bank buying a customer's asset and then selling it back to the client.	-Leaseback
Bai Mouadjal	-Cash is used by the bank to purchase the material equipment from the supplier and then pass it on to the customer.	forward selling or for words
Ijara (leasing)	The bank purchases a client asset and leases it to the client under a forward sale arrangement.	Leasing
Mourabaha	-A credit with a bank margin that is available immediately and has no interest.	Micro lending
Sukus	- A financial lease agreement that supports an obligatory loan.	obligation to spend

Source ; Ziad c, PLUCHART jean.Jacques, « La gouvernance de la banque islamique », proposition de communication, Février 2006, p5.

Chapter 02: Islamic finance and conventional finance

Conclusion of the chapter:

Both conventional and Islamic finance fulfill requirements. Islamic finance is founded on moral and religious principles, whereas conventional finance is founded on interest and speculation. As a result, each responds to a different logic and offers unique and different mechanisms. that both support economic growth and, more importantly, the expansion of companies.

**Chapter 03: comparative
study between an Islamic and
conventional investment
credit**

Chapter03: comparative study between an Islamic and conventional Investment credit

Introduction:

In this chapter, I will try to practice of what we have seen in the previous chapters concerning banks and investments.

In order to acquire new machines, the BADR bank has set up investment loans to meet the needs of its customers through two Islamic and conventional services.

In this practical case, I will introduce two modes of credit, the first is "leasing" and it is a mode used in conventional finance and the other mode is "el Murabaha" used in Islamic finance at the level of the Bank the BADR 265. and by these two modes i define a comparison to give the reader the common points and the differences between the two.

To make this comparative case, I divided this chapter into three sections, in the first section I will try to make a presentation of the general direction of the bank BADR and then of the agency 265 which took place during my internship.

In the second section, I will deal with an investment credit file in both services (Islamic and conventional).

Finally, the last section deals with the comparison of two investment financing techniques (leasing and Murabaha). And then I'll try to give a presentation of the results obtained and based on it I will my suggestions.

Section 01: Presentation of BADR-Bank:

1 Presentation of BADR Bank:

1.1 BADR Bank definition:

The Bank for Agriculture and Rural Development is a national financial institution created by decree n°82-106 on March 13, 1982.

BADR is a joint-stock company with a share capital of 2,200,000,000 DA, responsible for providing economic public companies with advice and assistance in the use and management of

Chapter03: comparative study between an Islamic and conventional Investment credit

the means of payment made available to them, and this, in respect of secrecy banking. By virtue of law 90/10 of April 14, 1990, relating to currency and credit, BADR has become a legal person carrying out the operations of receiving funds from the public, the operations of granting credits, as well as the availability to customers' means of payment and management¹.

The Bank of Agriculture and Rural Development is among the Algerian commercial banks, as it takes the form of a company with its shares belonging to the public sector, as it assumed its powers in the field of financing the agricultural sector and the agricultural-industrial sector, which was previously attributed to the latter, as the first article of its founding law stipulates that it is a bank for deposit and development and is automatically included in the list of banks, and Article Four states that the mission This bank is represented, in particular, in the implementation of all banking operations and financial credits in all their forms, and in contributing to:

- Developing the total agricultural sector.
- Developing traditional agricultural and industrial businesses

It was ranked in the magazine “Almanach Bankers” (2001 edition) in first place in the ranking of Algerian banks, and 668th place in the global ranking among 4100 classified banks².

Since 1999, the share capital of BADR has increased and reached the threshold of 33,000,000,000 Dinars³. Its establishment was to develop the agricultural sector and promote the rural world, by restructuring 140 agencies, and its establishment was in accordance with the restructuring of the National Bank of Algeria (BNA). rural development is considered one of the most important banks in Algeria, as it has the largest network and operates more than 7,000 employees active within central, regional and local structures. its share capital in 2016 was 56,000,000,000DZD.

¹ <https://badrbanque.dz/quisommesnous>.(published on 18/05/2013.consulted on 18/04/23).

² حالة بنك الفلاحة والتنمية الريفية - " واقع تمويل البنوك للمؤسسات الصغيرة والمتوسطة ومشاكل ذلك " : بن وسعد زينة و جميل عبد الجليل كلية العلوم الاقتصادية، العلوم التجارية وعلوم " الملتقى الوطني: " المنظومة البنكية في ظل التحولات القانونية والاقتصادية،" BANQUE BADR المركز الجامعي بشار . التسيير

³ <http://www.cawjjjel.org/fr/financement-agricole/87-presentation-de-la-banque-badr>(published on2013, consulted on 18/04/23).

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It must be said that BADR has several subsidiaries which operate in several areas such as banking training, mortgage guarantees, automation of interbank transactions, technical support instruments, the development and modernization program for banks, and the financing of real estate loans granted by approved financial intermediaries.

1.2 Stages of development of the Bank of Agriculture and Rural Development:

The Bank of Agriculture and Rural Development passed through three phases during its activity, which can be divided as follows¹:

1.2.1 The period between 1982-1990:

The goal of the Bank of Agriculture and Rural Development during the first eight years of its establishment was to impose its existence.

Within the rural world, many agencies were opened in agricultural areas. During this period, he gained a global reputation and competence in the field of financing the agricultural sector, the food industry sector and the mechanical industry sector, and the agricultural machinery industry. However, his role was not effective, because most of the projects he financed were similar. Public nature, where the collection of loans granted was difficult and sometimes impossible.

1.2.2 The period between 1991-1999:

According to the issuance of Law 90 / 10, which stipulates the end of the specialization of each bank in a specific activity.

The activities of the Bank of Agriculture and Rural Development include many other fields, such as industry, trade, and services, without dispensing with the agricultural sector with which it has distinguished relations.

In the technical field, this stage was the most important stage characterized by the introduction of advanced automated information technology aimed at facilitating the circulation of banking operations (management of loans, management of fund operations, remote

¹ [http://www.badr-bank.dz/historique.\(consulted](http://www.badr-bank.dz/historique.(consulted) on 18-04-2023,published on 2013)

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examination of customer accounts) in addition to the introduction of wire examination processes (traitement-télé) examination and completion of banking operations remotely and in real-time).

1.2.3 Post-1999 stage:

This stage was marked by the need for actual intervention. And effective for public banks to send new activity in the areas of profitable investments, and making its activities and the level of its revenue in line with the rules of the market economy, and in this regard, the Bank of Agriculture and Rural Development has raised a large extent of loans for the benefit of small and medium economic enterprises (PMI / PME), as well as mini-enterprises (Entreprise-Micro) and in various areas of economic activity, in addition to raising the level of its assistance to the agricultural sector and its various branches. For these reasons, the Bank of Agriculture and Rural Development set out to develop actual programs based especially on modernization and improvement of services, as well as bringing about purification in the fields of accounting and finance, which resulted in several positive results, including reconsideration and reduction of time And easing the administrative and technical procedures related to loan files, in addition to the success of achieving the Assise-Banque project (with personalized services) and its circulation through all the main agencies at the national level.

1.3 BADR MISSIONS:

BADR was created to respond to an economic necessity, born of a political will to restructure the agricultural system, ensure the economic independence of the country and raise the standard of living of rural populations. Its main missions are:

- Processing of all credit, foreign exchange, and cash transactions
- The opening of accounts for anyone making the request
- Receipt of sight and term deposits
- Participation in the collection of savings
- The contribution to the development of the agricultural sector
- Ensuring the promotion of agricultural, agro-food, agro-industrial, and craft activities.

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- Control with the supervisory authorities of the compliance of the financial movements of domiciled companies.¹

1.4 THE OBJECTIVES OF BADR:

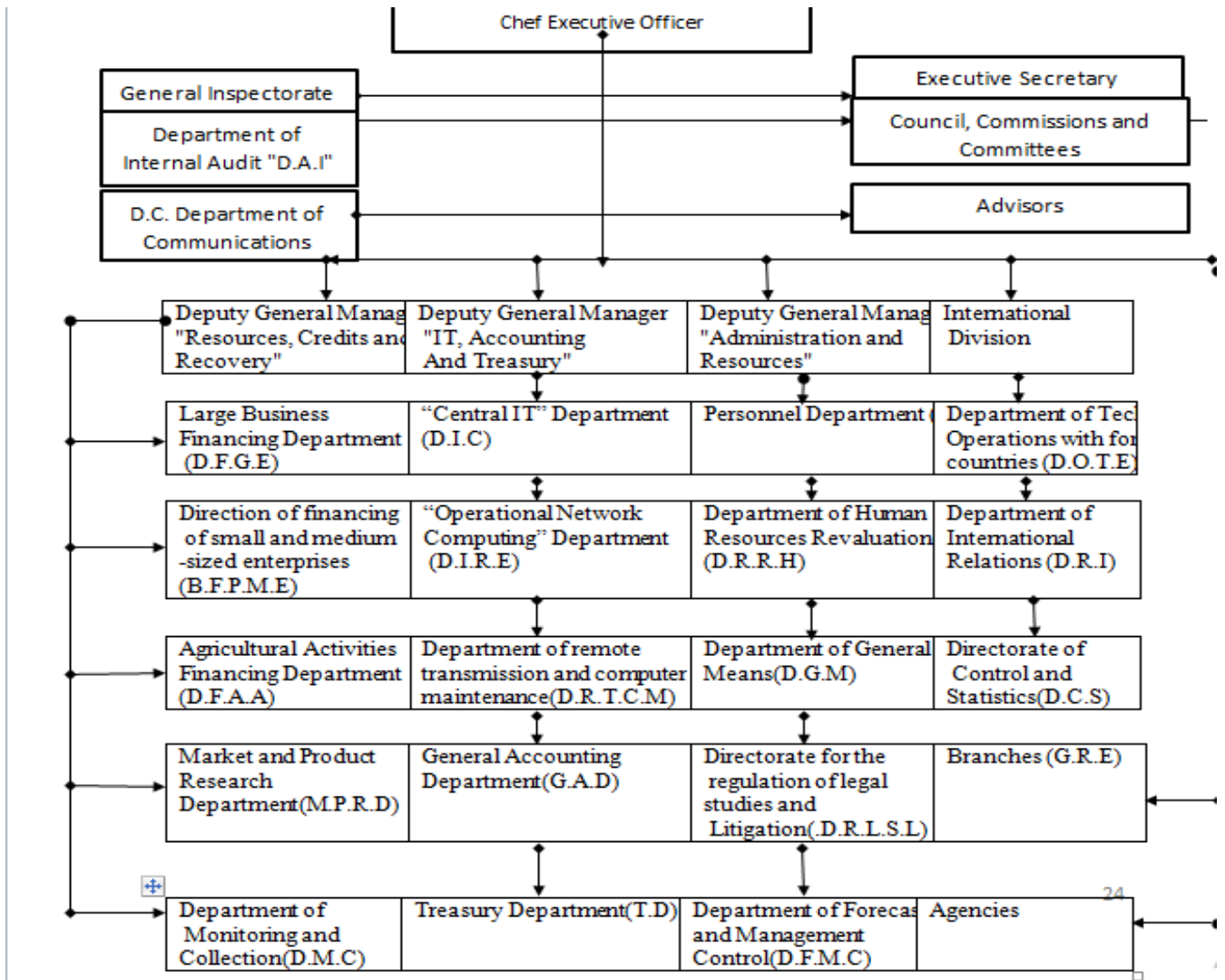
- Increasing resources at the best cost and making them profitable through productive and diversified credits in compliance with the rules.
- Strict management of the bank's cash both in dinars and in foreign currencies.
- The assurance of a harmonious development of the bank in the fields of activity concerning it.
- The extension and redeployment of its network.
- The satisfaction of its customers by offering them products and services likely to meet their needs.
- The adaptation of dynamic management in terms of collection.
- Business development through the introduction of new managerial techniques such as marketing, and the insertion of a new range of products.

The general organization chart of BADR Bank:

Figure 14: General organization of BADR Bank

¹ <http://www.cawjjjel.org/fr/financement-agricole/87-presentation-de-la-banque-badr>.Op.cit.

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Source: document provided by the agency. GRE-BADR AIN DEFLA

According to the general organization chart of BADR Bank, we can see the following elements:

- There are four (4) General Directorates of BADR Bank with different functions. Their main roles are the financing of different companies and individuals. The financing concerns large companies and then small and medium-sized companies; as well as the financing of all forms of agricultural activities since this is one of the main activities of BADR Bank.

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-LA BADR is made up of Three (3) Deputy Directorates and an international division and each deputy directorate has its functions:

- Deputy General Management "Resources, Credits & Recovery": this is the direction from which the four financing departments of the different companies and individuals come out

- Deputy General Management "IT, Accounting & Treasury": it is the accounting and IT department as well as the development of computer networks from which five (5) other departments come out; Informatic direction Centre", "Operational Network Computing" Department, Remote Transmission and Computer Maintenance Department, General Accounting Department (G.A.D), Treasury Department (T.D).

-Deputy General Management "Administration & Means": it constitutes Five sub-directorates; Personnel Department, Human Resources Revaluation Department, General Resources Department, Legal Studies and Litigation Regulation Department, and Forecasting and Management Control Department.

- "International" Division: this is the direction of external or international relations and control, it is made up of three sub-departments; Department of Technical Operations with foreign countries, Department of International Relations, Department of Control and Statistics (D.C.S).

- The regional operating groups come directly from the general management of BADR. Their main role is to monitor the BADR agencies in each wilayah. It currently consists of 39 regional directorates and more than 300 agencies on the national territory.

1.5 Presentation of the agency that was the subject of the internship:

1.5.1 Presentation of the agency BADR AIN-DEFLA 265:

BADR Agency is located on Ali Haymoud Street, Ain Defla. It was established with modest material and human capabilities. It financed all sectors. Including the agricultural and food industry before 2005.

This agency has a "bank sitting" system, which is made up of two working groups: "the front office" and "the back office"

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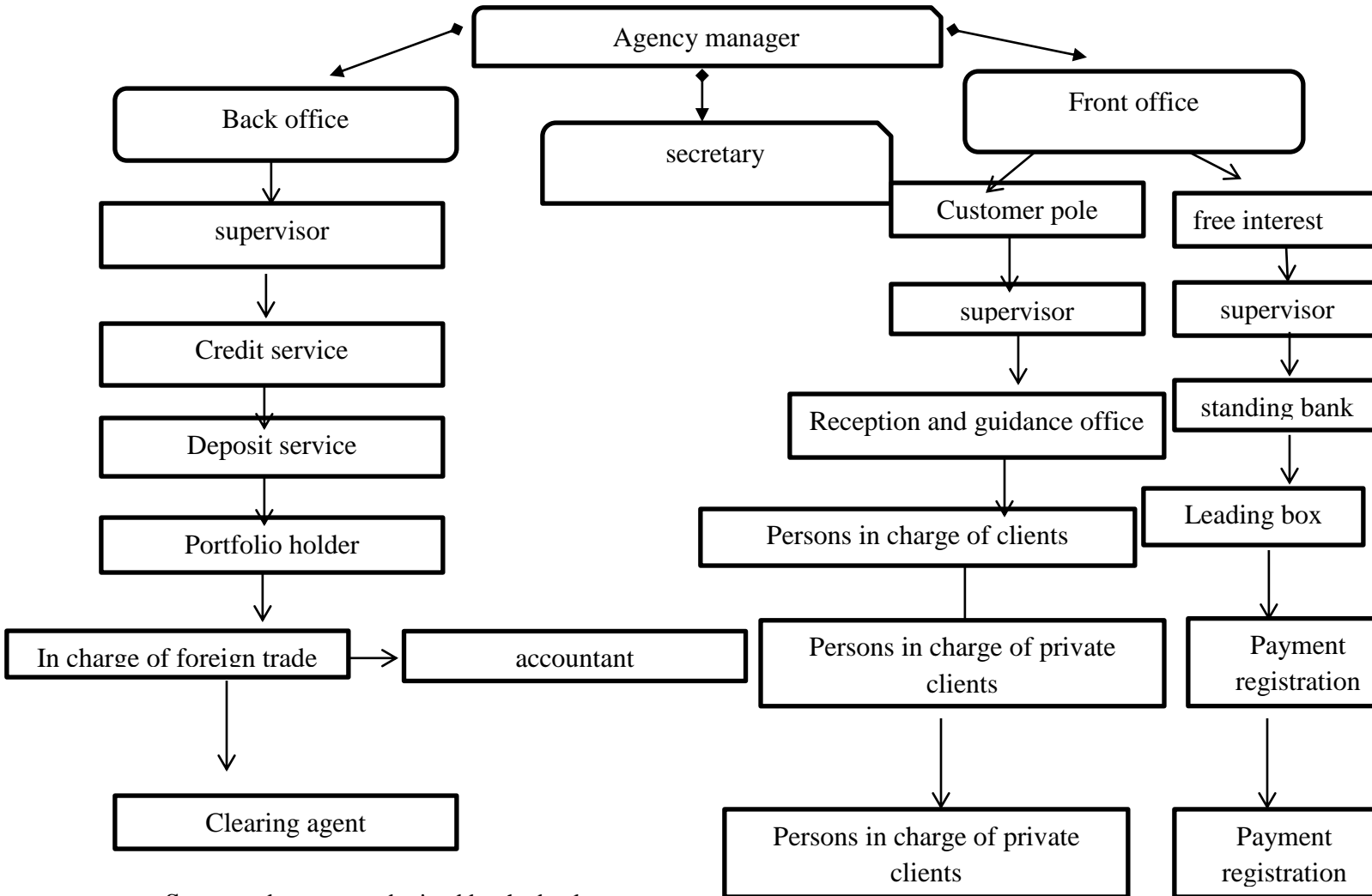
Among the methods taken by the BADR 265 Agency to ensure its survival in the light of the market economy are the following:

Earn the customer by listening to him. And provide adequate advice, which encourages him to invest.

- Automated information system that leads to speed in providing services. Reducing burdens and saving time and effort for customers and bank employees.

1.5.2 The general organization chart of BADR Bank agency 265:

Figure 15: General organization of BADR agency 265



Source : documents obtained by the bank.

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1.5.2.1 Agency manager :

- Determining the objectives to be achieved with the regional individual for exploitation and distributing them to the various departments and interests of the institution.
- Receiving important clients in the agency and providing advice to them.
- Notifying the laws and ensuring their implementation.
- Lead and monitor the work plan.

1.5.2.2 front face :

It is divided into two poles, one of which is in charge of customers and the other of commercial operations

1.5.2.2.1 Customer pole:

-Reception and guidance:

They are the people at the entrance of the agency and their main guest:

- Receiving customers and directing them to the agency.
- Providing advice and answering initial customer questions.

-persons in charge of clients:

- Taking care of customers, whether they are individuals or institutions
- Activating the ongoing operations by opening, following up, and closing accounts after-sales service insurance.
- Organizing commercial operations for individuals and institutions
- Reviewing the conformity of documents and information before transferring them to the front end.

1.5.2.2.2 Business operations pole :and works on

- Support and secure the movement of capital and ensure the balance of liquidity

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-Linking the tasks of the standing bank window, the tasks of accounting payments and the tasks of the cashier.

-The main fund :

-Opening accounts for agency clients.

-Receiving deposits and depositing them in customer accounts.

-Check settlement.

-standing bank:

activating withdrawal currencies that are not less than 100.000 DZD and currencies that do not exceed or equal that amount before activating it with the main fund.

-payments accounting

ensure that the payments that have been deposited by customers are accounted for.

calculation of installments starting from the date of opening the account.

1.5.2.3 The back office:

it relates to the administrative functions;

where the following are performed:

- returning all the technical and human energies necessary to process front office orders and operations through electronics clearing, it is divided into several departments:

-the loans department :are the following ;

-studying and diagnosing loan files; giving an accurate picture of the conditions necessary for granting the loan .

-examine and study the cases that are expected to lead to the occurrence of risks

-The Department of Foreign Trade : is doing

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-External transfers take place between an account in the bank and another account in another bank, and in general, they take care of all operations related to foreign trade, such as export and import.

-Administrative and accounting interest:

-Maintaining the archive

-Organizing and flowing documents and reviewing them constantly

-Monitor various accounts

-Preparing the accounting journal

-Achieving the annual closing process¹.

1.6 View BADR 265 products :

BADR 265 Agency provides many products that meet their expectations and requests. These products are intended for different categories of people and institutions.

1.6.1 classique products:

1.6.1.1 products intended for individuals :

In addition to dinar checking accounts and currency accounts and also the junior savings accounts , the following products can be added :

-savings accounts:

The customer can get his money at any time ,throughout the national territory. savings earn interest calculated at the end of each period.this interest is paid automatically to be capitalized.

-terme deposit:

It is a deposit account intended for natural or legal persons and is opened exclusively in registered form. The forms of investment are at term rates. to open the account the client must

¹ Documents provided by agency

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have a minimum sum of 10000DA. and a minimum term of 3 months and interest is payable at term either in cash or by credit to the account.

-cash vouchers:

It is a term deposit account intended for natural or legal persons. It is materialized by a title, by which the customer requests the bank to subscribe to a fixed sum for a period of his choice, the bank pays an increase of capital on the due date and interest is deducted at the reference rate for the period, by the general conditions of the bank.

the minimum duration is composed of 3 to 5 months and this account can be bearer registered or anonymous.

-safe rental:

Safe rental is a service offered by the agency to give their customers the ability to preserve their valuables such as jewelry, important documents ,,,, etc

-CBR card:

The C.B.R. card is a private, interbank transaction card that is only usable in ALGERIA. It enables its bearer (holder) to use G.A.B bank ATMs to make interbank transfers and purchases.

-The classic CIB interbank card :

A national withdrawal card, the C.I.B. card is only accepted in ALGERIA on the interbank and payment networks with store acceptors.

- E-Banking and BADR:

The e-Banking portal is where users can access home financial services online and other features. Concerns with BADRnet e-Banking in particular:

-Account balance and mobility consultation.

Account summary downloads.

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- Placing a request for a mass transfer (for companies).

-Individual Insurance:

It is important to safeguard people, their offspring, their property, and their cultural heritage. They stand for the future's assurance. More and more people are considering how to protect themselves.

- home risk insurance:

Everyone is at risk from the various dangers of living and working. Money, effort, and commitment can all be lost in the blink of an eye. Customers must obtain home risk insurance to protect their belongings.

-Mortgage loans to “rural areas” individuals:

-A rebuild that is built from scratch.

-In addition to the current home.

- The construction of a new home or renovation of an old one.

-the BADR TAWFIR card:

The LEB savings account with or without interest is connected to the "TAWFIR" card. It's good for two years. It is only usable on ATMs of the interbank electronic payment network (RMI) in Algeria and is restricted to transactions. It is possible to take money from Algérie Poste (ALP) and coworker ATMs.

-The case of Algerians residing abroad:

Accounts (BDC), safe rental, and BADR net e-Banking are available to Algerians who reside overseas.

1.6.1.2 products intended for young people:

- Goods geared toward youth: the ANSEJ subsidy program It is necessary to include the device helped ANSEJ in addition to the dinar checking account, currency account, junior savings

Chapter03: comparative study between an Islamic and conventional Investment credit

account (LEJ), savings account (LEB), term deposit (DAT), cash certificates (BDC), safe rental, BADR CBR withdrawal card, classic CIB interbank card, BADR net e-Banking, personal insurance, home risk insurance, and the BADR "TAWFIR" card. In fact, the following requirements must be met by this device:

- Be between the ages of 19 and 35 (the age limit for managing the newly formed company is raised to 40 years when the investment creates at least three permanent positions, including young associated promoters in the company).

1.6.1.3 Products for farmers:

The following goods should be included in addition to dinar checking accounts, currency accounts, savings accounts, term deposits (DAT), cash vouchers, safe renting, CBR cards, BADR net e-Banking, personal insurance, "Home risk insurance," and operating credits:

-The farm loan "R'FIG":

This operating credit is completely subsidized and is designed to help farmers and breeders who are operating independently or as part of cooperatives or other economic groups.

-The investment loan "ETTAHADI":

This investment credit is partly subsidized and is intended for new agricultural and livestock projects that are built on undeveloped agricultural land that is either privately owned or in the state's private domain.

-leasing:

A rental agreement for capital goods that directly contributes to the realization and/or expansion of the investment project is the subject of the furniture leasing credit, a financial and commercial operation that brings the Bank into touch with national economic operators.

The leasing financing coordinator is listed as both a credit-lessor (bank) and a lessee who will benefit from this financing (beneficiary customer).

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In order to diversify its support products for the national economy, BADR introduced financial leasing in the first phase. Following the General Assembly's decisions pertaining to the beginning of the leasing activity, BADR implemented internal place financing through financial leasing.

- BADR will focus its efforts on supporting the financing of locally made machinery, especially agricultural machinery.

-agricultural insurance:

Risks unique to the various facets of your job include those caused by the whims of the weather, the effects of the environment, epidemics, and malfunctioning equipment. The holdings, assets, machinery, and supplies of farmers would profit from insurance.

e)-The "R'FIG FEDERATOR" credit:

This is an operating credit with subsidies designed to support businesses that are structured as commercial firms or cooperatives and work in the field of agricultural product transformation, storage, and/or value-adding.

-the "RFIG export" credit :

This is a working credit that is entirely subsidized and is meant to pay for date packaging and export units.

1.6.1.4 Products for fishermen and aqua culturists:

-The working cycle's funding (short-term):

Operating costs will be covered by short-term financing, which is done based on the budget and cash flow.

-investment financing:

The following are the anticipated advantages: -A total interest rate bonus is applied over the whole deferred term, including interim interest.

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- A 2% bonus over the credit's amortization term paid for by the Treasury and a 3.5% bonus paid for by the Promoter.

1.6.1.5 Products for Businesses:

-The “ETTAHADI” investment credit:

Investment credit is a medium- or long-term loan given to businesses that produce products or services as part of the start-up or expansion of their operations. It is partly subsidized by the government.

-leasing:

It is a contract for the rental of products made locally under the direct realization of investment projects between the bank (credit-lessor) and the promoter (credit-lessee).

-international transfers:

The client is required to give his bank the BIC and IBAN codes in order to make a transfer from overseas to his BADR currency account.

1.6.2 Islamic products¹:

- An Islamic savings book for investment, Falah:

It is an account that generates profits for its owner, by the banking conditions in force at the bank or counter where deposits and transfers of incoming funds and profits belonging to the client (account holder) are recorded on the credit side. On the debit side, all completed withdrawals or outgoing transfers are recorded on conditions, which are the account holder should have 5000 DZD and the payment should be annually.

- Islamic current account:

It is a demand account opened for every natural or legal person for a personal or professional purpose, which the Islamic banking window offers to its customers within the framework of Islamic banking operations in accordance with the provisions of the Bank of Algeria system.

¹ Documents provided by agency.

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Islamic banking in the form of a demand deposit, according to which he does not receive any reward.

- Islamic check account:

It is a demand account opened by the bank or the Islamic banking window for the benefit of the customer, who can benefit from the balance of the account by operating it in his activities, but he guarantees it. When the account holder requests to recover his money, the Islamic banking window is obliged to return an amount similar to the balance upon request, so the account holder does not deserve any interest, nor is he liable for No risks.

- Murabaha for agricultural production:

It is a financing solution adapted to the needs of farmers to allow them to upgrade their agricultural equipment. It is a contract for the sale of tangible assets by the provisions of Islamic Sharia to the customer and based on his request at a selling price equal to the purchase price plus a profit margin known and agreed upon by the contracting parties of concluding the Murabaha contract.

-Murabaha for transportation :

It is a contract to sell means of transportation to the customer at a sale price equal to the purchase price plus a profit margin known and agreed upon between the contracting parties to conclude the Murabaha contract.

- Murabaha for raw materials:

It is a contract to sell raw materials to the customer at a selling price equal to the purchase price plus a profit margin known and agreed upon between the contracting parties to conclude the Murabaha contract. The bank is obligated to declare the components of the asset sale price.

-Murabaha Ghillati :

It is a financing solution that adapts to the needs of farmers to allow them to finance their agricultural campaigns (fertilizers, phytosanitary products, seeds, etc.). It is a contract to sell

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agricultural inputs to the customer, at his request, at a selling price equal to the purchase price, plus a profit margin known and agreed upon between the contracting parties to conclude the Murabaha contract.

1.7 The services offered by the BADR agency:

Under certain restrictions, the Bank of Agriculture and Rural Development (BADR) has made several number of services accessible to the general public. These services include cash withdrawals, check payments, outgoing transfers, direct debits, bill payments, check availability, and check certification.

-cash withdrawals:

Monetary withdrawals specifically include checks written out by the domiciliation agency, checks written out by another bank branch, withdrawals made from a savings account held with the domiciliation agency, and withdrawals made from a savings account held with another branch.

-check payments:

Additionally, check payment primarily refers to distant clearing of checks and interbank check payment.

-transfers issued:

It is important to emphasize transfers issued in interbank and transfers issued in interbank when talking about transfers issued.

-samples:

Furthermore, direct debits only pertain to interbank debits, including the creation of a direct debit permission (management fee and direct debit payments).

-payments of bills:

On the other side, payments for bills are related to payments for interbank bills. As a result, both the payment of a promissory note and the payment of a bill of exchange may be delayed.

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-The provision and certification of checks:

Let's take a final look at the delivery and certification of "bank customer" checks. The delivery includes both delivery by postal and delivery via remote processing.

Section 02: Processing an investment loan file at the host organization levels:

2 Assembly of the credit file within the BADR bank by conventional finance:

2.1 Necessary documents to provide an investment credit :

Each application for investment credit is dependent on a number of required papers, which are categorized as follows:¹

2.1.1 Administrative and legal documents;

- ✓ Credit application.
- ✓ Authenticated copies of birth document and identity card
- ✓ Commitment authorization.
- ✓ Company presentation.
- ✓ The acknowledgment of receipt.
- ✓ Extension decision.
- ✓ The charges notebook.
- ✓ Forecast study.
- ✓ Response from the Consultation of the Risk Center.
- ✓ Honor Declaration.

¹ BADR internal bank documents.

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- ✓ Proforma invoice.
- ✓ Insurance estimate.
- ✓ Farmer card.
- ✓ Signage sheet.
- ✓ Driver's license.
- ✓ Casnos update.and Non -affiliation certificate.
- ✓ Non-affiliation to the regime of the social security of the non –salaried.
- ✓ Pledging .
- ✓ Legalized copy of the commercial register.
- ✓ Copy of legal status.

2.1.2 Blocking reserves ;

- ✓ Commitment giving power to the bank to take out insurance for acquisitions to be financed.
- ✓ Multi-risk insurance amount (PREG).
- ✓ Registration of contracts binding the two parties (credit lessor/credit lessee).
- ✓ Chain of promissory notes + loan agreement + letter of commitment.
- ✓ Customer commitment to deliver its production to CCLS and to honor its debts by direct deductions to CCLS.
- ✓ Excerpt from audited roll and/or repayment schedule.
- ✓ Report on risk inquiry results.
- ✓ Detect the rental approval process associated with movable property.

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✓ Trade credit agreement.

✓ Role extract.

✓ Engagement letter.

✓ Assurance paper.

2.1.3 Non -blocking reserves:

✓ invoice from the company.

✓ delivery note.

It should be mentioned that all of the client's submissions must be made in duplicate.

2.2 The process of opening an account in BADR Agency 265:

The customer must go through a procedure to obtain credit¹.

-The customer takes the essential bank documents to the regional operating group once he has collected all of them. The decision as to where to examine the file is then made by this group. The agency is the one who grants the authorization to give the loan if the needed loan is less than 5 million Algerian dinars. And the regional operating group is the one who grants the permission if the amount is between 5 and 10 million Algerian dinars. And the central bank is the one who grants the permission if the amount is greater than 10 million Algerian dinars. The required loan in our analysis of a customer loan surpasses 5 million Algerian dinars.

- A group gives this authorization to the agency to complete the loan application process. In order to manage user accounts, the customer first transmits the charges notebook to the DSA, which then sends it to the GRE, which sends it to the agency that models. The latter examines the paperwork and data pertaining to the customer. Following the review of the customer's file that was brought in and the determination that there are no conditions that would prevent the loan from being granted, the user account management gives the acknowledgment of receipt.

¹ Informations obtained by the bank.

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-The credit service will receive this acknowledgement of receipt and attempt to prepare a PV and present the credit of their client before sending it to the regional operating organization, 30 days after the papers have been verified, the file will be transmitted. due to the intricacy of the file, it takes so much time.

-The credit service sends those documents to the legal service because there are some papers that have a connection to legal, so only that service can validies and give his consent to the customer. The bank notifies her customer to provide the other documents, which are blocking reserves, after receiving the authorization. By providing the notification, we discover a case regarding the utilization limited date in the commitment authorization, meaning that the customer must take the required documents and provide them to both the credit service and commitment authorization during this time.

- When we list the customer's requested machine category, his forms of identification, his name, location, phone number, and machine specifications, it is a support request. All of those documents will be signed by the customer and the head of agricultural services for the Wilaya. The customer must not sell this new machine within 15 years.

- A forecast study is one where the client requests that an accountant prepare balance sheets and revenue statements for the next five years.

- According to the honor pledge, only the client will operate the vehicle.

-His promise is to give the grain cooperative the agricultural crop.

-Before the client provides the credit agency with the blocking reserves, the credit cannot begin.

-GRE asks the client to deliver those papers to the bank .

- Report on risk inquiry results: According to that report, if a customer has credit with another bank or doesn't pay the required amount to CNAS, the bank ceases extending credit to him because it appears that he won't pay, but because he doesn't, the operation is still ongoing.

- There are fees that the client must pay at the time that he submits the file in addition to fees that must be paid even though the bank won't finish the transaction.

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-Detect the rental approval process associated with movable property : means that the customer carefully reviews all terms and conditions before accepting the credit and signs that he has done so. We find that the amount of interest also includes the payment deadline, the cost of the machine with taxes, the assurances, and the price of the machine.

-The client must authorize the bank to block an amount in his account that serves as an assurance of PREG and which he must never withdraw.

- Trade credit agreement: it's a registration of contract between the credit lessor and credit lessee. The customer in my study case wants to purchase a machine from EPE PMA/SPA. Here, the bank purchases the machine from the company and attempts to resell it to the customer. As a result, the bank asks the customer to provide her with this agreement so that she can learn more about the furnisher. In this agreement, we find all relevant information regarding the company, the duration of the contract, and general conditions pertaining to the contract, in this agreement, the customer must give it to the taxes direction when this later does a stamp and the customer pays costs with 1500 DZD.

- The buyer needs to receive an extract from the tax direction.

- Engagement letters state that the client obtains credit from the bank for a specific sum with deadlines set for seven years, one of which is deferred, and that if the deadline is missed, a late fee will be charged.

- assurance paper, which the customer marks on white for the third time when he misses a payment deadline, is given to the court as proof after the bank fills it in with the amount owed by the customer.

- After the customer provides his bank with the blocking reserves, the bank later issues him the first check, but the amount of the credit sends it to the furnisher's account and the customer receives his machine. He will be the only one to work with the bank by making reimbursement along with interest.

- The customer must also provide his bank with the non-blocking reserves after the first check to complete the processes.

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- the client will then be formally listed in the bank's client database and in the reimbursement system.

2.3 Technical and economic study:

2.3.1 Promoter and project presentation:

The promoter is a natural person, represented by Mr X, who intends to operate his own harvesting equipment, in order to carry out these services located in Djelida wilaya of AINDEFLEA and this through credit leasing.

Table 9: BADR bank project presentation

MACHINE NAME	CMA SAMPO at BAC air-conditioned
Project adresse	The town of DJELIDA-AINDEFLEA
Machine cost	11 873 000.00DA
Manager	Mr X
project completion time	3 months
the project will ensure the realization of	the harvest of agricultural products: wheat

Source: Informations provided by Agency.

The customer is asking for the purchase of a brand-new combine harvester for the harvest of wheat. The use of this new machine will have an impact on Algeria's economy, especially given that the country loses 50 million dollars in revenue annually due to the use of out-of-date combine harvesters, where the rate of product loss during the harvest is estimated at 25%. This goal is part of a modernization and renewal plan for the nation's combined harvesters, which are currently estimated to number 8500 machines. The plan aims to meet the national demand for this kind of machine to achieve the yield in the wheat harvesting operation by encouraging the acquisition of such a machine by the fellas who are currently in the market for such a machine. The cost of this machine is estimated at 11873000.00da. To buy this machine the customer will

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benefit from FNDIA support of 60 percent with an amount of 5975880da and he requests a bank loan with an amount of 5897120da.

2.3.2 conditions and warranties:

- The current interest rate is 6% per year.
- The credit term is seven years, with one year deferred if the customer can pay off its legal reserve.
- The business current account must be used for all project-related costs.
- The difference will be paid for by the relationship in the event that the cost of the equipment goes up or the amount of time it takes to complete the remainder.
 - Pledge of equipment to be acquired.
 - The various insurances (all risks).

2.3.3 Project cost :

My study file relates to the proposal for an investment credit of a leasing category that will be meant to assist the client in purchasing a new machine known as a combine harvester so that he can harvest agricultural products, in this case wheat, for an overall cost of 11,873,000.00 DA over a period of 7 years and one year deferred.

as shown in the accompanying table:

Table 10: Cost of project in BADR Bank

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Heading	Cost	Total cost
-Preliminary charge	/	/
-Field	/	/
-Building and construction	/	/
-Production equipment	11873000	11 873 000
-Tools	/	/
-Transportation equipment	/	/
-Office furniture	/	/
-insurance	263498	263 498
Total		12 136 498

Source: documents provided by the agency

2.4 Analyze the viability of the project:

2.4.1 Analysis of the request:

In the Algerian market, demand remains higher than supply due to new economic requirements and transformations, which the country is experiencing, but also to population growth and the standard of living which does not allow the majority of Algerians to acquire their equipment.

2.4.1.1 Offer analysis:

Despite the efforts made to invest in agriculture, the national offer still exhibits a significant lack of diversity in both quality and quantity. This is primarily due to the services currently available on the market, which are outdated and hardly meet the demand of an ever-growing and demanding clientele, which motivates us to complete this project as soon as possible in order to meet these needs and to contribute to the evolution of this type of service.

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2.4.1.2 Business goals:

Given the necessity of performing these harvesting services with these individual means in the target market, the shared set as an objective is important.

2.4.1.3 human resources;

The number of permanent jobs existing and to be created is detailed as follows:

Table 11: The number of permanent jobs existing

Designation	Number of existing jobs	Number of jobs created
Qualified worker	1	2
Seasonal	1	2
Total	2	4

Source: Documents provided by the agency.

2.4.1.4 Project progress:

Currently, the company is active and provides this harvesting service by the old machine while waiting for the acquisition of another new combine harvester.

2.4.1.5 Financing structure:

Table 12: Financing structure

Heading	Rate	Amount
Personal contribution		
Bank credit	40%	5 897 120
FNDIA	60%	5 975 880
Total	100%	11 873 000

Source: Documents provided by the agency.

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Commentary: The promoter's personal investment forms one part of the project funding structure, while bank credit forms the other.

2.4.2 The terms of operation of the project

-Forecast turnover:

Table 13: Forecast turnover of the agency

Year	Turnover
1 st year	4290000
2 nd year	4487250
3 rd year	4698431
4 th year	4924792
5 th year	5167702
6 th year	5428663
7 th year	5709326

Source : Documents provided by the agency.

Commentary: The table represents the turnover for the 7 years of customer's project which allows us to see that it is increasing from the 2nd year so we can say that the project will be in evolution thanks to the production equipment which will be followed by a powerful human capacity than with these human or material resources which are implemented in favor of the realization of the project will make it possible to ensure in good conditions the realization of a work of better quality.

- Personnel costs necessary for management and operation:

Table 14: Personnel costs necessary for management and operation of the project

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Desinations	1 st year	2 nd	3 rd	4 th	5 th	6 th	7 th
Wages	645000	645000	645000	645000	645000	645000	645000
CNAS contribution	167700	167700	167700	167700	167700	167700	167700
CACOPATH contribution							
Total	812700	812700	812700	812700	812700	812700	812700

Source :Documents provided by bank.

- Dues and taxes:

Table 15: Dues and taxes of the project

designation	1 st year	2 nd	3 rd	4 th	5 th	6 th	7 th
TAP	85800	89745	93969	98496	103354	108573	114187
VF							
other taxes and levies							
Total	85800	89745	93969	98496	103354	108573	114187

Source ; Documents provided by bank.

- Financial expenses:

Table 16: financial expenses of the project

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designation	1 st year	2 nd	3 rd	4 th	5 th	6 th	7 th
Bank Interests	353827	303280	252734	202187	151640	101093	50547
Taxes (19%)	67227	57623	48019	38416	28812	19208	9604
Total	421054	360904	300753	240602	180452	120301	60151

Source : Documents provided by bank.

- Miscellaneous costs:

Table 17: Miscellaneous costs of the project

Designation	1 st year	2 nd	3 rd	4 th	5 th	6 th	7 th
Insurance	263498	167623	148218	111163	83372	62529	46897
Other costs							
Total	263498	167623	148218	111163	83372	62529	46897

Source ; Documents provided by bank.

-Amortization table:

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Table 18: Amortization table of the project

Heading	1st year	2nd	3rd	4th	5th	6th	7th
Principal	842 446	842 446	842 446	842 446	842 446	842 446	842 446
remains to be reimbursed	5 897 120	5 054 674	4 212 228	3 369 782	2 527 336	1 684 890	842 444
Bank interest	353 827	303 280	252 734	202 187	151 640	101 093	50 547
Annuity	1 196 273	1 145 726	1 095 180	1 044 633	994 086	943 539	892 993

Credit amount	5 897 120
Deadline of credit	07 years
Bank interest rate	6%

Source; Documents provided by the agency.

-The forecast income statement table:

According to the appendix number 14, I anticipate that from the first to the seventh year of the project, the project promoter will see a rise in product sales, which indicates that the promoter will take advantage of his abilities to his advantage.

Gross operating surplus, It is a metric that assesses a business' capacity to produce a profit only from ongoing activities. GOS is positive in my study case ,it is calculated that added value is subtracted from staff costs, taxes, and duties, which means that some AV is still needed to guarantee amortization.

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Gross operating profit (GOP) is a metric that enables you to gauge a business's operational efficiency and profitability. If GOP is positive over a seven-year timeframe, it means that the company's operations have been profitable enough to cover its costs.

Net operating income (NOI) measures the effectiveness of the production process by defining the outcome that the business gets solely through the use of its production factors.

Self-financing capacity (SFC) is a measure of an activity's ability to produce more internal resources than it needs. SFC is good, indicating that the project's internal richness is expanding.

- Presentation of the provisional balance sheet:

According to the appendix number 15, The forecast balance sheet is an important element of the financial forecast which will in particular make it possible to calculate the working capital, the working capital requirement (WCR) and the net cash, key notions of the business plan.

The projected balance statement depicts the assets of the business as of time "t." (and, in this case, at the end of each financial year in the forecast). Therefore, it identifies: What the business will own, on the one hand: Assets are a class of goods that can be identified and have a financial benefit to the business. These could be inventory, bank funds, trade receivables, or fixed assets.

However, the following is what the business will owe: Liabilities are components of the company's assets that have a negative worth. For instance, capital, financial obligations, supplier debts, employee debts, tax and social security debts, current accounts of associates, or bank overdrafts fall under this category.

Total fixed assets are decreasing from year to year. While the amount of inventory is increasing in relation to the very nature of the promoter's activity. However, the amount of receivables and cash will see a net increase from the 2nd year.

The promoter's equity in the first year is already 1453474 thanks to their extensive entrepreneurial expertise. In order to expand his business, the project manager had to approach bankers for a loan in the sum of 5897120DA in the first year.

In the first year, the project's running debts total 67725 DA, and they are expected to rise in the ensuing years. At the conclusion of the fifth year, the exercise's intended result is expected to have doubled.

2.5 Analysis of project profitability:

-calculation of balance indicators:

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Table 19: Self-financing capacity calculation

Years	1	2	3	4	5	6	7
Net income	653474	742125	837256	939454	1049365	1167698	1295232
Amortization	1187300	1187300	1187300	1187300	1187300	1187300	1187300
Self-financing capacity	1840774	1929425	2024556	2126754	2236665	2354998	2482532

Source : Documents provided by the agency.

-Calcul of actual net value;

Table 20: Calcul of actual net value

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	0	1	2	3	4	5	6	7
*Investment amount	11873000							
*Loan repayment (capital)								
*Dividends distributed								
*WCR variation		1840774	1929425	2024556	2126754	2236665	235499	2482532
total jobs	11873000	1840774	1929425	2024556	2126754	2236665	235499	2482532
Bank loan	5897120							
Self-financing capacity	5975880							
residual value								
recovery of working								
capital needs								
total resources	11873000							
Resources-jobs	0	1840774	1929425	2024556	2126754	2236665	235499 8	2482532

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net cash flow		1840774	1929425	2024556	2126754	2236665	2354998	248532
discounted net cash flow with a rate of 6%		1736579	1717181	1699856	1684588	1671366	1660180	17294639
cumulative net cash flow	-11873000	-10136421	-8419240	-6719384	-5034796	-3363430	-1703250	15591389

Source ; Established by myself

Commentary: These findings show that the project is profitable and has a positive net present value (NPV) with a one-year delay and seven years of running (15591389).

2.5.1 Analyzes profitability criteria:

-Calculation of the payback period of the investment

This is the time required for the NPV of the discounted cumulative cash flows to become positive.

The discount rate=6%.

$$\text{PP: } 6\text{years} + \frac{1703250 * 12}{-1703250 + 15591389} = 1.47$$

PP: 6years and 1month and 13 days.

Interpretation:

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It would take the investor six years and one month to recoup the full cost of his money (return on investment).

- The net present value (NPV):

This is the difference between the sum of the cash flows discounted at the interest rate (i) and the amount initially committed (I) to this investment. $NPV = \Sigma \text{ discounted cash flows} - I$

NPV: 15591389 calculated in previous table.

Interpretation:

- The project is acceptable because the NPV is positive.
- The net present value generated is crucial. It attests to a profitable project, and the business is aware of an enrichment equivalent to this NPV once the original investment has been recovered.
- The total cost of this investment is largely covered by the discounted cash flows produced over the course of seven years.

- Profitability index:

PI is the ratio between discounted cash flows and the amount initially committed (I).

$$PI = 1 + \frac{VAN}{I} = 1 + \frac{15591389}{11873000} = 2,31.$$

Interpretation:

Each dinar invested in this project would generate a surplus of three (02) Algerian dinar and 31 cents.

Conclusion overall assessment:

- This endeavor entails acquiring fresh capital that is required for the project to function.

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-This project's activities and the outcomes to be obtained will both benefit from the purchase of this equipment.

2.6 Loan repayment schedule:

-The financing structure:

On the amount of 11873000 the promoter bring 5975880 and he wishes to obtain a leasing credit of 5897120da.

Bank credit 5897120.	40%
Personal contribution 5975880	60%
Total cost of the project 11873000	100%

-credit repayment method:

Amount: 5,897,120DA

Duration: 7 years

Deferred: 1 year

Rate: 6%

Value added tax: (exempt)

Annuity: 1866212.98DA

Maturity date:30/06/2030

Date of 1st interest payment:02/07/2023

Credit Cost ; 7763332.98

Table 21: Credit repayment schedule (in DA)

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Date	to amortize	Principal	Rents	Taxes	Total	Rate	residual value
02/07/2023	5,897,120.00	0.00	370,535.71	0.00	370,535.71	6.00	0.00
30/06/2024	5,897,120.00	704,252.41	351,861.49	0.00	1,056,113.90	6.00	0.00
30/06/2025	5,192,867.59	744,541.84	311,572.06	0.00	1,056,113.9	6.00	0.00
30/06/2026	4,448,325.75	789,214.35	266,899.55	0.00	1,056,113.9	6.00	0.00
30/06/2027	3,659,111.40	836,567.22	219,546.68	0.00	1,056,113.9	6.00	0.00
02/07/2028	2,822,544.18	885,820.40	170,293.50	0.00	1,056,113.9	6.00	0.00
01/07/2029	1,936,723.78	940,233.26	115,880.64	0.00	1,056,113.9	6.00	0.00
30/06/2030	996,490.52	996,490.52	59,623.35	0.00	1,056,113.87	6.00	117,942.40
Total		5,897,120.00	1,866,212.98	0.00	7,763,332,98		

Source; documents provided by the agency

Commentary ;

The customer benefits with one year deferred partially, so on July 2, 2023, only interest will be due. And this operation ends in 2030. On the table, it can be seen that the customer will start paying interest in addition to the principal as of 2024. payment, at the last payment the cost of credit will arrive at 7763332.98 it is an amount of credit plus interest, in 2030 there is a residual value with 117942.40.

2.7 Assembly of the credit file within the BADR bank by Islamic finance:

2.7.1 General conditions for processing a file:

The promoter must fulfill a number of requirements in order for his paperwork to be examined.

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-Before granting credit, he must have an open account for at least six months, have a trade register attesting to his regulatory framework, have the customer respect the terms of repayment, provide guarantees, and finally, trust is one of the factors considered by all banks when deciding whether to grant credit.

- At the time the contract is signed, both sides (the bank and the client) have an understanding regarding the profit margin.

-The customer must provide certain documents and papers necessary to present himself, present his activity and particularly the project wanted to carry out.

2.7.2 Documents needed to provide an investment credit file:

-A financing request that is signed by the designated party and includes the desired amount, any contributions, and the guarantee that will be provided¹.

-Extract of role and update CNAS.CASNOS.

-A technical-economic research on "Market, Technique, Project Cost, and Provisional Accounting Balance Sheets Over Five (05) Years".

-PROFORMA invoices.

-Birth certificate.

-Residence certificate.

-A valid farmer's card.

-A contract or deed proving the right of concession and ownership over an exploited piece of land.

-Initial invoices for agricultural income subject to financing

-An estimated chart of crops and expected revenues

¹ internal agency documents.

Chapter03: comparative study between an Islamic and conventional Investment credit

- Certificate of no indebtedness issued by CNMA
- Any compulsory license issued by the competent authorities.
- Insurance contract
- Tax situation
- Solidarity guarantee.

2.7.3 Credit presentation :

My study file relates to the proposal for an investment credit of a Mourabaha category that will be meant to assist the client in purchasing a new machine known as a combine harvester so that he can harvest agricultural products, in this case, wheat, for an overall cost of 11,873,000.00 DA over a period of 7 years.

-Islamic window investment credit simulation

-credit repayment method:

Company name: customer x

Amount: 5,897,120DA

Duration: 7 years

Rate: 6.5%

Value added tax: 19%

Annuity: 1724907.60

Periodicity: annual

commercial margin:34.81%

credit cost : 7949760.00DA

Table 22: Credit repayment schedule (in DA)

Chapter03: comparative study between an Islamic and conventional Investment credit

Date	Starting Balance	Due amount	Principal amount	Margin expiry excluding tax	added value tax	Ending balance
1	5897120.00	1135680.00	842445.71	246415.37	46818.92	5054674.29
2	5054674.29	1135680.00	842445.71	246415.37	46818.92	4212228.58
3	4212228.58	1135680.00	842445.71	246415.37	46818.92	3369782.87
4	3369782.87	1135680.00	842445.71	246415.37	46818.92	2527337.16
5	2527337.16	1135680.00	842445.71	246415.37	46818.92	1684891.45
6	1684891.45	1135680.00	842445.71	246415.37	46818.92	842445.74
7	842445.74	1135680.00	842445.71	246415.37	46818.92	0.00

Source : Documents provided by agency.

Commentary:

In this type of financing which is the Islamic financing of a category of rolling stock mourabaha where the rate applied is 6.5% and in this type the customer is considered by the VAT at a rate of 19%. .after the calculation of a reimbursement table we can see that the principal the vat and the rents (deadline margin) are fixed in all the years .We can also see that the overall amount of rents paid by the customer each year is 1724907.60DA, which includes 842445.71 as the principal, 246415.37 as the margin, and 45818.92 as VAT. The cost of credit rises to 7949760.00DZ at the conclusion of the previous year.

Chapter03: comparative study between an Islamic and conventional Investment credit

Section 03: The comparison between a Murabaha investment loan and a leasing investment loan

The files of investment credits (leasing) given to its client during the year 2022 for the purchase of a property, as well as the official papers supplied by the organization in question. To make the results more understandable, we will attempt to categorize the data that was gathered into tables.

The table below will list the requirements that applicants for investment loans must meet based on the two financing types (Islamic and traditional). (Murabaha and leasing).

3.1 The comparison between a Murabaha investment loan and a leasing investment loan

Table 23: Comparaison table between islamic and conventional credit

Heading	Islamic finance	Conventional finance
Funding amount	5897120.00	5897120.00
Personal contribution	60%	60%
Rate	6.5%	6%
Total reimbursed at the end of 7 years	7 949 760.00DZ	7 763 332.98DZ
VAT	19%	Exempt
Periodicity	Annual	Annual
Residual value	/	117 942.40
Insurance		Multi-risk insurance throughout the loan period
Deferred	/	1year

Chapter03: comparative study between an Islamic and conventional Investment credit

Guarantees		DPAMR insurance
Late fines	02%	02%

Source ; Personal realization from the data collected at the level of the two services.

Report :

In this comparison, we have made an effort to highlight all of the differences between the Islamic financial system and the conventional financial system, both in terms of how they operate and how much they are willing to charge debtors. The price of the goods is the main factor on which we concentrate in order to effectively compare the two systems.

This is the cornerstone of how each bank and funding system draws clients. Keep in mind that the two financings have the same quantity of financing and personal contributions. (Islamic and conventional). To compare the outcomes and evaluate the two systems:

Regarding the usurious practice of interest rates, they are still used in the Islamic system and are occasionally even much higher than those of normal systems. In actuality, they simply substitute particular terminology for the conventional financial jargon and use a different name for what is still the same thing.

In this real-world scenario, the margin rate used by el BADR bank for Islamic financing is 6.5%, which is greater than the interest rate used for conventional financing, which is 6%. In contrast to the traditional system, where customers are exempt from the tax, the Islamic system is the only one that applies the tax. In both systems, the same reimbursement time was in effect. In contrast to the absence of a residual value in the islamic system, the classic system has a residual value at the conclusion of the period.

As a result of the analysis of the steps and processes involved in financing an investment credit (leasing), it has been determined that: - Islamic credit is more expensive than conventional credit; - The margin rate used in Islamic finance is higher than the interest rate used in

Chapter03: comparative study between an Islamic and conventional Investment credit

conventional banking; - The Islamic bank evokes significant differences when compared to its conventional counterpart because of the Islamic bank's allegedly religious nature.

Conclusion of the chapter:

We have dedicated that each of them contributes to the financing of the investment, and particularly to meet the needs of their clients, based on our modest experience in these two banking services, one conventional and the other Islamic.

Each has benefits. The benefit of the traditional system is that its interest rates are cheaper than those of other systems generally and the Islamic system specifically. Similar features are provided for these clients by the traditional system.

General conclusion

General conclusion

General conclusion:

However, based on my modest reading of some works on Islamic Finance generally, my practical internship at the bank level with two services, one Islamic and the other classic, the orientations of my supervisor, and my conversations with the internship masters, I would still venture to offer at least one opinion of which I will have the benefit of the doubt.

The implementation of the law on currency and credit has caused major disruptions in the Algerian banking system. In fact, the State chose a planned system built primarily on public enterprises after gaining independence in 1962. Thus, public banks made up the complete banking system.

There was no rivalry between the public institutions in order to achieve the government's predetermined goals.

The activities of public banks have undergone a new reorientation as a result of the opening up of the economy in 1989 and the entrance of banks with domestic and foreign private capital, which must contend with the intervention of conventional and Islamic private banks. Since its introduction, Islamic finance is beginning to acquire traction. Indeed, the public officials claim that the goal of accelerating the development of Islamic banking services is to take money off the black market.

However, a prospective customer can only want to act in accordance with the principles of Islamic finance if it ensures him, at the very least, the same rights and benefits as traditional finance. This is why Islamic institutions are at a disadvantage compared to their conventional counterparts because the rules and regulations they must abide by are basic roadblocks that prevent them from matching the performance of conventional finance.

Therefore, it must be acknowledged that finding a financing option that is likely to satisfy the customers' religious beliefs undoubtedly comes at "a cost," which is represented in the loss of profit in terms of the return on deposits or/and in a higher level of project funding.

As a result, our research aims to both understand the Islamic financial system and to draw attention to any potential distinctions between it and the mainstream financial system. Finally,

General conclusion

we will consider how this study's findings affect economic security. The notion that Islamic banks are financial organizations that provide services in accordance with Sharia is not commonly recognized. Their primary goal is to maximize profit through profitable goods, just like all other banks.

An overview of the Algerian banking structure is given in the first chapter. In an effort to comprehend the operation of these banks as well as their evolution, we attempted to describe definitions of banks as well as their functions. On the other side, investment credit has been demonstrated.

I made an effort to explain both conventional and Islamic finance in the second chapter. We were able to pinpoint a number of characteristics that define Islamic finance. To start, according to its definition, it has a unique ideology that is based on the Islamic ideals of justice, balance, and equality. It will incorporate funding strategies that will support maintaining this equity and social justice in order to achieve this.

Second, unlike conventional finance, Islamic financing forbids the use of interest and speculative activities and is founded on the idea that an investor and an entrepreneur should share the risk and reward. Additionally, the description of Islamic products that are becoming more complex has shown how this form of alternative financing is evolving and becoming more competitive with its traditional equivalent.

However, despite the fact that this area of finance has experienced significant growth that is visible on a global scale, it is still constrained by a number of issues that hinder its development, such as the issue of size, image, and other issues.

In the third and final chapter, I first attempted to introduce the organization that served as my home base during my practical internship at BADR Bank.

Then I gave an example of how to apply for a business loan at this bank. to determine the deduction for the benefits each bank offers to debtors. prior to. Prior to selecting his bank for the granting of an investment loan to purchase a machine, the borrower placed a great deal of importance on the cost factor, which we have found. This spurred us to conduct a thorough

General conclusion

comparison study utilizing the official papers and media that we were able to obtain from this host company.

With two choices available to a customer looking to purchase a machine—leasing under the traditional system, represented by the bank, and al mourabaha under the Islamic system—we have attempted to illustrate in numbers which is the best option. Agency BADR AIN DEFLA.

Since no system is flawless, we thoroughly analyzed everything to identify the benefits and drawbacks of each credit.

We have discovered that the cost of Islamic investment financing is higher.

Islamic finance and conventional finance are two different financial systems that have points in common but also there are little differences so that confirm the first hypothesis.

Islamic finance is based on the principles of Sharia, which prohibits interest (riba) and investments in activities considered immoral, such as gambling, alcohol and tobacco. Instead, Islamic finance uses Sharia-compliant contracts, such as Mudaraba, Musharaka and Murabaha, which involve profit and loss sharing among stakeholders and confirm the second hypothesis.

Conventional finance, on the other hand, is based on financial markets and traditional financial institutions, which offer products and services such as loans and investments, with interest rates and guarantees.

In terms of financial performance, there is no conclusive evidence to determine whether one of the two approaches is superior to the other. However, Islamic finance has grown rapidly in recent years and has become a popular alternative to conventional finance for investors looking to invest in Sharia-compliant businesses and projects.

In summary, Islamic finance and conventional finance have significant differences in their approach, products and financial services. However, the two systems can coexist and meet the financial needs of different types of investors and businesses.

The Islamic financial system will always be an alternative source of funding since it can easily accommodate the money supply of those who reject the idea of interest and circulate

General conclusion

outside the formal economy, entwining both the global economy and the economies of Muslim nations in the web of shady trade.

Finally, i want to finish my word by giving some recommendations , It is recommended that BADR continue to offer Islamic financing products to meet customer requirements and increase its market share. BADR must also commit to training its staff and developing policies that respond to Shariah principles and practices.

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Annexes

Annexes

Annex 01: request for financing

BANQUE DE L'AGRICULTURE ET DU DEVELOPPEMENT RURAL

DEMANDE DE FINANCEMENT (ANNEXE 1)

I - IDENTIFICATION DU CLIENT

Nom ou Raison sociale: [REDACTED]

Forme juridique :

- Personne physique (affaire personnelle)
- E.U.R.L
- S.A.R.L
- S.P.A
- SNC

Client de la BADR : Oui - Non ⁽¹⁾

Consultation de la Centrale des Risques « Banque d'Algérie ».

Adresse professionnelle : Fraction Touahria ^{com de Djelida}

Téléphone : [REDACTED]

Adresse personnelle du demandeur : Fraction Touahria

Téléphone : com Djelida - un Laga de AIN-DEFO

Nature de l'activité :

Chiffre d'affaires prévisionnel: 20.000.000 DA

Création..... X

Extension.....

Revenus nets ou bénéfice prévisionnel : 954.843,43 DA

Annex 02: Request for support for the renewal of the combine harvester

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE
 MINISTERE DE L'AGRICULTURE ET DU DEVELOPPEMENT RURAL
 DIRECTION DES SERVICES AGRICOLES

Demande de soutien pour le renouvellement de moissonneuses batteuses
 Wilaya de : Ain Defla
 Date : 22/02/2021

Nom	[REDACTED]
Prénom	[REDACTED]
Pièce d'identité	-Nature : PC -N° : A00841014 -Date d'établissement : 25/08/2020 -Lieu d'établissement : Commune : Djelida Daira de: Djelida, Wilaya de : Ain Defla.
Adresse du demandeur	Fraction Touahria ,Commune :Djelida Daira de: Djelida, Wilaya de : Ain Defla
N° de Téléphone	[REDACTED]
Caractéristiques de la moissonneuse batteuse vétuste	-N° châssis: *861010373* -Marque : SABA -Modèle : A sac -Année de mise en circulation : 1986 -Localisation de la MB (adresse) : Fraction Zehahfa, Commune :Djelida Daira de: Djelida, Wilaya de : Ain Defla
Caractéristiques de la nouvelle MB	-Bac : A Bac -Sac : /
Options	A la charge du demandeur à 100% -Cabine : / -Cabine climatisée : Cabine climatisée
Financement	Cash / Leasing

Je soussigné monsieur : BENAOUA Karim, M'engage à ne pas céder la nouvelle moissonneuse batteuse acquise durant une période de 15 ans faute de quoi le montant du soutien fera l'objet d'un remboursement intégral.

Annex 03: commitment authorization

بنك الفلاحة والتنمية الريفية

ANNEXE5
BANQUE DE L'AGRICULTURE ET DU DEVELOPPEMENT RURAL
«AUTORISATION D'ENGAGEMENT»

DATE : 07/06/2022 N° *MR* /2022.

Organe de décision : ⁽¹⁾ GRE .Date du comité : 06/06/2022 PVN° : 014/22
Structure émettrice ⁽²⁾ GRE AIN DEFLA /050

Emprunteur : *[REDACTED]* Activité Agriculture N° de compte : 265 000 2836 300 076
Agence domiciliataire : AIN DEFLA « 265 ». GRE de rattachement : AIN DEFLA /050
Cote de risque emprunteur Groupe d'appartenance

Type de prêt ou de crédit	Montant (4)	Validité « 5 »	Date limite d'utilisation « 6 »	Durée D'amortissement « 6 »	Différé Partiel « 7 »	Différé Total « 7 »	Taux ou marge « 7 »	Taux commission d'engagement
C/Leasing 0115	5 897 120,00		06 Mois	07 ans	01 an		Taux en	Vigueur

Garanties bloquantes :

- Réserves bloquantes :
- Engagement donnant pouvoir à la banque de souscrire une assurance des équipements à financer ;
- Montant assurance multirisque en PREG ;
- Enregistrement du contrat liant les deux parties (crédit Bailleur/Crédit Preneur) ;
- Chaîne de billets à ordre + convention de prêt + Lettre d'engagement ;
- Engagement du client de livrer sa production à la CCLS et d'honorer ses dettes par retenues directes de la CCLS (modèle de crédit de CC/RFIG) ;
- Extrait de rôle apuré et/ ou échéancier de remboursement. ;

-Garanties non bloquantes :

Réserves non bloquante : - Assurance multi risque durant toute la durée du prêt.

Observation : - Domiciliations des recettes.
- Périodicité de remboursement **annuelle** ;

Application des commissions sur opérations de crédit conformément à la DR n° 15/20 du 02/06/2020.

« 1 » indiqué le comité ayant pris la décision.
« 2 » indiquer la structure ayant émis l'autorisation.
« 3 » indiquer le nom du groupe auquel appartient le client, au sens de l'instruction 74/94 de la Banque d'Algérie, et indiquer au verso l'engagement total du groupe.
« 4 » lorsque le crédit doit servir à l'importation d'équipement, le montant en dinars est donné à titre indicatif, lors de la réalisation prendre en considération le cours du jour.
« 5 » servir pour les crédits à court terme, à l'exception des crédits de compagnie.
« 6 » A servir pour les crédits de compagnie et les crédits d'investissement, la durée d'amortissement comprend la durée du prêt moins la durée du différé.
« 7 » Servir pour les crédits d'investissement.

Réf : AUT I

Annex 04: necessary documents

Nous vous transmettons ci-joint, le dossier de crédit pour contrôle de la relation citée en objet, dont ci-joint documents :

-AUT1

- demande de crédit

-PV de comite

-demande de financement (annexe 1)

- accusé de réception

- présentation de l'entreprise

- étude prévisionnelle

- réponse de consultation de la centrale des risques

- facture pro-forma + devis assurance

- carte d'agriculteur +fiche signalétique +extrait de naissance +résidence

- permis de conduire +déclaration de l'honneur

-extrait de rôle +mise à jour CASNOS

-justificatif d'exploitation.

- cahier de charge FNDIA

- Engagement du céréaliculteur à livrer la totalité de la production et à honorer ses dettes (crédits) par retenues directs au niveau de la CCLS, signé et légalisé par l'APC

Nous vous en souhaitons bonne réception.

LE DIRECTEUR

Annex 05: minutes of the credit committee

PROCES VERBAL DU COMITE DE CREDIT
N°37/2022 DU 19/04/2022

COMITE : ALE265

POSITIONS DES COMPTES AU 19/04/2022
265000283630076 CT/DA 15.422.50

EMPRUNTEUR [REDACTED]

COTE DE RISQUE

ACTIVITE : CEREALICULTURE

ALE : AIN DEFLA / 265-N° COMPTE [REDACTED]

- Groupe d'affaires :

AUTORISATION PRECEDENTE			ENCOURS DE CREDIT		AUTORISATION SOLLICITEE		
TYPE DE CREDIT	MONTANT	ECHEANCE	TYPE DE CREDIT	MONTANT	TYPE DE CREDIT	MONTANT	ECHEANCE
			-	-	CLT LEASING	5.897.120.00	08 ANS
GARANTIES DETENUES EN PORTEFEUILLE :				<u>GARANTIES PROPOSEES :</u>			
				<u>GARANTIES EXIGEEES</u> D.P.A.M.R pendant tout la durée du crédit			

Annex 06: acknowledgment of receipt of file

BANQUE DE L'AGRICULTURE ET DU DEVELOPPEMENT RURAL BADR BANQUE	ACCUSE DE RECEPTION DE DOSSIER DE CREDIT (INSTRUCTION N° 01/mf/2021/ N° 378/13 FEVRIER 2021)
GROUPE REGIONAL D'EXPLOITATION DE AIN DEFLA	INDICE : 050
AGENCE D'EXPLOITATION LOCAL DE AIN DEFLA	INDICE : 265

Par le présent document il est établi la réception auprès des guichets de la BADR d'un dossier de demande de crédit déposé par : Mr [REDACTED]

- Nom et prénom du demandeur de crédit et la raison sociale : Mr [REDACTED] pour son propre compte
- Nom et prénom du déposant : Mr [REDACTED] pour le compte d'autrui de Nom et prénom et raison sociale Mr [REDACTED]

NATURE ET MONTANT DU CREDIT SOLLICITE :

- Crédit sollicité : CLT LEASING D'UN MONTANT de : 5 897 120.00 DA
- FINANCEMENT POUR UN MONTANT DE : 11 873 000.00 DA, reparté en :
- GARANTIES PROPOSEES (estimation de biens hors concession) : parcelle de terre d'une superficie totale de 12 HA 57 ARES

• DELAI DE TRAITEMENT ET DE REPOSE AU DEMANDEUR DU CREDIT : 30 JOURS OUVRABLES, (APRES VERIFICATION DES DOCUMENTS, ET RETOUR DE L'INFORMATION SUR LA RECEVABILITE DU DOSSIER, DU GROUPE REGIONAL D'EXPLOITATION)

NOTEZ BIEN : ce délai est cependant donné titre très indicatif en raison de :

- Compléments de dossiers et d'informations que la demande de crédit nécessiterait
- Complexité du projet / dossier, impliquant un traitement prolongé.

Les informations sur le niveau de traitement de son dossier sont données au « demandeur du crédit », s'il désire, se présentant aux guichets de la BADR et/ou aux chargés de la clientèle, de l'agence d'Exploitation locale, de domiciliation.

QUALITE DU RECEPIONNAIRE DE LA DEMANDE ET DU DOSSIER DE CREDIT DE LA CLIENTELE :
NOM ET PRENOM : TOUAIBIA ASMA
QUALITE : chargée de clientèle
DATE : 14/04/2022

Annex 07: decision to progress deadline

République Algérienne Démocratique et Populaire
Ministère de l'Agriculture et du Développement Rural

Direction des services agricoles
Wilaya de Ain Defla

DECISION DE PROROGATION DE DELAI

Décision n° 0165 du 14/03/2022 modifiant la décision n°052 du 20/04/2021 portant l'octroi du soutien sur le Fonds national de développement agricole inscrite sur le compte d'affectation spéciale n° 302- 139 intitulé « Fonds National de Développement Agricole – FNDA »

Le Directeur des Services Agricoles de la Wilaya de : Ain Defla

- Vu la décision n°052 du 20/04/2021 d'octroi du soutien sur le Fonds national de développement agricole «FNDA» établit au profit du projet pour l'exploitation agricole située à la commune de : Djelida représenté par (le) ou (la) bénéficiaire dénommé ()
- Vu le cahier des charges n°052 du 20/04/2021 définissant les conditions de mise en œuvre du soutien sur le Fonds national de développement agricole «FNDA» établit au profit du projet pour l'exploitation agricole : privée commune : Djelida, Représenté par (ie) ou (la) bénéficiaire dénommé (é) : ()
- Vu la carte d'agriculteur magnétique : n°1300007/55/04B/07/44 du .../.....établit au profit de l'agriculteur concessionnaire dénommé () de la commune de : Djelida de la wilaya de: Ain Defla.
- Vu la demande de prorogation de délai formulée par le bénéficiaire, dénommé () Enregistrée sous le numéro : 23 du 22/02/2022
- Vu le procès-verbal n° 045 du 01/03/2022 du Comité Technique de Wilaya, émettant un avis favorable de prorogation de délai pour une durée de trois (03) mois à la demande de l'intéressé visé ci-dessus.

Annex 08: file acceptance

الجمهورية الجزائرية الديمقراطية الشعبية

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

MINISTRE DE L'AGRICULTURE ET
DU DEVELOPPEMENT RURAL
DIRECTION DES SERVICES AGRICOLES
DE LA WILAYA DE AIN-DEFLA

وزارة الفلاحة
والتنمية الريفية
مديرية المصالح الفلاحية
ولاية عين الدفلى
مصلحة تنظيم الإنتاج والدعم التقني

NOTIFICATION N° : 0347 du : 07 أفريل 2021

Bénéficiaire : [REDACTED]
Commune : Djenaa
S/C de Mr : Le Subdivisionnaire de l'agriculture de: Djelida

Objet : Décision du CTW concernant votre demande.

Suite au résultat de l'étude de votre dossier par le comité technique de wilaya (CTW)
réuni en date du : 05/04/2021 -PV N° 037
J'ai l'honneur de vous informer :

L'acceptation de votre dossier :
-Renouvellement de la moissonneuse batteuse vétuste.

Réserves du CTW :/.....

De ce fait :

➤ Pour les dossiers acceptés il ya lieu de déposer les cahiers des charges en deux (02) exemplaires signés légalisés au niveau de la subdivision dans un délai n'excédant pas trente(30) jours à compter de la date de réception de la présente lettre.

Annex 09: risk research result report

بنك الجزائر
BANQUE D'ALGERIE

Système Algérien de Centralisation des Risques Entreprises et Ménages - Ascrem
Rapport du Résultat de la Recherche sur Risques

Date de Création/Naissance: 12/1992 12:00:00 AM
Pays du Document:
NIF:
Wilaya de Naissance:

Critères de recherche utilisés

Nom Complet	[REDACTED]	Numero du Document	1300007-55-04B-07-44
Type de document	Carte Fellah	Type de Personne:	
Pays de création/naissance:		Genre:	
Algérien		Numero de l'Acte de Naissance:	
Commune de Naissance:		Motif de consultation:	Nouveau Débitur / Crédit
Consentement préalable	Oui		

Résultat de la Recherche:

****Aucune déclaration n'a été enregistrée dans le Système selon les critères de recherche susvisés****

Annex 10 ; blocking reserves

Objet : lettre d'acceptation
Activité : céréaliculture

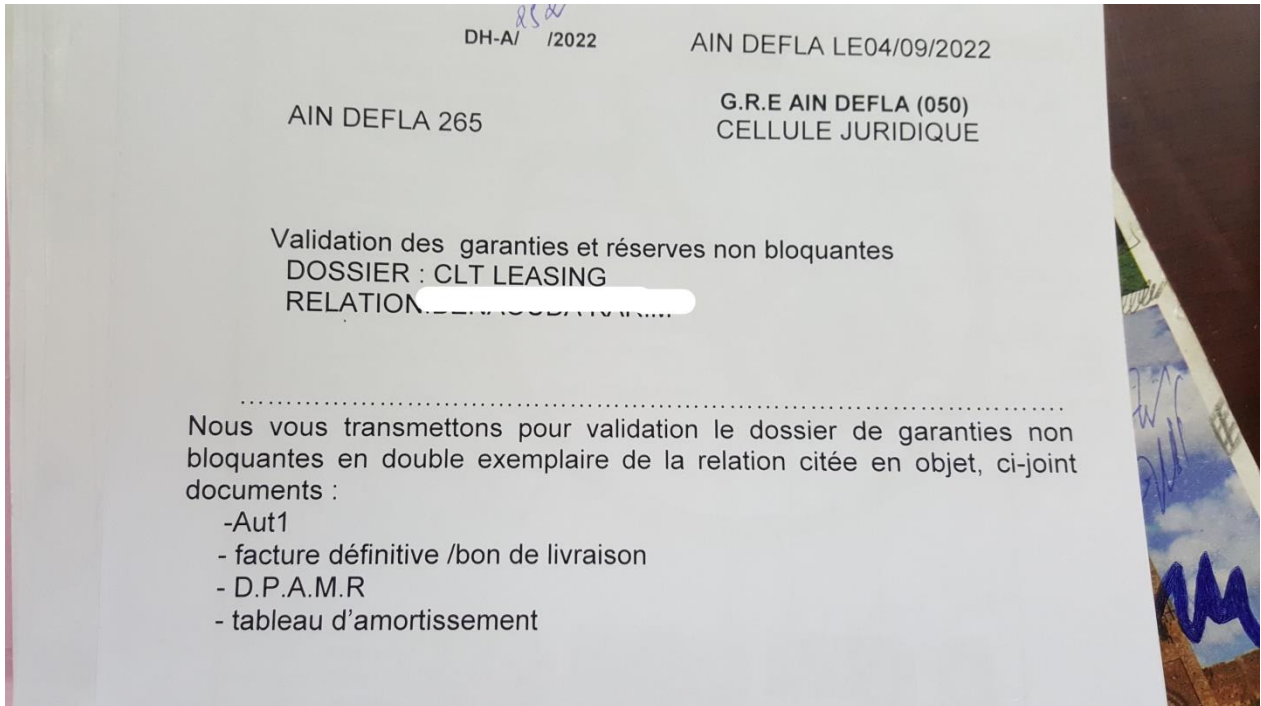
Pour faire suite à votre demande de financement, nous avons le plaisir de vous Informer que notre établissement est disposé à vous octroyer le crédit suivant :

- Type de prêt : C /Leasing 01-15
- Montant : 5.897.120.00 DA
- Taux : Taux en vigueur
- Date limite d'utilisation : 06 mois
- Différé partiel : 12 mois
- Durée D'amortissement : 7 ans

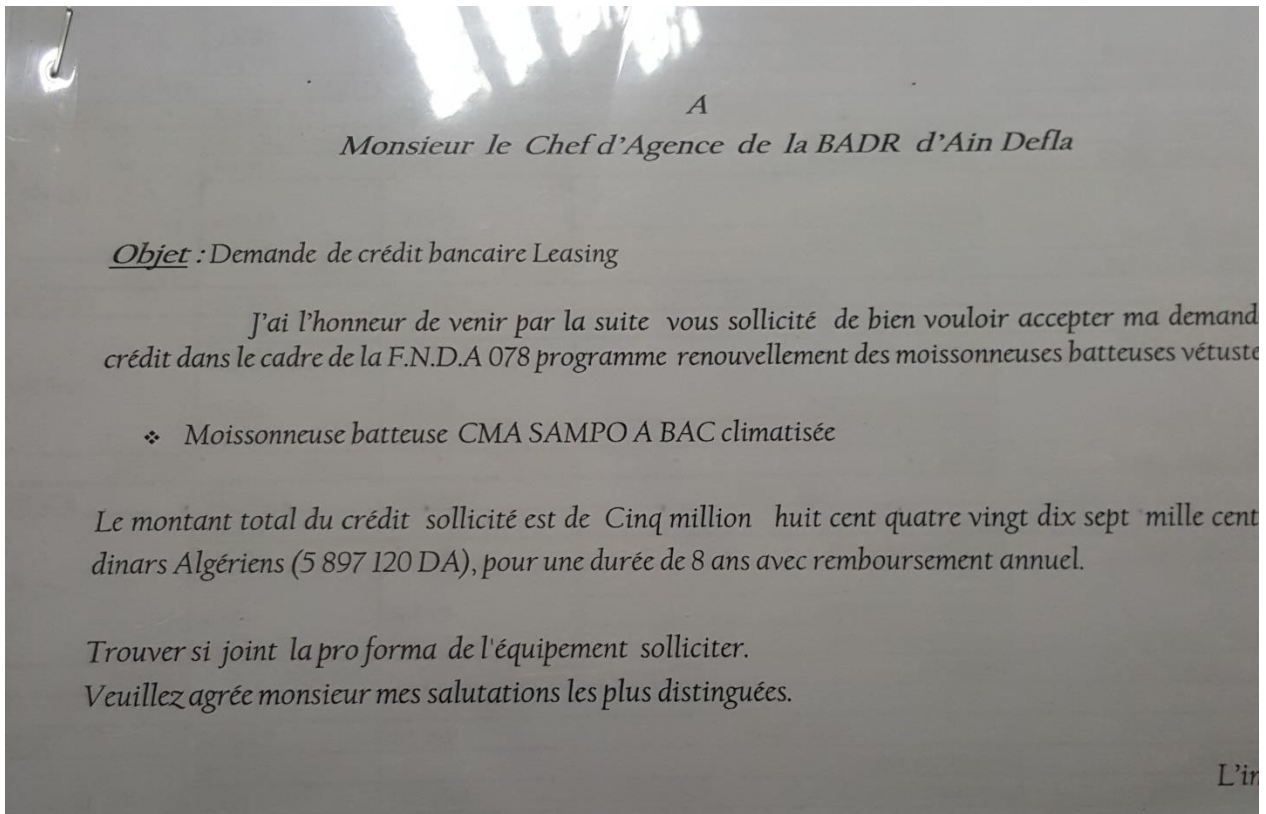
Cependant nous attirons votre aimable attention, sur le fait que ce crédit ne Pourra connaître un début d'utilisation, que lorsque les réserves bloquantes, citées ci- dessous, auront été levées :

- Engagement donnant pouvoir à la banque de souscrire une assurance des équipements à financer.
- Montant assurance multi risque (PREG)
- Enregistrement du contrat liant les deux parties (crédit bailleur/crédit preneur)
- Chaine de billets à ordre +convention de prêt +lettre d'engagement
- Engagement du client de livrer sa production à la CCLS et d'honorer ses dettes par retenues directes de la CCLS (modèle de crédit de CC/RFIG).
- Extrait de rôle apuré et/ ou échéancier de remboursement.

Annex 11: non-blocking guarantees and reservations



Annex 12: bank loan application



Annex 13: forecast plan of crops and expected income

BENADUDA KARIM, Agriculteur, W. Ain Defla

PLAN PREVISIONNEL DES CULTURES ET DES REVENUES ATTENDUS

ANNEE	PRINCIPALE	RECETTES	CHARGES	RESULTAT
ANNEE 2022/2023	PRINCIPALE	2 250 000	1 323 529	
DEBUT DE SAISON	Production blé dur: 10ha	840 000	494 118	
	Production d'Avoine 10ha			
		1 200 000	631 579	65
PRESTATION FOURNIE	Moissonneuse Batteuse		1 187 300	
AMORTISSEMENT	Moissonneuse Batteuse	4 290 000	3 636 526	65
	TOTAL SOLDE			
ANNEE 2023/2024	PRINCIPALE	2 306 250	1 356 618	
DEBUT DE SAISON	Production blé dur: 10ha	861 000	506 471	
	Production d'Avoine 10ha			
		1 320 000	694 737	74
PRESTATION FOURNIE	Moissonneuse Batteuse		1 187 300	
AMORTISSEMENT	Moissonneuse Batteuse	4 487 250	3 745 125	74
	TOTAL SOLDE			
ANNEE 2024/2025	PRINCIPALE	2 363 906	1 390 533	
DEBUT DE SAISON	Production blé dur: 10ha	882 525	519 132	
	Production d'Avoine 10ha			
		1 452 000	764 211	83
PRESTATION FOURNIE	Moissonneuse Batteuse		1 187 300	
AMORTISSEMENT	Moissonneuse Batteuse	4 698 431	3 861 176	83
	TOTAL SOLDE			
ANNEE 2025/2026	PRINCIPALE	2 423 004	1 425 296	
DEBUT DE SAISON	Production blé dur: 10ha	904 588	532 111	
	Production d'Avoine 10ha			
		1 597 200	840 632	93
PRESTATION FOURNIE	Moissonneuse Batteuse		1 187 300	
AMORTISSEMENT	Moissonneuse Batteuse	4 924 792	3 985 339	93
	TOTAL SOLDE			
ANNEE 2026/2027	PRINCIPALE	2 483 579	1 460 929	
DEBUT DE SAISON	Production blé dur: 10ha	927 203	545 413	
	Production d'Avoine 10ha			
		1 756 920	924 695	104
PRESTATION FOURNIE	Moissonneuse Batteuse		1 187 300	
AMORTISSEMENT	Moissonneuse Batteuse	5 167 702	4 118 337	104
	TOTAL SOLDE			
ANNEE 2027/2028	PRINCIPALE	2 545 668	1 497 452	
DEBUT DE SAISON	Production blé dur: 10ha	950 383	559 049	
	Production d'Avoine 10ha			
		1 932 612	1 017 164	111
PRESTATION FOURNIE	Moissonneuse Batteuse		1 187 300	
AMORTISSEMENT	Moissonneuse Batteuse	5 428 663	4 260 965	111
	TOTAL SOLDE			
ANNEE 2028/2029	PRINCIPALE	2 609 310	1 534 888	
DEBUT DE SAISON	Production blé dur: 10ha	974 142	573 025	
	Production d'Avoine 10ha			
		2 125 873	1 118 881	118
PRESTATION FOURNIE	Moissonneuse Batteuse		1 187 300	
AMORTISSEMENT	Moissonneuse Batteuse	5 709 326	4 414 094	118
	TOTAL SOLDE			

Annex 14: income statement table

<i>INTITULES</i>	<i>1ere ANNEE</i>	<i>2e ANNEE</i>	<i>3eme ANNEE</i>	<i>4e ANNEE</i>	<i>5e ANNEE</i>	<i>6e ANNEE</i>	<i>7e ANNEE</i>
Vente de marchandises							
Marchandises vendues							
<i>MARGE BRUTE</i>							
Productions vendues	3 090 000	3 167 250	3 246 431	3 327 592	3 410 782	3 751 860	4 127 046
Prestations fournies	1 200 000	1 320 000	1 452 000	1 597 200	1 756 920	1 932 612	2 125 873
Matiere consommée	907 401	1 097 276	1 303 255	1 504 092	1 703 571	2 160 538	2 653 612
Services	26 000	28 600	31 500	34 700	38 200	42 020	46 222
- Autres services							
	26 000	28 600	31 500	34 700	38 200	42 020	46 222
<i>VALEUR AJOUTEE</i>	<i>3 356 599</i>	<i>3 332 774</i>	<i>3 332 176</i>	<i>3 351 300</i>	<i>3 387 731</i>	<i>3 439 894</i>	<i>3 506 863</i>
Frais du personnel	812 700	812 700	812 700	812 700	812 700	812 700	812 700
Frais divers	263 498	197 623	148 218	111 163	83 372	62 529	46 897
- Assurances	263 498	197 623	148 218	111 163	83 372	62 529	46 897
- Autres frais							
Impôts et taxes	85 800	89 745	93 969	98 496	103 354	108 573	114 187
- TAIC	85 800	89 745	93 969	98 496	103 354	108 573	114 187
- VF							
- Autres impôts et taxes							
Frais financier	353 827	303 280	252 734	202 187	151 640	101 093	50 547
Amortissement	1 187 300	1 187 300	1 187 300	1 187 300	1 187 300	1 187 300	1 187 300
<i>TOTAL DES CHARGES</i>	<i>2 703 125</i>	<i>2 590 649</i>	<i>2 494 920</i>	<i>2 411 846</i>	<i>2 338 367</i>	<i>2 272 196</i>	<i>2 211 631</i>
<i>RESULTAT BRUT</i>	<i>653 474</i>	<i>742 125</i>	<i>837 256</i>	<i>939 454</i>	<i>1 049 365</i>	<i>1 167 698</i>	<i>1 295 232</i>
<i>CASH-FLOW</i>	<i>1 840 774</i>	<i>1 929 425</i>	<i>2 024 556</i>	<i>2 126 754</i>	<i>2 236 665</i>	<i>2 354 998</i>	<i>2 482 532</i>
<i>IRG / IBS (23%)</i>							
<i>RESULTAT NET</i>	<i>653 474</i>	<i>742 125</i>	<i>837 256</i>	<i>939 454</i>	<i>1 049 365</i>	<i>1 167 698</i>	<i>1 295 232</i>
<i>COUT TOTAL</i>			<i>11 873 000</i>				
<i>PART INVESTISSEUR 0%</i>			<i>5 975 880</i>				
<i>PART FNDPA 60%</i>			<i>5 897 120</i>				
<i>PART BANC 40%</i>							

Annex 15: forecast balance sheet

BILAN PREVISIONNEL SUR 03 ANS

ACTIF	1ere ANNEE			2e ANNEE			3e ANNEE		
	BRUT	AMORT	NET	BRUT	AMORT	NET	BRUT	AMORT	NET
I- INVESTISSEMENT									
- Frais préliminaires	170 000	170 000							
- Terrain									
- Batiment & Construction									
- Equipements de production	11 873 000	1 187 300	10 685 700	10 685 700	1 187 300	9 498 400	9 498 400	1 187 300	8 311 100
- Matériel et outillage									
- Matériel de transport									
- Equipement de bureau									
- Autres equips de prod									
- Aménagement et installation							3 675 870	4 756 880	4 756 880
II- STOCKS	2 676 830		2 676 830	3 675 870					
III- CREANCE									
- Créance sur clients			48 180	55 140			55 140	66 600	66 600
- Avances d'exploitation	48 180		644 113	725 421			725 421	815 413	815 413
- Disponibilités	644 113								
TOTAL ACTIF	15 412 123	1 387 300	14 024 823	15 142 131	1 187 300	13 954 831	15 137 293	1 187 300	13 949 993
PASSIF									
I- FONDS PROPRES									
Resultat en instance			1 453 474				2 106 948		2 849 073
II- DETTES D'INVEST									
- Emprunts bancaires			5 897 120				5 054 674		4 212 228
- Autres emprunts			5 975 880				5 975 880		5 975 880
- Detention pour compte			7 150				7 479		7 831
- Dette d'exploitation			67 725				67 725		67 725
Resultat			653 474				742 125		837 256
TOTAL PASSIF			14 024 823				13 954 831		13 949 993

ACTIF	4e ANNEE			5e ANNEE			6e ANNEE			7e ANNEE		
	BRUT	AMORT	NET	BRUT	AMORT	NET	BRUT	AMORT	NET	BRUT	AMORT	NET
I- INVESTISSEMENT												
- Frais préliminaires												
- Terrain												
- Batiment & Construction												
- Equipements de production	8 311 100	1 187 300	7 123 800	7 123 800	1 187 300	5 936 500	5 936 500	1 187 300	4 749 200	4 749 200	1 187 300	3 561 900
- Matériel et outillage												
- Matériel de transport												
- Equipement de bureau												
- Autres equips de prod												
- Aménagement et installation									8 663 760	10 216 410		10 216 410
II- STOCKS	5 941 160		5 941 160	7 240 180		7 240 180	8 663 760					
III- CREANCE												
- Créance sur clients									155 950	183 900		183 900
- Avances d'exploitation	83 180		83 180	94 120		94 120	155 950		1 011 479	1 071 433		1 071 433
- Disponibilités	899 238		899 238	983 901		983 901	1 011 479					
TOTAL ACTIF	15 234 678	1 187 300	14 047 378	15 442 001	1 187 300	14 254 701	15 767 689	1 187 300	14 580 389	16 220 943	1 187 300	15 033 643
PASSIF												
I- FONDS PROPRES												
Resultat en instance			3 686 329			4 625 783			5 675 147			6 842 846
II- DETTES D'INVEST												
- Emprunts bancaires			3 369 782			2 527 336			1 684 890			842 444
- Autres emprunts			5 975 880			5 975 880			5 975 880			5 975 880
- Detention pour compte			8 208			8 613			9 048			9 516
- Dette d'exploitation			67 725			67 725			67 725			67 725
Resultat			939 454			1 049 365			1 167 698			1 295 232
TOTAL PASSIF			14 047 378			14 254 701			14 580 389			15 033 643

Annex 16: 1st year financing plan

PLAN DE FINANCEMENT 1ER ANNEE

RUBRIQUE	JAN	FEV	MAR	AVR	MAI	JUN	JUIL	AOUT	SEP	OCT	NOV	DEC	TOTAL
1-Solde au départ	800 000	743 510	950 519	851 958	1 058 966	1 265 975	1 167 414	1 374 422	1 581 431	1 482 870	1 689 878	1 896 887	14 863 830
2-Recette	357 500	357 500	357 500	357 500	357 500	357 500	357 500	357 500	357 500	357 500	357 500	357 500	4 290 000
- Frais preleminaires													
- Marchandises vendues													907 401
- Matiere consommée	75 617	75 617	75 617	75 617	75 617	75 617	75 617	75 617	75 617	75 617	75 617	75 617	26 000
- Services			6 500			6 500			6 500				812 700
- Frais du personnel	67 725	67 725	67 725	67 725	67 725	67 725	67 725	67 725	67 725	67 725	67 725	67 725	85 800
- Impots et taxes	7 150	7 150	7 150	7 150	7 150	7 150	7 150	7 150	7 150	7 150	7 150	7 150	353 827
- Frais financier			88 457			88 457			88 457				263 498
- Frais divers	263 498												2 449 226
3-Total des depenses	413 990	150 492	245 449	150 492	150 492	245 449	150 492	150 492	245 449	150 492	150 492	245 449	842 448
4-Rem emprunt banc			210 612			210 612			210 612				210 612
5-solde final:(1+2)-(3+4)	743 510	950 519	851 958	1 058 966	1 265 975	1 167 414	1 374 422	1 581 431	1 482 870	1 689 878	1 896 887	1 798 326	15 862 156

Annex 17: invoice

EPE PMA TRADING SPA
Capital Social: 120 000 000 DA

FACTURE/INVOICE
Number/Number: 2022/00183 Date: 14/06/2022

References client / Customer references: 10106 BADR GRE AIN DEFLA ALE 205
W AIN DEFLA Programme Renouvellement MB FORMULE LEASING

Références vendeur / Sales references: EPE PMA TRADING UNITE CENTRE 05, Chemin EL MOHAMMADIA EL HARRACH ALGER
RIB N° 00300 635 301 595 300 020 AGENCE BADR 635
N° de l'article d'imposition: 16292603042

AU PROFIT DE: [Redacted]

Article / Item	Désignation / Description	TVA/VAT	Quantité / Quantity	Price Unitaire / Unit Price	Montant / Amount
226	Maisonneuse Bateuse à Bac cabine climat	0	1	11 873 000.00	11 873 000.00

Modalité de Paiement:
A titre Individuel
MODALITE DE PAIEMENT:
Décision MADRP 078 du 24/01/2018

Subvention MADRP 50% SOIT: 4 979 900.00 DA
Subvention Reprise 10% SOIT: 995 950.00 DA
Apport du Client 40% SOIT: 5 897 150.00 DA

ARRETEE LA PRESENTE FACTURE A LA
Somme en lettres / Amount in words: HUIT CENT SOIXANTE TROIS MILLE DINARS

Total HT / Tax free total
TVA / VAT
Remise / Discount
Timbre
Total TTC / Total All-in

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