

KARABUK UNIVERSITY

SOCIAL SCIENCES INSTITUTE

DEPARTMENT OF BUSINESS ADMINISTRATION

**ISLAMIC SPECULATION INVESTMENT FUNDING AS ALTERNATIVE OF
USURIOUS INTERSTS**

THESIS OF MASTER

Prepared

Abdulmutalib Mohammed Othman ALSahili

Advisor

Yrd.Doç.Dr.Neşe YILDIZ


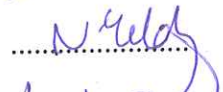

KARABUK

September - 2017

THESIS APPROVAL PAGE

Karabuk University Institute of Social Sciences,

We as Thesis Board we approved the “**ISLAMIC SPECULATION INVESTMENT FUNDING AS ALTERNATIVE OF USURIOUS INTERSTS**” named Business Administration master thesis which submitted by **Abdulmutalib Mohammed Othman ALSAHILI** unaniously / majority of votes.

	Academic Tititile, Name and Zurname	Signature
Chairman of the Board	: Assoc. Prof. Dr. Fatma Zehra TAN	
Advisor	: Asst. Prof. Dr. Neşe YILDIZ	
Member	: Assoc. Prof. Dr. Şaban ESEN	

Thesis Exam Date 24/08/2017

DECLARATION AND COPYRIGHT

I declare that I did not apply to any way or support against scientific ethic and traditions in this work which I submitted as master degree thesis, I mentioned all thing I write myself or I benefit from other in the reference section and also I mention all treatises in every place was used.

I declare that I am responsible to all ethic and legal results regarding anything against my attestation find out by institution in any time.

24 /08/2017

Abdulmutalib M. O. ALSahili

Signature

A handwritten signature in blue ink, consisting of a stylized 'M' followed by a horizontal line and a large, rounded flourish on the right side.

THANKS AND APPRECIATION

Thanks to Allah, the lord of all and peace and prayers be upon his messenger Mohamed and all his companies.

Thanks to Allah who supported me to achieve this work, my entire success is from the Almighty God, the great and wise.

Thanks and appreciation for all who supported me, and contributed in the achievement of this thesis and presented the same in the required scientific standard, in particular, my respectful supervisor, for her exerted efforts to supervise on this thesis and her valuable observations and continuous directions, which resulted in positive impact on the level of the thesis, I would also, like to extend my thanks to the examiners committee members for accepting and evaluating this submitted study, who will support me by their valuable observations in the enhancement and enrichment of this study .

Further, I would like to extend my thanks to the directors, employees and businessmen the customers of Jamhouria Bank for the provided information and data in seeking to support and achieve success to this work.

Abdulmutalib M. O. ALSahili

CANDIDATION

To my Ideal in this world

“ my Father may god have mercy on him”

To the most invaluable gift given to me by Allah in this world .

“My Mother“

To the unknown soldiers , the messengers of science and knowledge

“ my lecturers “

To the legal Treasures all around the world

“ my friends and Colleagues “

To all of them , I dedicate this research

Researcher

CONTENTS

	<u>page</u>
DECLARATION AND COPYRIGHT	iii
THANKS AND APPRECIATION	iv
CANDIDATION	v
CONTENTS	vi
LIST OF TABLES.....	ix
LIST OF FIGURES.....	xii

INTRODUCTION

CHAPTER ONE

GENERAL FRAME WORK OF RESEARCH

1.1. STUDY PROBLEM	2
1.1.1. Problem Background	2
1.1.2. Problem Identification	3
1.2. STUDY OBJECTIVES.....	4
1.3. STUDY SIGNIFICANCE.....	4
1.4. STUDY HYPOTHESIS	5
1.5. STUDY METHODOLOGY.....	5
1.6. RESEARCH LIMITS	6
1.7. STUDY SOCIETY & SAMPLES.....	6
1.8. STUDY TERMINOLOGIES.....	6
1.9. PRE – STUDIES.....	8

CHAPTER TWO
ISLAMIC BANKING AND
FUNDING UNDER THE SPECULATION FORMULA

2.1. THE FOUNDATION OF THE ISLAMIC BANKS AND DEVELOPMENT STAGES.....	16
2.2. THE CONCEPT AND CHARACTERISTICS OF THE ISLAMIC BANKS.....	19
2.3. THE CHARACTERISTICS OF THE ISLAMIC BANKS AND FORMS OF FUNDING.....	22
2.3.1. The Most Important Characteristics Distinguishing The Islamic Banks From Their Conventional Counterparts	22
2.3.2. Formula Of The Investment Funding In The Islamic Banks	23
2.3.3. The Economic Importance Of The Islamic Funding	28
2.4. THE CONCEPT OF SPECULATION.....	30
2.4.1. The Provisions Of The Speculation Contract	34
2.4.2. Form Of Funding Under The Speculation Contract	35
2.5. TYPES OF SPECULATION.....	37
2.6. DIFFICULTIES FACING FUNDING BY SPECULATION	42
2.7. THE EXPERIENCES OF SOME BANKS THAT HAVE TRANSFORMED INTO THE ISLAMIC FORMULA FUNDING.....	45
2.7.1. Reality Of The Experience Of The Islamic Banking Business In The Arab Conventional Banks	45
2.7.2. Reality Of The Experiences Of The Islamic Banking Business In The Global Conventional Banks	51

**CHAPTER THREE
PRACTICAL FRAMEWORK (FIELD STUDY)**

3.1. BRIEF ABOUT JAMHOURIA BANK	55
3.2. METHODOLOGY OF THE STUDY	57
3.2.1. The Study Environment	57
3.2.2. The Study Society	57
3.2.3. The Study Sample	58
3.2.4. The Study Mechanism	59
3.2.5. The Used Statistical Methods	60
3.3. PRESENTATION AND ANALYSIS OF DATA	61
3.3.1. Presentation And Analysis Of The Bank’s Employees “The Directors”	63
3.3.1.1. Directors Demographic Characteristics	64
3.3.1.2. Director’s Data Analysis	77
3.3.2. Presentation And Analysis Of Customers (Libyan Businessmen) Data	97
3.3.2.1 Customers Demographic Specific	97
3.3.1.2. Libyan Businessmen Data Analysis	107
3.4. HYPOTHESIS TESTING	129
CONCLUSIONS.	133
REFERENCES	135
THE CUSTOMERS QUESTIONNAIRE	142
THE DIRECTORS QUESTIONNAIRE	149
ABSTRACT	153
ÖZET	155

AUTOBIOGRAPHY..... 156

LIST OF TABLES

	<u>page</u>
TABLE (1.1) Total Expenditures Development & Revenues Net Usury Of Islamic Usury For Jamhuria Bank During Years (2010-2016)	3
TABLE (2.1) Comparison Between The Usurious Loan And The Speculation Loan	33
TABLE (2.2) Statement Of Islamic Transaction Branches Of The Conventional Banks In Egypt In 2004.....	47
TABLE (3.1) The Distribution Of Questionnaire forms On The Study Society Samples.....	60
TABLE (3.2) Coding Answers According To Tickerts.....	62
TABLE (3.3) Of Kronbakh Alpha Cronbach For Each Of Phrases Group..	63
TABLE (3.4) Repetitive Distributions And Percentage Of The Sample Individuals According To Gender.....	64
TABLE (3.5) The Repetitive Distributions And Percentage Of The Sample Individuals On The Basis Of Gender.....	65
TABLE (3.6) The Repetitive Distributions And Percentage Of The Sample Individuals On The Basis Of Scientific Qualification.....	66
TABLE (3.7) Repetitive Distribution And Percentage Of The Sample Individuals On The Basis Of The Position.....	68
TABLE (3.8) Repetitive Distribution And Percentage Of The Sample Individuals On The Basis Of Years.....	70
TABLE (3.9) Explains That The Repetitive Distribution Of The Variable Of The Islamic Investment Systems, Achieve Success.....	72
TABLE (3.10) Set Out The Repetitive Distribution Of The knowledge and Understanding Of the Concept And Mechanisms Of the Application of The Islamic Investment Formula "Speculation"	73

TABLE (3.11) Describes The Repetitive Distribution Of The Islamic Investment Formula “Speculation” And Enhancement Of The Good Competitive Position	74
TABLE (3.12) Explains The Distribution Of The Islamic Investment Formulas (Speculation) And The Attraction Of Many New Libyan Investors	75
TABLE (3.13) Sets Out The Repetitive Distribution Of Expecting High Customers Demand For Using The Speculation Investment Formula.....	76
TABLE (3.14) Descriptive Statistic, P-value For The Extent Of Existence Of Challenges Facing The Bank Management In Using The Islamic Investment Formula.....	77
TABLE (3.15) Descriptive Statistic, P-value For The Extent Of Availability Of Incentives Encouraging The Bank Management To Use The Islamic Investment Formula.....	85
TABLE (3.16) Descriptive Statistic, P-value For The Extent Of Satisfaction Of The Bank Management To Use The Islamic Investment Formula.....	92
TABLE (3.17) Explains The Repetitive Distribution Of The Activity Type Variable.....	97
TABLE (3.18) Explain The Repetitive Distribution Of The Variable Of The Work Experience Period In The Field.....	98
TABLE (3.19) Explain The Repetitive Distribution Of The Scientific Qualification Variable.....	100
TABLE (3.20) Explains The Repetitive Distribution Of The Period Variable.....	101
TABLE (3.21) Explains The Distribution Of The Variable Of Business With Jamhouria Bank In Usury Interest Formula.....	102
TABLE (3.22) Explains That The Repetitive Distribution Of The Variable Of The Islamic Investment Formula, Has Achieve Success	103
TABLE (3.23) Explains The Repetitive Distribution Of The Variable Of	

The Knowledge Of The Application Islamic Investment Formulas	
“Speculation” Concept And Mechanism.....	104
TABLE (3.24) Explains The Repetitive Distribution Of The Variable Of	
The Adoption Of The Islamic Investment Formulas “Speculation” Enhance	
The Bank’s Good Competitive Position.....	105
TABLE (3.25) Explains The Repetitive Distribution Of The Variable Of	
The Adoption Of The Islamic Investment Formulas “Speculation” In	
Attracting Many New Libyan Investors To The Bank.....	106
TABLE (3.26) Explains The Repetitive Distribution Of The Variable Of	
The Customers High Demand On The Use Of “Speculation” Investment	
Formula.....	107
TABLE (3.27) Descriptive Statistic, P-value For The Extent Of Existence	
Of Obstacles Facing The Libyan Businessmen In Using The Islamic	
Investment Formula.....	108
TABLE (3.28) Descriptive Statistic, P-value For The Extent Of Availability	
Of Incentives Encouraging The Libyan Businessmen To Use The Islamic	
Investment Formula.....	116
TABLE (3.29) Descriptive Statistic, P-value For The Extent Of Satisfaction	
Of The Libyan Businessmen To Use The Islamic Investment Formula.....	123
TABLE (3.30) Results Of One Sample T-test Of The First Hypothesis	
“There Are Obstacles May Face Speculation Formulas Usage By Libyan	
Businessmen To Finance Their Projects”.....	130
TABLE (3.31) Results Of One Sample T-test Of The First Hypothesis	
“There Are Incentives Encouraging The Use Of The Speculation Formula	
For Funding The Different Investment From The Viewpoints Of	
Jamhouria Bank “Capital” And Its Clients” Work”.....	131
TABLE (3.32) Results Of One Sample T-test Of The First Hypothesis	
“There’s A Conviction By Libyan Businessmen To Use Speculation	
Formula As Islamic Financing Formula To Finance Their Different	
Investments”.....	132

LIST OF FIGURE

	<u>page</u>
FIGURE (2.1) Dual Speculation System.....	40
FIGURE (2.2) Joint Collective Speculation System.....	41
FIGURE (3.1) Repetitive Distribution And Percentage Of The Sample Individuals On The Basis Of Gender.....	64
FIGURE (3.2) Repetitive Distribution And Percentage Of Sample Individuals On The Basis of Age.....	66
FIGURE (3.3) Repetitive And Percentage Of The Sample Individuals On The Basis Of Qualification.....	67
FIGURE (3.4) Repetitive Distribution And Percentage Of The Sample Individuals On The Basis Of The Position.....	69
FIGURE (3.5) Repetitive Distribution And Percentage Of Sample Individuals On The Basis Of Experience Years.....	71
FIGURE (3.6) Repetitive Distribution And Percentage Of Activity Type...	98
FIGURE (3.7) Repetitive Distribution And Percentage Of Experience Period In The Work	99
FIGURE (3.8) Repetitive Distribution And Percentage Of Scientific Qualification	101
FIGURE (3.9) Repetitive Distribution And Percentage Of Transaction Period With Jamhuriya Bank.....	102

INTRODUCTION

Appearance of Banks & Islamic financial institutions as modern institutions, relatively in Libyan environment, the great challenge to be faced to prove its existence in both local & international markets make efforts to deal according to Islamic Sharia principles in all treatments & financial dealings to push them to look for most suitable investment formulas to finance its projects.

There are many Islamic financing formulas such as (financing by utysury, financing by partnership, financing by speculation, financing by industry, financing by hand over, financing by renting, financing by differed sail). Financing by speculation formulas deem as the most important investment formulas of funds in Islamic Jurisprudence, whereas it solve various economic problems such as inflation, monopoly and misdistribution of wealth and other economic problems face the Islamic banks and clients. Because Sharia speculation formula participate greatly to realize investment efficiency resulted of bank interaction (capital) and work owner (effort).

Therefore this study between 2015- 2017 years has been done to highlight the financing by using speculation formulas as one of Islamic financing formulas adopted by Jamhuria Bank finance its investment projects in the shadow of usurious interest cancelation.

This study consists of three chapters. Chapter one includes general framework of research, Chapter two includes Islamic banking and funding under the speculation formulas, Chapter three includes practical framework (Field study).

CHAPTER ONE

GENERAL FRAME WORK OF RESEARCH

1.1. STUDY PROBLEM

1.1.1. Problem Background

Investment formulas by Islamic view deem as modern investment formulas adopted & followed by Libyan commercial Banks in last three years, whereas many custom banks provide, acceleratory, Banking services via Islamic investment view, spreading of applicale studies that ascertain successful of Islamic windows application in Libya, something allows opportunity for these banks to think in growth of Islamic Financing formulas, the encouragement come from general national congress decision no.(1)

For year 2013 regarding cancellation of dealing with interests give and take at Libyan commercial Banks, whereas it acquires attention of wide range sector of specialists, economists, bankers and legalists. Jamhuria Bank management is the first one of Libyan commercial Banks, which apply one of investment formula, that usury formula in 2009. This formula obtain acceptance, achieve successfulness in Bank investment diversity form, whereas Bank net revenues are higher than total expenditures in the light of using this form, as stated in table no.(1.1).

**Table No. (1.1), Total Expenditures Development & Revenues Net Usury Of
Islamic Usury For Jamhuria Bank During Years (2010-2016).**

Year	Total Expenditures	Net revenues
2010	331,142.721	1,069,295.031
2011	535,194.030	3,805,833.251
2012	852,431.998	3,669,589.918
2013	1,113,076.64	4,969,737.36
2014	1,359,721.28	6,269,884.81
2015	1,634,365.91	7,534,032.25
2016	1,692,010.55	9,612,179.69

Source: Financial Lists For Jamhuria Bank For The Period (2010-2016)

Issuance of General National Congress's decision, mentioned above, force Banks to turn into comprehensive Islamic formulas. It becomes obliged to diversification its investment in these formulas to be suitable for the clients' interests and requests to finance their different projects & investment.

1.1.2. Problem Identification

Study problem appears in issuance of General National Congress decision no. (1) For year 2013, regarding prevent dealing with interest, to be enforced on 01.01.2015, among legal persons. Consequently, the Bank stop its customary works depending on interes. Bank turn, directly, its competencies to provide different Islamic financing forms, something drive them to identify the formulas suitable to satisfy clients' needs and desires, one of these formulas is speculation formula.

Therefore, study problem is identified in businessmen acceptance Jamhuria Bank's clients, of speculation formulas to finance their different investments, incase offered by the Bank.

1.2. STUDY OBJECTIVES

This study aims to realize the following:

- 1) Investigate point of view of investors (Libyan businessmen), to words the possibility of using speculation formulas as Islamic financing tool to finance their different investments.
- 2) Identify the conviction extent of Bank management & Libyan Businessmen to use speculation formulas to finance their different investments.
- 3) Identify the suggestions of Libyan businessmen to activate speculation financing formulas at the bank, study site.
- 4) Identify incentives granted by bank Management, study object that encourage businessmen to use speculation formulas to finance their different investments.
- 5) Identify opportunities & challenges face application of financing with speculation find solution therefore.

1.3. STUDY SIGNIFICANCE

Study significance emerges from subject importance that involved with application on Banking sector; study significance lies in the following

For Education

Attempting to Enrich Arab Scientific Library, particularly Libya, with this study 9 usurious interests cancellation that deem as modern policies still under study & analysis, this study deem as scientific & practical addition to the previous studies in this field.

For Society

Banking sector is considered from main sectors that serve society either for normal individuals or investors, then identify the extend of financing possibility by

speculation formula in achieving revenues to the Bank without credit interests on credit advances, then realize Bank main purposes.

For Researcher

Significance of this study, for researcher, is to develop his abilities to prepare studies and researches, also increase his specialized information and qualify him scientifically to research in different fields of knowledge.

1.4. STUDY HYPOTHESIS

In the light of discuss study problem backgrounds; the following hypnosis has been tackled

- 1) There are many obstacles that may face the use of speculation formula for funding projects from the viewpoints of Jamhouria Bank “capital” and its clients “work”.
- 2) There are incentives encouraging the use of the speculation formula for funding the different investment from the viewpoints of Jamhouria Bank “capital” and its clients” work”.
- 3) There’s a conviction by Libyan businessmen to use speculation formula as Islamic financing formula to finance their different investments.

1.5. STUDY METHODOLOGY

This study basis on analytic & descriptive methodology, descriptive method used to discuss theoretical part as well as providing a brief of practical part about the bank, study object. But analytical part be used in practical one, regarding analysis of data be collected by research tool represented in questionnaire, by using descriptive statistical methods for selected sample, by using Statistical program (SPSS).

1.6. RESEARCH LIMITS

Subjective Limits: Appertaining with feasibility to adopt Investment with speculation formulas as alternate to cancel Usurious interests.

Location Limits: Location limits for this study represents in Jamhuria Bank & its clients, Libyan businessmen & companies Owners, in Tripoli city.

Time Limits: Including research proceeding period from the beginning of 2015 till 2017.

1.7. STUDY SOCIETY & SAMPLES

Study society: represents in Jamhouria Bank ‘such clients, such as businessmen and companies deal with the Bank in side Tripoli domain, about (105) singular.

Study Society: represents in selection of strata random sample of businessmen and companies deal with the Bank in side Tripoli domain, are (80) singular, which represents (76.19%) of study entire society volume.

1.8. STUDY TERMINOLOGIES

Commercial Banks: are financial institutions, its main function is to collect funds from customers in the form of current deposits and loans with pre- specified interests, be re-lending to the applicants with higher interests , the differences between two interests is the profit, as well as Bank services related with borrowing and lending. (Elsairfi, 2006,11)

Islamic Banks: are financial institutions play the role as mediator between investors and savers (in framework of sharia speculative based on profits & losses sharing, sharia principle profit for forfeit), as well as disciplined Banking services in framework of sharia contracts (Mahmoud, 2000, 227).

Speculation: Means speculation form in Islamic Banks, when Bank enters in project of one or more clients, the Bank provide the required fund to finance the project and the client provides its efforts, the two parties become partners, the resulted profits be distributed as per agreed rates, in case of loss the bank shall bear capital loss and client bear loss of its efforts.

Usurious Interests (Hassan, 2000, 46): Usurious interest takes several forms, such as usurious interests represented in loan increasing ,with conditioned increasing in the contract, consequently, taking this increasing with loan on due date, as well as, loan increasing opposite delay of payment upon due date, debtor default, either by selling with deferred sell price or loan (Mundir, 1999, 37).

1.9. PRE – STUDIES

There are many pre- studies related with study subject, such as:

1) Study of (**Abuhumaira , Sousi , 2009**). (**Buhumaira, Isowski, 2009**):

Under title: **Movement of Customary Banks in Libya to Islamic Banking**, this paper aims to state the requirements for Commercial Banks in Libya to move to Banks provide their service in manner harmonized and compatible with Islamic Sharia rules & standards, through: stating Banking movement concept, types, reasons, and identify trends of community about Islamic & customary Banking, as well as study of requirements that faced the customary Banks upon movement , manifesting negative and positive role to move towards Islamic Banking, as effective tool to provide the finance which based on Islamic Sharia principles instead of customary banks. Study society manifests in employees at branches of Jamhuria Bank, Development & commerce Bank in Tripoli. Questionnaire was the main tool to collect the data, a random sample was selected in (384) volume, questionnaire has been distributed randomly, (96) questionnaire for each one of four groups (employees at Jamhuria Bank , employees at Development & commerce Bank , Jamhuria Bank customers, Development & commerce bank customers). Study reach to many significant results, if it is considered, it has the

effective and great role to serve movement process of customary commercial Banks in Libya towards Islamic banking. These results are as follow:

Study proves that 86.3% of sample has knowledge with Islamic Banks, 56.6% have knowledge about operations & activity of Islamic Banks although 88% has no dealing with them due to unavailability at study society .

Results reveal that 76.6 % of study sample agree for movement of all commercial customary Banks (public & private) , and 62.7 % not agree that foreign & Arab Islamic Banks operate in Libya before complete movement process .

Results recommend the necessity to comply with movement requirements. 73.3% think that it's very important to prepare study of feasibility of movement process, approved by Libya Central Bank, Bank management must have willing to move and continue the process to the end without any stoppage, 83.6 % see that participants and clients shall be adapted to movement process according to studies Informative plan.

Results revealed that 79 % agree for availability of basic components to proceed movement, 82.3 % of sample desire to free Libyan society of Usurious Banking deals, 91 % has great satisfaction that the main drive for movement is afraid of Allah and his angry of dealing with usurious.

There are no differences with moral connotations in point of views of Jamhuria Bank employees comparing with employees at Development & commerce Bank, as well as point of view of Jamhuria Bank clients comparing with clients of Development & commerce Bank. This means that variants medians between these groups are equal regarding the possibility of movement of customary commercial banks to Islamic Banks in Libya.

There are various recommendations as follows:

- Review all Banking, economic and financial systems to be suitable for movement process and establish Islamic Banks and branches in Libya.

- Establish central Administration at Libya central Bank to supervise on movement process as well as establish Islamic Banks, branches, windows.
- Re-habilitate the national elements working in different type of Banks to work in Islamic Banks, marketing its services and products , focus on media, conferences and colloquiums to identify movements and strategies .
- Form Corporation for Sharia Superintendence to carry out supervision on movement process, cooperating with relative parties.
- Establish centers and Depts to teach Islamic Economy & Banking in all higher institutes and universities.

2) Study of (**Abdulsalam** , 2009):

Under title : **Jamhuria Bank's experience to sell usury To order purchase (Assessment Analytical study)** , whereas it discuss Jamhuria Bank experience in sell usury to order purchase , subject to revision and Assessment, to identify the coupled challenges and difficulties may be overcome in next stage, therefore. This paper is assessment of Jamhuria Bank experience in sell usury to order purchase through establish Islamic windows in branches of customary Banks. Study reach to many conclusions the most important ones is:

- Obligation of Jamhuria Bank of theoretical thesis (documents, contracts special for process of sell usury to order purchase) by Sharia standards, obligation to apply formula of sell usury to order purchase be far away of obligated appointment no approved regulation for organizing removal and appointment procedures for Sharia corporation members .
- No approved regulations to identify responsibility, obligations and tasks of Sharia corporation members and Sharia superintendence members. No independent and special administration for Sharia superintendents. no approved and cleared mechanism to flow the reports of Sharia superintendence members. Furthermore, reports of Sharia superintendence members at general

administration referred to the director of Islamic Banking project instead of Sharia Corporation. Unavailability of members for Sharia superintendence at branches and satisfy with internal revision members .Also results revealed growth and development of Bank efficiency to use formulas of sell usury to order purchase .no good database at the Bank, something impede abstract of more indications .

Also results revealed unavailability of work evidences from competent boards (board of directors or General assembly), accounts of usury be merged with customary accounts in some branches , non-stated independently in financial centers of branches, deferred usury Interests not proven as superintendence account, dealing with usury interest (mode of account and treatment) such as dealing with interests in customary Bank operations.

3) Study of (Ghaith, 2010):

Under title **the possibility to use Islamic financial dealings by Libyan companies & Tsharkias**, this study aims to realize the possibility to use Islamic financial dealings by Libyan companies & Tsharkias . Random sample consists of (296) company, interviewed to collect economic, demographic information, in addition to, their point of views towards Islamic financial dealings, (Descriptive Statistics) be to identify the personal characteristics of study sample as well as using of Islamic financial dealings. Study reach to set of results, the most important one:- percentage of (72.3%) of Libyan companies shall be of probable users of Islamic financial dealings. But the majority of this percentage has less experience, less assets and number of employees ,also results revealed that work experience and capital are the basic effects of possibility of using Islamic financial dealings. Religion is main factor that increase the possibility of using Islamic financial dealings by Libyan companies and partnerships. Work experience and capital are the most important economic and demographic effects on the possibility of using Islamic financial dealings by Libyan companies and partnerships

corporation with less experience and capital, the most likely, be among probable users of Islamic financial dealings.

Results revealed that the obtained values of factor analysis, for each main factors (religion, profitability, and exclusive services) are used in analysis of a binary logistic regression, Islamic religion is the main drive behind increasing of possibility to use Islamic financial dealings by Libyan companies and partnerships.

4) Study of (Sharif, 2010):

Under title: **Assessment of usury formulas application in Development Bank**, This study aims to identify the sound principles and disciplinary of usury Contract must be followed Banking institutions that desire to insert Banking products which conform with Islamic sharia, in addition to well application requirements of usury contract by the Bank. This study used methodology of explorative case study, and using questionnaire as collecting data tool through the field study was performed .

Study reach to many results ,the most important ones there is no Sharia supervision corporation to ensure and affect the sound application of ...contract , and comply with sharia standards, lack of work evidence to clarify steps be followed to reach to well and right application offormulas . As well as performance weakness of Bank's employees, lack of training courses on Islamic Banking work.

Study also recommend some of recommendations such as; Bank continuity in this method and correct of application errors, conduct of courses, colloquiums and scientific conferences about Islamic Banking work, to form background of understanding and awareness for employees of the Bank about the importance of this formula. As well as the necessity to provide the important legal requirements for well application of usury contract, by establishment of corporation for Sharia superintendence at the Bank to control and supervise on well application of usury contract at the Bank.

5) Study of (Jamal, 2012):

Under title **joint speculation is the most important formulas of Islamic Banking Financing**. This study aims to identify the range of application possibility of joint speculation as one of investment and financing formulas in Islamic Financial Institutions, whereas the study society emerge in employees at Jamhuriya Bank. Study reach to set of results , the most important ones, joint speculation may be applied as investment and financing formulas at Jamhuriya Bank because it operate on partnership, harmonize with laws and legislations applicable in Libya. Research exclude third thesis of joint speculation, due to its spreading, greatly in Islamic financial institutions, its reality and attraction of capitals outside Banking system, regardless its suitability to legislations and laws applicable in Libya, results revealed that the Islamic Bank speculate absolutely, fund owners in position of fund, since speculation is absolute. The Bank has proceed investment of these funds, solely , become in this care the speculator, depositors are fund owners ,or the Bank pays such funds to businessmen or traders, by virtue of absolute speculation, as mediator between investors and fund owners ,on this profit he deserve on this profit According to Hanafi ... its allowed to mix speculation funds by virtue of explanatory permission or general authorization not by contract absolution ,profits distribution should be observed ,upon mixing funds ,be distributed on funds owners as per each fund and investment duration, profits shall be distributed at the end of each year as per each fund and investment duration, but the other investments which the Banks cannot liquidate , profits acquired by Bank and investors shall be accounted on basis payment under account .

Results revealed that capital security in joint speculation shall be extracted on basis of social insurance among depositors, by establish cooperative insurance fund established on basis of deducting of speculation profits to other than fund owner and speculator, to address the investment crisis, even i saw non identification of this deducted part and let it random part not deducted from profit. Because specification with certain amount shall took all profit , what intended by the company, installments of this cooperative insurance should not dropped of joint profits between the Bank and

depositors, so the Bank not bear part of these installments that compensate loss may occur, in case it the speculator, accordingly he shall be guarantee to make him avoid that, determination of joint speculation in certain period, is permitted, in term of Sharia thesis, effective of Hanafi and Hanabila in speculation time if the company has the right not to give who has complete draw, returned it before completion of fiscal year, little of profits. It has no right to deprive him of these profits who has drawn part of his invested trust, because the speculation shall cancel the drawn part of trust, not full trust.

6) Study of (Jebairi, 2013):

Under title **factors affect successful of Islamic Banking in Libya**, it aims to identify the most important factors that effect on successful of Islamic Banking in Libya, assessment study of Islamic services windows at Jamhuri Bank. Study results that the factors effect on successful of Islamic Banking in Libya, ordered respectively, as per effeteness degree (religious sanction, efficient legal environment, promotion), religious sanction has the priority role of factors that affect on Islamic Banking experience successfulness, positive extrusive relation between Islamic Banking experience and religious sanction, results revealed that promotion has a role in Islamic Banking experience successfulness, that positive extrusive relation between Islamic Banking experience and promotion. The most important characteristics of this study comparing with previous studies. Through discussion of pre- studies, we can say there are set of characteristic, distinguish the current study for pre- studies, the most important one. This study, beside guidance of businessmen in Libya, it specialize to accept speculation formula, and the range of its suitability to their interests. Field, exploratory study of Libyan businessmen, clients of Jamhuri Bank inside Tripoli domain Current study is relatively, modern study in Libyan environment, deem as extension of pre - studies in this field.

CHAPTER TWO

ISLAMIC BANKING AND FUNDING

UNDER THE SPECULATION FORMULA

The Islamic Banks have come into being in the practical reality during the last quarter of the 20th century in response to the interest of a broad sector of the Muslims, who were boycotting the transactions in the conventional Banks. The funding activity is deemed as the most important activity of the Islamic Banks, whereby its revenues represent the most important interest source, with several formula recognized for the practices in the Islamic Banks (such as resale for profit, speculation under purchase order, digressive sharing, or one concluding with propriety, or letting out by counter value ending with propriety, Commitment, workmanship engagement, etc.) these formulae lead in turn to finding a real economy, as they are built on sharing contract basis.

The adoption of the Islamic funding formula, may bear within itself several probable risks in the future, which may subject the Bank to unexpected and unplanned losses, in a manner that may affect the achievement of the Bank's objectives, and the successful implementation therefore, it may lead, in case of failure to control it and its effects, to destroy the Bank causing its bankruptcy.

There are several funding formulae adopted by the Islamic Banks observed as the most important activities for the Islamic Banks, as their revenues represent the most important interest source. Funding under the speculation formula is deemed the most important formula of investment in the Islamic jurisprudence, as this formula stands on the Islamic base and is considered legitimate for being free from usury. In addition to being convenient to the nature of the activities of Islamic Banks, therefore it could be used in funding their economic activities.

Speculation is a cooperation thesis between the funds and the work for the sake of accomplishing the interest, where the resort to this type of Islamic funding formula takes place whenever there is a capital that lacks the experience, or the existence of an experience without a capital to engage in a business activity (commercial, production, service), whereby the first party (the Bank) offers the second party (the investor “the client”) a sum of money to invest utilizing his experience in his business area via an official contract (speculation contract). The interest shall be shared between them according the percentage under which they may agree. Should a loss occur for reasons beyond the control of the speculator (the client), the bank shall solely bear thereof, while the speculator loses the effort he has so far exerted, this is what could be called the funded speculation (Omar, 2012, 254).

Based on the aforesaid, this Chapter will discuss the Islamic Banks in respect of foundation, development stages, concepts, characteristics and funding under the speculation formula.

2.1. THE FOUNDATION OF THE ISLAMIC BANKS AND DEVELOPMEN STAGES

The idea of founding the Islamic Banks has commenced since the year 1928 when the Islamic movement in Egypt has kicked-off, where its philosophy was latent in the fight of laicism, built on the basis of separation between religion and life, and the restriction of religion to the mosque. The movement has indicated that Islam is a comprehensive regime fit for all thesis of life, including economy, administration, accounting, ruling and policy. The fruits of this Islamic movement implied the establishment of several economic units run in light of the Islamic Sharia Law, followed by the appearance of the Islamic Banks, investment enterprises, Islamic insurance corporations, social solidarity funds, and their like.

The Islamic Banks are not born at the moment, but have been founded as a result of ideological efforts and practical experiments, in which several Muslim scholars and specialists have contributed with their thoughts and expertise. A matter that requires a

study, an analysis and evaluation of experiments by those scholars and experts so that it should be possible to deduct standards and indicators capable of assisting in the development and growth of this experiment in the future. This ideological movement has been contemporarily associated with the exposure of the Islamic banks and financial corporations to illustrate the thinking of the Islamic economy in the application arena. Thus calls and questions were raised on the extent of legitimacy of dealing with the conventional Banks built on the mechanism of the interest rate as an instrument for pricing the value of current monies and their future value.

Worth mentioning is that a decision has been made by the Islamic Research Think Tank, Cairo in 1965, confirming the Banking interests as a forbidden usury (Second Conference of the Islamic Research Think Tank, 1965).

In this respect, some researchers and interested persons are of the opinion that the reason behind the foundation of the Islamic Banks was a result of a merely religious motive. The feeling of the absolute majority in the Muslim states that the outstanding Banks are based on dealing in usury. The idea of incorporating the Islamic Banks came as a result of the Islamic wake which could refer to the 1950s of last century, when some of the Muslim states have retained their national sovereignty.

The Islamic Banks have undergone several stages since their foundation up to the current era during the stages of their development, in the following manner. (Ibrahim, 2012, 20).

1. The Stage Of The Entry Of The Conventional Bank Into The Muslim World (1850 to 1940)

This stage has characterized by the delay in the appearance of conventional Banks in the Muslim states up to the end of the 19th century and the first half of the 20th century, as that event has synchronized with the appearance of the colonial campaign faced by the Muslim world.

2. The Preliminary Stage For The Appearance Of The Islamic Banks (1940 – 1970)

It is within this stage that the Banks have commenced business at minute sizes of capitals, making them unidentified in most cases, as they have come up in precedence of previous attempt for the establishment of unprofitable saving funds in both Malaysia in 1940 and Pakistan in 1960.

3. The Stage For The Establishment Of The Islamic Banks

This stage has been characterized by the establishment of the first Islamic Bank in its official form in 1971 in Egypt named (Naser Social Bank) the incorporation's law of which stipulates for preventing the transactions by interests neither granted not taken. Nonetheless, the real beginning for the Islamic Banking business in the form of a comprehensive Bank "commercial" is represented in the establishment of Dubai Islamic Bank in 1975. In addition and at the same period the Islamic Development Bank has been founded, followed by the establishment of the Kuwaiti Funding House, Egyptian Faisal Islamic Bank and the Sudanese Faisal Islamic Bank. (The annual report issued by the Islamic Development Bank, 2002, .6).

4. The Stage Of Expanding The Islamic Banks' Activity (1980 – 1990)

This stage has been characterized by the appearance of a group of organized Islamic financial groups composed of several Islamic Banks, and investment companies worldwide. It is characterized by the leading attempts to Islamize the Banking system in some Muslim countries such as Sudan, Pakistan and Iran, where all the Banking units turned to operate in accordance with the Sharia Law, and rejected dealing by interests neither granted nor taken, the establishment of the Islamic Banks. Financial corporations, performing in accordance with the provisions of the Sharia Law has continued on since then, up until they reached in 1980 up to 25 Islamic Banks, there has been more than 90 Islamic Banks and financial corporations, by the end of the 1980s decade.

The establishment of the Islamic Banks has synchronized simultaneously with the financial surplus achieved by the Muslim oil producing and exporting states, which has benefited from the rise in the oil prices during the 1970s decade of last millennium. In addition to the insisting demand of the Muslim nations to find new facilities and channels to utilize the funds without resorting to means contradictory to the provisions of Islamic Sharia Law in general, and the idea of the usurious interests in particular.

5. The Stage For The Spread Of The Islamic Banks (1990 – 2004)

This period of time has witnesses the rapid growth of the Islamic Banks and has been characterized by the exposure of several joint investment vessels run by means that meet the provisions of the Islamic Sharia, as well as the Islamic Investment Funds and the attention of the conventional banks in an increasing manner by the domain of the Islamic Banking business. Their response to dealing with the Islamic Banks in the formula and products that are legally accepted via the opening of Islamic outlets that run these products. The number of Banks in the world has reached up to 1800 in 2004, among which the Islamic banks were 265, in the presence of 300 Banks that offer Islamic banking products. (Abu-Shadi, the Islamic Banks between the Theory and Application, Cairo, Arab Rise House, 2000, 40).

2.2. THE CONCEPT AND CHARACTERISTICS OF THE ISLAMIC BANKS

Before recognizing the concept of the Islamic Banks, it should be noted that we should briefly touch upon the concept of the commercial (conventional) Bank, so that we would be able to identify the difference between the commercial (conventional) Bank and the Islamic Bank, and thereafter, identify the characteristics of the Islamic Banks.

First: Definition of the Conventional Banks

The commercial (conventional) Bank is defined as that Bank which accepts, in a normal manner, the deposits paid upon demand for specific periods, and engages in processes of internal and external funding as well as services, in a manner that achieves the objectives of the development plan, the state's policy, supporting the national economy, assuming the processes of development of financial saving and investment inside and abroad, including the contribution in the initiation of the projects and the required Banking, commercial and financial operations. This shall take place in accordance with the circumstances decided by the Central Bank.

The conventional commercial Bank is also known as a financial corporation the assignment of which is the collection of funds for the owners in the form of current deposits and loans under previously specified certain interests. Then reloading thereof for whoever demands with a greater interest, as the Bank gains the difference between the two interests as a benefit. It also offers the Banking services related to the two processes of loaning and therefore it could be said the conventional Bank is a financial mediator (a loaner which grants loans) or (debts trader). (El-Sheikh, 1994, 36).

Second: Definition of the Islamic Banks

The Islamic Bank is defined as a Banking corporation for collection and utilization of monies within the scope of the Islamic Sharia, in a manner that serves the building of a society under the provisions of the Sharia Law, achieving the fair distribution, laying down the funds in their correct pathway in order to accomplish development. (Ahmed, 2012, 11).

As the Islamic Bank is defined as that financial corporation which carries out the financial, Banking, commercial, investment businesses and other transactions in accordance with the provisions of the Sharia Law, without dealing in usury neither taken nor given out, with the purpose of preserving the Islamic moral values and clearing the

activity of corruption, achieving the maximum possible economic and social revenue aimed for the attainment of the economic development. (Mahmoud, 2000, 277).

The Islamic Bank is also defined as a corporation that endeavors to offer distinctive investment and Banking services to its clients according to the provisions of the Islamic Sharia via a qualified skillful and self-abiding work team aims at the attainment of the economic development and the upgrading in standards of living, social solidarity within the Muslim nation's society. (The publications of the Arab Development Organization for the year 2011, 3).

From The Aforesaid Definitions of the Islamic Bank It Is Noted That They All Agree On a Series of Points, the Most Important Of Which Are The Following

1. They abide by the enforcement of the provisions of the Islamic Sharia in all thesiss of activities and financial operations carried out by the Bank.
2. These Banks aim to achieve the economic development and the rise of sustenance level and social solidarity within the Muslim societies in which these activities are practiced.
3. Refrains from dealing in usury, neither taking nor giving, and endeavors to achieve the maximum possible economic and social revenue meant for the accomplishment of the economic development.

In light of the above-mentioned, the researcher defines the Islamic Bank as: “a financial corporation that implements the provisions of the Islamic Sharia in all thesis of its financial and investment activities, via its role as a financial mediator between savings owners and investors, and presents the Banking services within the framework of the statutory contracts.

2.3. THE CHARACTERISTICS OF THE ISLAMIC BANKS AND FORMS OF FUNDING

The Islamic Banks have a characteristic that distinguishes them from the other Banks, whether for the clients of the investment instruments. The addition of the word “Islamic” to the financial corporation that carries out the conventional Banking businesses, is not just a word, whereby the Islamic Banking business rests on bases, principles, mechanisms and rules deducted from the provisions of the Islamic Sharia Law which differ from that bases upon which the conventional Banking system relies, including the prevention to deal in usury whether by granting or taking. Accordingly, the “Islamic” financial corporation should characterize by thesiss that distinguish it from the other conventional financial corporations.

2.3.1. The Most Important Characteristics Distinguishing The Islamic Banks From Their Conventional Counterparts. (Omar: Conventional and Statutory Banks, the banking system, Islamic funding theory, Islamic banks, Alexandria, University Learning House, 2013, 26).

The Islamic Banks fully abide by the enforcement of the provisions of the Islamic Sharia in all their Banking transactions, such as the abidance by the comprehensive attitude, compromise, compatibility and balancing between the interest of the individual and that of the society.

1. Eliminate the usurious interests neither granted nor taken whether directly or indirectly considering them as part of the forbidden usury and the investment in the permitted (Halal) projects.
2. Settle the principle of participation in the profit and loss via the mediation of the Bank between the owners of the fund and the demanders of funding without ignoring the risk deduction which should be borne by one party rather than the other.
3. The creation of a real socio-economic development in the society.

4. Settle the social solidarity principle, which should not only be left to alms giving (Zakat) to be spent on its statutory outlets, but endeavor to achieve justice in distributing the returns of invested funds too and highly appreciating the revenue of social investment.

2.3.2 Formula Of The Investment Funding In The Islamic Banks

Before narrating the investment funding in the Islamic Bank, it is worth mentioning that it is important to touch on the concept of the Islamic funding, the definitions of which have varied from the economic viewpoint.

Funding in its general context means “procurement of funds in the project” or it is the sum of businesses and transactions that provide us with the payment means any time when the need arises. Funding may take different forms according to the time period, it may be of a short term, medium term or long term.

As for the Islamic funding, it differs from the funding in its general concept, according to the most important definitions dealing with the concept of Islamic funding.

“It is when a person offers a financially valuable thing to another person, either in the form of a donation or cooperation between the two parties, for the purpose of investment thereof or with the aim of gaining interests to be divided between them at a previously agreed ratio according to the nature of the business of each of them, the extent of sharing in the capital and administrative and investment decision-making”. (Diyab, 2000, 31).

As the Islamic funding is defined to be: “presenting a cash or in-kind wealth with the purpose of profit earning for its owner to another person who runs and deals in it against a revenue permitted by the provisions of the Sharia” (Amman, 1999, 97).

From the previous definitions, it could be noted that funding in general ignores the social thesis for funding and focuses on the financial thesis, which is the core of difference between it and the Islamic funding.

As for the formulae of investment funding in the Islamic Banks, they may take different forms, such as funding under resale for profit, funding under sharing, funding under speculation, funding under workmanship engagement, funding under commitment, funding under counter value, funding under documentary undertaking, funding under postponed after ale conditions.

Funding activity is observed as the most important activity for Islamic Banks, whereby its returns represent the most important interest source, the formulae of investment funding in the Islamic Banks include the following: (Munder, 2004, 11).

1. Funding of investment projects by means of resale for profit or sharing or speculation, where the achieved revenue is connected to the outcome of the funded project.
2. Funding via sales a formula which is deemed as one of the assets funding in kind formula.
3. Purchase of long-term production assets, then rent to its employees.
4. Direct sharing by means of keeping shares in its different projects.

In respect of the above-mentioned, it could be said that the purpose behind the existence of these funding formulae, dealing with them in the Islamic Banks, is a response to the needs of employees together with individuals, producers and enterprises at their different forms. It is noticed that the conventional Banks select their clients according to their financial capacities for the sake of settlement of loans they may be granted there from, contrary to that for the Islamic banks which rely on selecting the efficiency in the processes of sharing and speculation sine the achieved interest revenue depends on the basis of rivalry. From here on, the Islamic funding should have a greater role in the achievement of the economic growth with contracts affecting the creation of a real economic activity, as being contributing to the ownership of commodities and services from the Islamic Banks to the workers in the economic life, where there will be a real partnership between them.

This means dealing with the debts is an exception rather than being a base, and that the real income for the economic income is several folds greater than the debts size, a matter that contributes to utilizing part of this income in the settlement of these debts, with the other part transferred to be utilized in the service of the economic activity.

This consequentially means the scarcity in the occurrence of economic distresses, as the real income of the economic activity grows at a greater and a faster rate over the growth of the debts.

Worth mention in this respect, is that there are substantial variations differentiating the Islamic funding investment from the usurious one, especially with the characteristics distinguishing the Islamic funding which are not available in the usurious funding. The following are some of the most important points distinguishing the Islamic funding from the usurious funding: (Fuad, House, Amman, 1999, 100).

(a) In Respect of The Possession Of The Capital

The ownership of the capital in the Islamic funding continues for the owner as the ownership of the capital will transfer to the other party in the usurious funding.

(b) In Respect of Profit And Loss, Which Could Be Summarized In The Following Points

- (1) The two parties share the interest whether it is much or little according to their agreement in the Islamic funding, as the increase which might be earned by the funder in the usurious funding is linked to the project's profitability outcome rather than the share of the beneficiary of the funding.
- (2) The loss shall be incurred by the owner of the money in the Islamic funding, while the funder will not bear any loss in the usurious funding, i.e. the beneficiary of the Islamic funding will not ensure the loss unless in case of violation or defect, as his hand is a safe hand, while his hand will be a guarantee hand in the usurious funding.

- (3) The interest in the Islamic funding is a real interest as it results out from the increase in the production elements, while it is an elusive interest in the usurious funding.

(c) In Respect of The Nature of The Investment Activity

- (1) The Islamic funding is confined to the investment businesses expected to be won, while it may be possible to fund any of the investment business type in the usurious funding.
- (2) The Islamic funding is restricted to the transactions that comply with the Sharia, as any type of businesses could be funded in the usurious funding.
- (3) The Islamic funding conditions the focus on the projects in which the production elements mix, while this is not the condition in the usurious funding. For instance the beneficiary may use the money under the usurious loaning.

(d) The Nature of Funding:

The Islamic funding takes place by cash or fixed assets, while in the usurious funding the funding takes place by the cash only.

It Should Be Noted That The Islamic Funding Takes Three Forms, As Follows:

(1) Short-term Funding

This type of funding is used to cover the needs of its operating capital cycle, with the funding term to be mostly less than a year. In the activities of the Islamic Banks, the resale for profit processes will be the appropriate activity for the short-term funding which is characterized by the contribution in increasing the circulated capital and speeds up the circulation times per annum. Thus we find that the resale for profit is of a refundable type of not more than 3 months.

Among The Characters That Make The Islamic Banks Deal With This Type Of Funding Are The Following. (Khalid, International Funding Theory, Amman, Al-Manar House, 2000, 281).

- (i) Facility of settlement by the funded party, as it is possible to settle on the short-term basis.
- (ii) The ability to affect the speed of fixing the situations influencing the project's capacity.
- (iii) Number of circulation times in one year.

2) Medium-term Funding

The Banks use this type of funding for the projects that need thousands, where the term in this type reaches 3 years, and the medium-term funding is characterized by the following:

- (i) It carries out the same purpose for which the long-term funding is used.
- (ii) This type of funding enjoys a sort of flexibility in the treatment of the deficit in the projects.
- (iii) The long-term funding.

The purpose of this type of funding may mostly be the purchase of fixed assets, machines and equipment necessary for the setting up of big projects, the processes of establishment of which may take a period of time of more than 5 years. This type of funding effectively contributes to the achievement of the economic development, as it focuses on the production-nature projects, and the Bank will be a party in the setting up of these projects from the beginning of the commencement of the work. (Islamic Economy Magazine, issued by the Dubai Islamic Bank, Edition 316, August 2007, 16).

It could be said that the Islamic funding is of 3 types, each of which covers a specific period of time, according to the type, and size of the activity to be funded, each

of them has characteristics attractive to the Islamic Banks to deal with this type of funding.

2.3.3. The Economic Importance of the Islamic Funding

The Islamic Banks focus on their funding operations on successfully carrying out the investment process, there is no doubt that the Banking authority covers the collection and investment of funds, as the economic significance of the Islamic funding has exposed on different levels, as being keeping away from dealing in the interest which is replaced by sharing instead. On the level of the economic settlement the Islamic Banking business has been successful in the achievement of that settlement which depends on the stability on the general level of prices and the preservation of the cash value, the conclusion to this step has been represented in the following:

- (1) The decision for investment in the Islamic Banking business is not linked to the interest rate price which causes the periodical fluctuations.
- (2) The refrain from dealing in the interest minimizes the production cost which affects the commodity prices, a matter that causes defects in the demand thereof.
- (3) The owner of the funds will earn the fair revenue equivalent to his actual share in production.
- (4) The fair distribution of the product, which helps in the refrain from focusing the wealth in the hands of a few category. Thus exposes the investment to failure. The Islamic Banks engage in diverse activities, with some of these activities such as the sale of shares are of an importance in the foreign trade area, where and through this funding the Bank may carry out the following: (Islamic Economy Magazine, issued by the Dubai Islamic Bank, Edition 316, August 2007, 21).
 - (a) Fund the foreign trade, the engagement in this step takes place via the purchase of processed material directly from the producer, and the encouragement of the industries to transform these processes materials into exportable commodities.

- (b) Funding of the fixed assets, where the Bank may make available the assets necessary to set up the factories, present as a capital against earning part of the interests arising under the sale of products by these factories (Al-Wadi Mahmoud Hussien Al-Wadi, Zal Abdalla Ibrahim, Marketing of the Islamic Banks services, Al-Masira House, Amman, 2012, 48).
- (c) The Islamic Banking business aims at the achievement of the comprehensive socio-economic development for all the sectors. In order to support this development there should be some principles to be relied upon in order to achieve that, such as: the achievement of the ideal use for resources, the increase of production capacity, the development of the economic sectors, and the minimization of unemployment.

In this context, it becomes clear that the business mechanisms adopted by the Islamic Banks have diverse effects on the economic activity, in respect of the following:

- (i) Being relying on that the business shall be the sole source of earning.
- (ii) Support the saving awareness, whereby the bases of the Islamic Bank launch from considering the cash as a method rather than a commodity. This awareness changes the attitude of individuals from piling up money to saving, which will lead to the accumulation of capitals. Thus the funds will be ready for the investment businesses in the Islamic Banks.
- (iii) The conduction of the legally permitted investment activities under the Sharia, through which the investment will be an ultimate issue upon which the presence of the Bank relies.

In accordance with the aforesaid, the economic importance of the Islamic funding could become clear, as it keeps away from dealing in the interest. The replacement of the sharing method as an alternative thereof, which will contribute to the attainment of the general settlement level, fairness of the product's distribution, as well as the effective contribution to the achievement of the socio-economic development. From the above-mentioned it could be deducted that the Islamic Banks are not the born

of today. But the idea of the establishment thereof kicked off since 1928 when the Islamic Movement was born in Egypt, the philosophy of which was the fight of laicism that bases on the isolation of religion from life, and restriction thereof to the mosque, where that movement has indicated that Islam is a comprehensive regime for all respects of life. It has passed by several stages since its creation as an idea up to our current era, when it developed and expanded the thesis of its activities, their numbers have increased reaching in 2004 up to around 1800 Banks, in which the Islamic Banks are represented with around 265 Banks.

As there are 300 conventional banks offering Islamic Banking products. The reason for the foundation of the Islamic banks was attributed to a pure religious motive and the feeling of the vast majority in the Muslim states that the outstanding Banks are based on dealing in the usury. The idea to set up the Islamic Banks came as a result of the Islamic wake which could be referred to the 1950s of the 20th century, when some Muslim states have retained their national sovereignty.

In a relevant context, the researcher has defined the Islamic Bank as being“ a financial institution that applies the provisions of the Islamic Sharia in all its financial and investment activities, through its role as a financial mediator between the owners of savings and the investors. The researcher presents Banking services within the frame of the statutory contracts under the Sharia, as he dealt with the peculiarity of the Islamic Banks that distinguishes them from other banks whether for the clients or the investment instruments.

2.4 THE CONCEPT OF SPECULATION

The word “speculation” is taken from the travel on the earth, i.e. the walk on the ground, as called by the inhabitants of Al-Madina Al-Munawara City, known as the speculation, when one of the individuals trades in the funds of someone else provided that he shall have a share in case an interest is earned, according to the conditions that they may lay down. (Shaaban, 2013, 77).

Speculation is deemed as the method that combines between the funds and the business with the aim of investing the funds, the owners of which won't be able to invest, as it is the means upon which the benefit from the expertise of those who possess the funds takes place. As for the Banking speculation, it is a partnership between a client (speculator) or more and the financial corporation, in which the first party assigns the second party to work and deal with the former's funds with the purpose of achieving interest, provided that the distribution of interests shall take place according to the signed agreement between them in the speculation contract. The Banking corporation bears all the losses that may arise of its activities, unless the speculator violates the stipulation of the speculation contracts, in light of that, the Islamic Banks carry out the funding and invest in the project on speculation basis, in which case the Bank will be called the employer.

As for the contractor, he will be called the speculator, since he is the one who will carry out the works in the project, while the Bank won't interfere in the daily business details, at the conclusion of the job, the interest will be shared between the Bank and the contractor under an agreement on the share of each. (Yaqub, 2012, 94).

Speculation is defined as being: "a combination of the funds offered by one party and the business offered by the other for the purpose of executing an investment project. The first party will be called the fund owner or the speculating party, which shall solely bear the burdens of losses, if any. But as for the second party it will be called the employer or the speculator, which will have an agreed share in the interest, but bears nothing in the loss since it is not proved to have committed any defects". (Ibrahim, 2012, 55).

The funding speculation is defined as being: "a share in the interest between the Bank and a client or more from among the individuals or artificial personalities in which the Bank represents the owner of the funds in accordance with the speculation rules recognized in the Islamic jurisprudence". (Ibrahim, 2012, 55).

Worth mentioning is that the speculation meaning in the stock exchange differs from its meaning in the Islamic banks, whereby the phrase “speculation” has another use in our current era within the stock exchange businesses, which means the risk in the sale or purchase based on the predictions related to the price fluctuations, with the aim of attaining a difference in the prices, such a prediction may lead to the payment of a price difference instead of collecting thereof in case if the speculator committed a mistake. Thus speculation in this sense points to a sort of sharing between the capital and the business, as well as the agreement between the two parties towards the investment of the fund and the purpose of following this funding formula. This reflects the extent of compromise and compatibility of this investment formula upon gathering between the owners of the capitals, the experts, and the utilization of capacities within the investment in accordance with the provisions of the Sharia.

In this context, it is noticed that the above-mentioned definitions agree on the significance of the availability of the following elements in speculation. (Al-Said, 2002, 23).

- (1) The agreement between the two parties (the Bank and the client).
- (2) The Bank offers the fund and the client invests thereof
- (3) The subject of speculation is the investment of funds
- (4) The purpose of speculation is the achievement of interest.

Table (2.1) comparison between the usurious loan and the speculation loan

Statement	Interest loan contract	Islamic speculation contract
The relation at the beginning of the contract	Debited and credited	As if he is a guardian to keep the capital
Relation in the execution of the contract	Debited and credited	As if he is a waged earner working under a capital
The relation at the end of the contract	Debited and credited	A sharer in the capital
The revenue	On the asset of the contract's capital	No relation with the capital
Method of calculating the revenue	Specified at a percentage (uncommon) of the contract's asset	Specified at a percentage (common) out of the achieved interest at the end of the speculation
Identifying the value of the revenue	Could be identified and specified from the beginning based on the amount and duration of the loan	Cannot be specified before the end of the speculation, i.e. it is not possible to specify thereof unless at the termination of the contract, and has no relation with the amount of the speculation
Guarantee of the revenue	guaranteed	Not guaranteed
Guarantee of the revenue asset	guaranteed	Guaranteed in case of defect or negligence only
Losses	Borne by the debtor	Borne by the owner of the capital
Purpose	Production or consumption	Commercial, production with the aim of achieving interest

Source: Hussien Ashour Yousuf, , 2003, p.18

2.4.1. The Provisions of the Speculation Contract

There are several conditions that should be observed upon the formulation of the speculation contract, for the purpose of notwithstanding the legitimacy or the legal thesis; these conditions could be categorized according to the following conditions. (Publications of the Arab Development Organization, 2011, 22).

First: Concerning the Contracting Parties Conditions

- (1) The contracting parties should enjoy the legal capacity in respect of age and mental condition, in case they are not the original parties in the contract, or they should be assigned in a proper legal manner to act on behalf of others.
- (2) The speculation contract shall meet the conditions confirming the initiation of the speculation contract i.e. by acceptance or rejection.
- (3) The original issue of the speculation contract that it is not binding, as any of its parties may notify the rest of the parties any time as he wishes to avoid the occurrence of damages to the others.

Second: Concerning the Condition of the Capital

- (1) The capital shall be formed of the speculated monies (Dirhams or Dinars) which is the condition laid by most of the Islamic jurists and scholars
- (2) The capital shall not be a debt under liability of the speculator.
- (3) The capital shall be paid to the speculator (the payment shall either be via handling or enabling of the money)

Third: Concerning the Interest Conditions

- (1) The share of each of the two parties shall be identified.
- (2) The share of each of them in the interest shall be common, such as a half or a third for instance (rather than a deducted amount)
- (3) In case neither an interest is achieved nor losses were incurred, the owner of the fund shall bears the losses and the employer loses his effort only.

- (4) The interest shall not be distributed unless after the retrieval of the capital and the deduction of the fees, in accordance with the rule (the interest is a protection to the capital)

Fourth: Concerning the Interest Conditions

- (1) The employee shall be concerned with the work rather than the owner of the funds (the Bank)
- (2) The owner of the funds (the Bank) shall add no work to the employee.
- (3) The scope of work used to be restricted to trade before, but at the time being several scholars permitted that the speculation shall cover all other sectors.

2.4.2. Form of Funding Under the Speculation Contract

The formula of funding under the speculation contract takes one of the two patterns, as follows. (Publications of the Arab Development Organization, 2011, 24).

The Joint Speculation

With the adoption of this speculation type, the Islamic Bank presents the offer deemed to be a speculation to the fund owners in order to invest their savings, while the Bank as being an agent for the fund owners, to those who possess the investment project for the purpose of investing these funds, provided that interests shall be distributed according to the agreement between the 3 parties, as the owner of the fund shall bear the loss, this could be summarized in the following steps (Salem, 2003, 24).

- (a) The owners of the capitals shall submit their savings individually to the Islamic Bank in order to invest thereof for them in the convenient areas.
- (b) The Bank studies the available investment opportunities nominated for funding.
- (c) The Bank shall mix the funds of the capital owners and pay thereof to the investors, each separately, thus the bilateral speculation company groups shall be set up between the Bank and the investor.

(d) The interests are calculated every year based on the so-called assessment or composing evaluation of the company's assets after the deduction of expenses.

(e) The interests shall be distributed between the 3 parties, which are: the owner of the capital, the Bank and the speculator.

In this respect, the interests of the speculation process shall be distributed so that the funds concerning the Banks shall go to its share as well as the deposit amounts (current accounts). They may also take their share in the interest at the same ratio under which the funds of the investment deposits take those mixed under the permissions of the owners, and should be used to carry out the speculation by the Bank directly or by means of being paid to other investors, while the Bank should possess a share for the utilization of the current account without sharing with the owners of the investment deposits, as being guaranteed amounts under its charge, provided that the Bank shall bear the costs related to the speculation.

1. The Individual Speculation

This type of speculation is adopted when the Islamic Bank offers the funding to a certain project and the employee shall carry out the necessary works, as the interests shall be according to the agreement. The Islamic Bank has minimized this type to the extent of its extinction due to the practices of individuals who were far away from the spirit of the glorious Sharia, this type of funding is valid for the small projects. In case of the existence of a role for the values and morals in the financial transactions such as trustworthiness, integrity and honesty, etc., this type of funding has a great role in building the small industries, crafts, etc.

From the aforesaid we notice the existence of some differences and variations in the form of joint or individual funding under a speculation contract, such as the following. (Salem, , 2003, 25).

- a) The joint speculation which has three parties represented in both the "owner of the capital, the Bank and the speculator", all of which deserve interests, if

any, while the individual speculation is restricted to two parties represented in “the owner of the fund and the investing speculator”.

- b) The joint speculation in which the successive combination of funds invested in the speculation takes place, but as for the individual speculation there no combination.
- c) The joint speculation is built on the basis of the continuity of the company as its characteristics implied that it should end in one year, with some of which that need more than a year.
- d) The joint speculation includes a guarantee for the capital as it will be possible in the individual speculation.

2.5. TYPES OF SPECULATION

The Funding Under the Speculation Contract May Usually Follow One of the Two Types:

The First Type: the absolute, combined and continued speculation (unlimited assignment): which is that the owner of the money should pay another without a condition, (Abdulrahman, 2013, 114). In the absolute speculation the speculator shall have the freedom to deal as he may like without the reference to the owner of the fund unless at the end of the speculation, in this sense, the absolute speculation points to unrestricted sharing neither by time nor venue, trade type or specific persons with whom the speculator deals.

The combined speculation means the Islamic Bank replaces the speculator and will receive the funds from all clients rather than from each client individually or separately, thus the funds will be combined, and the Bank deals with them together with its funds without a differentiation. (Yusri, 2009, 322).

The continuity indicates that the clients' funds will be utilized together with the Islamic Bank's funds in successive operations some of which reach an end and some continue, no way to stop at a specific point to liquidate the business or identify its result

and separate them from each other, the interest may be identified any time under the modern accounting methods without the need to liquidate the business.

Based on the aforesaid, it is noticed that all the financial resources coming from the Islamic Bank will pour into one joint vessel, and that the management of the Bank will use thereof in different investment operations the revenues of which shall further pour in one vessel too.

In this respect, the clients will be permitted to open joint venture accounts based on the absolute, combined and incessant speculation conditions, where the Bank is deemed to be the speculator for the holders of the collective investment accounts. The owner of the account reserves the right to share in the achieved interest at the Bank at the end of each term at the ratio from the amount of his account total balances available to be utilized,

With the conduction of the financial mediation role by the Bank, the owners of the projects whom the Bank funds will be deemed as speculators too. Then there will be a first speculator (which is the Bank) a second speculator (which will be the owner of the project who receives the funding). The speculation in such a case shall be called "collective", in which there are multilateral relations, as the owners of the capital are many, and the speculator is an individual, or the image may be reversed, as the owner of the fund shall be one with many speculators and both the owners and speculators will be several, and therefore the relation will be collectively joint relation between 3 parties, as the first party represents the investors i.e. The owners of the capital, the second party and the Bank would be represented as being the mediator between the owner of funds and relevant speculators, meanwhile the third party shall represent the speculators i.e. those who will take the funds from the Bank in order to invest thereof.

Here, it worth mentioning the significance of dividing the interests that are achieved between the speculators (the Bank and project owners), the fund owners (owners of investment balances, i.e. the clients of the Bank), if the bank shared in the funding processes with the funds of the shareholders, it may also take a share as being a

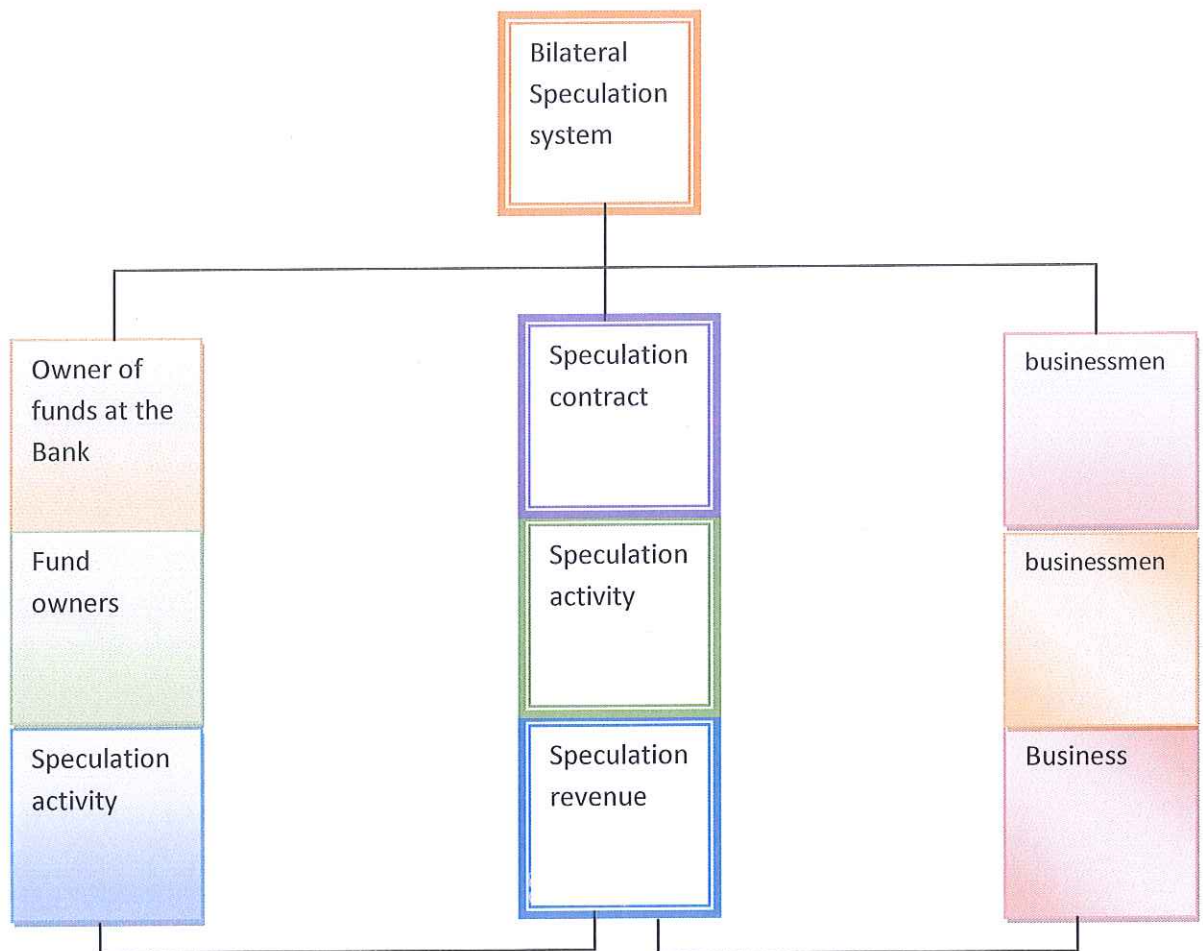
fund owner, however, if the Bank alone carried the execution and management process for the investment, as in some cases, it will exclusively take the share of the speculator.

The restricted speculation (limited assignment) is the one in which the owner of the fund lays down some conditions for the speculator to guarantee his funds, where there will be qualitative restrictions related to the time, venue, etc, as the restricted speculation means it is restricted by time or venue or a specific type of trade or commodities or products in which he trades, or from the category of persons with whom the speculator deals, or with all that restriction or part thereof.

This contract indicates that the speculation has qualitative, time and venue restrictions, especially in respect of the investment activity of the agent (the speculator). In turn the speculation contract under a limited assignment will restrict the freedom of the agent in the movement and business, the following are parts of these restrictions. (Othman, 2008, 13).

- (1) The restriction of the agent (the speculator) with a certain type of goods.
- (2) Restriction of the agent with a certain type of sale, such as to selling cash, under installment or by means of exchange
- (3) The restriction of the agent with a certain venue (such as a state, or a specific geographic zone)

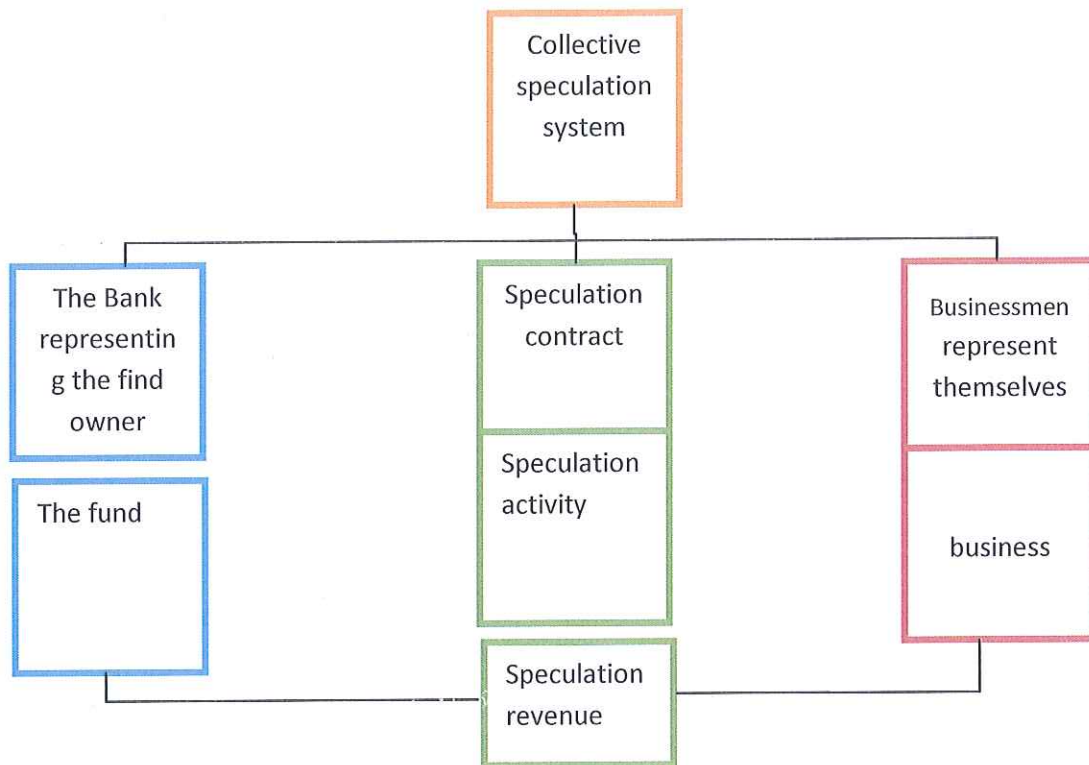
According to above-mentioned speculation types, it could be divided according to the participating parties into two types. The first type is the bilateral speculation or the special one, which is a contract restricted to two parties only represented by the Bank and the speculator of the business, Figure (2.1) illustrates that.



Source: Abul Elhul Muhi EldinYaqub, , 2012, p. 191

Fig. (2.1) Dual Speculation System

The second type of collection or group or joint speculation is represented in a contract between a group of fund owners from one end and a group of businessmen from another, as illustrated by Figure (2.2).



Source: Abul Elhul Muhi EldinYaqub, , 2012, p. 192

Fig. (2.2) Joint Collective Speculation System

It should be noted that both speculation types are convenient for the Islamic Banks transactions, nonetheless, the absolute speculation is the basis in the transactions between the Bank and owners of investment deposits. Thus speculation is characterized by being one of the investment formulae which could be used from both sides of the budget (fund sources and uses). As speculation in the Islamic Banks may be of a short, medium or long term.

In the practical reality for the application of the speculation method in the Islamic Banks, it points to that the speculation forms a little ratio out of the size of funding offered to the clients, and this shall be attributed to several factors. The most important of which are the following. (Publication of the Arab Development Organization, 2011, 23).

- (1) The increase in the formula's risks, whereby the payment of the capital in full takes place by the Bank, as the client offers the effort, the Bank may bear all the losses in case of the client keeping away from any defect.
- (2) The difficulty to apply the speculation formula in the practical reality due to failure to digest thereof by the employees and clients dealing with the Islamic Banks.

2.6. DIFFICULTIES FACING FUNDING BY SPECULATION

A series of difficulties stand in the way of funding by speculation during the application process, which could be summarized in the following. (Ibrahim, 2012, 58).

- (1) Mistrust by the speculating partner in some cases
- (2) Defect of the skill of the speculating partner in some cases
- (3) The bad conditions of the produced commodity
- (4) Strong competition by the produced commodities
- (5) The appearance of alternative commodities
- (6) The deterioration in the price levels
- (7) The economic situations are characterized by recession
- (8) The difficulty in the inspection, evaluation and follow-up by the Bank.

Pursuant to the above-mentioned, the Islamic Bank may invest part of its funds in the trade whether by sale or purchase. From among the contracts which could be resorted to in its investments is the speculation contract, which means that in such a case the owner of the capital and the participating client will represent the speculation employee, since the speculation employee is a trusted agent, here the ethical risks come up. (Mohamed, 2004, 129). This type of transaction is attributed to the type of dealers or clients, since the nature of the speculation contract implies that the business shall be carried out by the speculation funds which is the sole right for the speculator. Thus the possibility for the Bank to closely trace the operation in a direct manner shall be neglected or nil, which means the client's hand may most probably be freely extended, as the speculation process implies the absence of any interest unless after the protection of the capital and the drop of the fees related to the expenses, no matter how was the ability of the Islamic Bank to detect deceit and manipulation (which may occur in the expenses and fees by means of increasing thereof above their real value, and deducting thereof from the speculation vessel). The conclusion to an accurate accounting application will not be possible if the speculator is not trustworthy and honest. This is what makes the degree of risk higher from the Bank's viewpoint, in addition to the impossibility to put the condition of the guarantee on the speculator unless in case of his violation or defect. Thus the justice of Islam states preventing the employee to assume duties under circumstances full with risks which may involve him within the scope of gambling and an adventure, with the aim of preserving the funds, where he bears the loss of the whole money in order to achieve more interest in case he skips this risk, where the employee here will move from gaining the money on the basis of the business to gaining thereof by bet or gambling in the funds. It could be said that the success of the speculation process depends to a greater extent on the availability of speculating clients under the required characteristics and conditions, whether from the ethical thesis or from the thesis of the practical and technical skill.

In a relevant context, the scientific experiences applied on several Islamic Banks have witnessed with several examples and templates of non-abidance, mistrust and

violation against the bank's rights, inventing the most advanced methods of deceiving and duping the Bank, the examples were more clearer in a repeated manner in the early years for the kick-off of the Islamic Banks, whereby the degree of reliance for these Banks on the characters of sharing and speculation is furthermore deeper. The complication of the problem has increased by the defect of the authorities and methods of these Banks in the selection of that convenient types of clients. (Al-Rifae Nadi Mohamed, the Islamic Banks, Beirut, Al-Halabi Legal Publications, 2004, 130).

It should be noted that there are templates of unusual and abnormal speculations in other unprecedented fields, in which the Islamic Bank could invest under speculation contracts, e.g. roads maintenance project, or a project to construct a number of buildings. The owner of which is interested to fund thereof by means of un-usurious loan to fix a deficit in the costs and expenses. He thus proposes for the Banks to enter into a speculation with him, provided that the Bank shall bear all the costs of the project and shall not include the costs related to the company's equipment which are used in this project, as being the instruments of speculation, in addition to the wages and expenses of the technical and administrative authority of the company and all its personnel, all of whom act as the employer. Upon the feasibility study of the project, it is indicated that some of the costs may be accurately recognized by the Bank, with some which will be ignored by it, the items bought by the bank are governed by risks that will change the cost of these items according to the change in the prices during the performance period (the actual cost here is the one that determines the actual or final liquidation for the project) (Abu-Shahid Abdalnaser Barrani, Risk Management of the Islamic Banks).

2.7. THE EXPERIENCES OF SOME BANKS THAT HAVE TRANSFORMED INTO THE ISLAMIC FORMULA FUNDIN

This part of the study has been designated to review the reality of experiences of some Arab and global Banks that have undergone the transformation into the funding under the Islamic formula, having that the offering of the Islamic Banking business was not restricted to the Islamic Banks, with a number of conventional banks that have rushed to offer the Islamic Banking products in different forms and entries. This phenomena has spread in the Arab area and in the Muslim states, then shifted to global Banks in the west, especially in Europe and America.

2.7.1 Reality Of The Experience Of The Islamic Banking Business In The Arab Conventional Banks

The Islamic Banking business has kicked-off in the conventional Banks, in the form of independent Islamic branches. The idea of setting up Islamic branches affiliated to the conventional banks is referred to the beginning of the Islamic Banks' appearance. It is when the idea of setting up Islamic Banks started to be transformed from the theoretical thesis to the practical reality in the beginning of 1970s of last century, when some conventional Banks started presenting Banking products in conformity with the provisions of the Islamic Sharia, and when the conventional Banks realized the rush towards the Islamic Banks and the increasing demand size by different sectors of the society on the Islamic Banking products, then some have decided to try an adventure of this experiment, and have set up branches specialized in presenting the Islamic Banking services.

The following is a brief review for the experiences of some of these conventional Banks that have engaged in the experience of transforming into the Islamic Banking in some Arab states such as Egypt, Kuwait, UAE, and Palestine.

First: The Experience of Transforming In To the Islamic Banking in Egypt

The beginning has been from Egypt, and Egypt Bank (Bank Misr) was in the forehead of the conventional banks that transformed into opening specialized branches presenting the banking services which particularly compromise with the provisions of the Sharia, whereby Egypt Bank has opened a branch in 1980 which offers the Islamic Banking products, known as “El-Hussien Branch for the Islamic Transactions”. Under the effect of success achieved by this branch, Egypt Bank has rushed to transform further branches under it into the Islamic transactions the number of which has reached up to 29 branches by the end of 2004, an independent department supervising the performance of the Islamic transaction branches has been set up, whereby this department and its affiliated branches have been under the supervision of the Fatwa Committee in Al-Azhar. And a member of the Islamic Researches Think Tank, the funds of these branches were separated from the funds of the mother Bank.

It hasn't taken long, before a number of Egyptian banks followed the footsteps of the Bank of Egypt by opening specialized branches in offering Islamic Banking products, the number of which has reached in 2004 up to 58 branches affiliated to 12 commercial Banks. According to the statistical bulletin issued by the Bank Control Department of the Egyptian Central Bank in 2004, the details of which are as follows: (The Media Bulletin for the Islamic Transaction Branches , 2004).

Table (2.2) statement of Islamic Transaction Branches of the conventional Banks in Egypt in 2004

No.	Bank's name	No. of Islamic branches
1	Egypt Bank	29
2	National Development Bank (in the Provinces)	13
3	National Egyptian Bank	2
4	Arab Union Bank for Development and Investment	2
5	El-Nil Bank	2
6	Suez Canal Bank	1
7	Trade and Development Bank (El-Tijariyon)	2
8	Egyptian-Gulf Bank	1
9	Port Saied National Bank for Development	1
10	United Egyptian Bank	3
11	Main Bank for Development and Agrarian Insurance	2
	Total	58

Source. Egyptian Central Bank, Statement Issued by the Banks Control Department on 31/8/2004

The Egyptian Central Bank has issued a circular regulating the work of the Islamic transaction branches, where it laid down a condition for the conventional Banks interested to open an Islamic branch, to abide by the following: (Statement by the Egyptian Central Bank, 2008).

Form Sharia Control Board from the Islamic jurists and scholars of Sharia and jurists of the comparative law, who believe in the idea of the Islamic Bank, and the appointment of the General Assembly based on a proposal from the Board of Directors. The assignment of which shall be the advise and review in respect of the enforcement of the provisions of the Islamic Sharia, in order for it to do so, the Assembly shall have provide its accounts auditors with the necessary facilities and specialized requirements.

- (1) Prepare a budget for the branch at the end of every fiscal year along with observing thenature of the branch as an Islamic Bank. Notwithstanding the

accounting rules adopted in preparing the budget sheet, profit and loss account and periodical data presented to the Central Bank, in respect of being inclusive to all the units of the Bank according to the classification and nomenclature prepared under the consent of the Egyptian Central Bank.

- (2) The employees of the Bank must be Muslims who believe in the idea of the Islamic Bank. The Egyptian Central Bank has not-to date-issued any law organizing or controlling the business of the Islamic Banks, branches or units which offer the Islamic Banking service in the conventional Banks, whereby these unit have been subject to the same rules, procedures and standers – and even the names – under which the conventional Banks abide before the Central Bank in respect of their financial position and periodical data.

Despite Egypt being the first country in the Arab area the conventional Banks of which have offered the Banking products that compromise with the provisions of the Islamic Sharia via specialized branches, however, this trend has not continued progress as was the case in other states such as Saudi Arabic, where the Egyptian experience has not found the sufficient support by the control authorities. The main motive for them, mostly, was the attraction of a category of clients who possess surplus funds, and who are embarrassed to deal under the Banking interest systems. As the religious formal opinion (Fatwa) of the Sheikh of Al-Azhar, and the latest Fatwa of the Islamic Researches Think Tank, permits the Banking interest transaction has left a negative impact on the spread and growth of the phenomenon of transformation of the conventional banks towards the Islamic Banking business in Egypt.

Second: The Experience of the Transformation towards the Islamic Banking in Kuwait

Law no. 30, 2003 has been made by the Kuwaiti Central Bank concerning the reinstatement for the businesses of the Islamic Banks and the process of transformation of conventional banks into Islamic Banking, where the Executive Manager for the Control Sector of the Kuwaiti Central Bank, has confirmed that the best method is the

foundation of new Islamic Banks, or the conventional Bank interested to transform into the Islamic Banking shall adopt the principle of the overall transformation according to a declared timely plan, as the Kuwaiti Central Bank rejects the idea of the simultaneous duplicity of dealing in the same Bank, whether in the form of Islamic branches or Islamic outlets or products, along with the continuity of the Bank in dealing via the conventional method. (The conference of transformation into the Islamic banking system “30th to 31st May 2005).

In this respect, the Kuwaiti law has put conditions for the conventional Banks interested to transform into Islamic Banking business, to adopt the principle of the whole transformation, the most important of these conditions, are the following: (The monthly cash statistics issued by the Kuwaiti Central Bank, October 2004, Vol. 25, Issue no. 10, 35).

- (1) Prepare a feasibility study explaining the feasibility of transformation approved by the Central Bank.
- (2) Prepare the transformation plan and form a work-team thereof.
- (3) Prepare a well studied media campaign to make the clients ready for this transformation
- (4) Appoint an independent board for the Sharia control
- (5) Amend the contract of incorporation and the articles of association for the transformed Bank.

The Kuwaiti Real Estate Bank commenced the implemental of the total transformation plan for the Islamic Banking business in light of the amendment conducted by the Kuwaiti Central Bank on the law concerning the setting up of Islamic Banks or the total transformation into the Islamic Banking, and has scheduled a date ending in 2005 as a deadline for the liquidation of the outstanding transactions incompatible with the Sharia provisions.

As there are 42 funding and investment companies under the control of the Kuwaiti Central Bank, with 13 of which transformed to be in conformity with the provisions of the Islamic Sharia, in light of the new law, as the Kuwaiti national Bank has applied to open branches for Islamic Banks, whereby the application is under study. (Sharief, 30th May to 2nd June 2005, 6).

Third: Experience of Transforming Into Islamic Banking In UAE

Sharqa National Bank, which is a conventional Bank founded in 1975, has adopted the complete transformation into the Islamic Banking as of 1st July 2002, with 9 branches.

Fourth: Transformation Into The Islamic Banking In Palestine

In the year 1996, Cairo Bank in Amman has opened a branch for the Islamic transactions in Al-Khalil. Naples, Ghaze, those branches have an independent regional department, separate accounts and budgets away from the commercial Banks. The Islamic branches are directly under the General Department, Jordan.

Fifth: The Experience Of Transformation Into The Islamic Banking In Saudi Arabia

The National Commercial Bank came on top of the conventional Banks in Saudi Arabia. It is in 1987 that the first investment fund performing under the provisions of the Sharia Law has been founded, which is the National Fund for Trading in the Global Commodities, according to the resale for profit formula. Followed by the foundation of the first Islamic branch for the Bank in 1990. Its due to the increasing interest and demand on this branch, the Bank has opened several branches to offer the Islamic Banking services. Within the expansion to open Islamic branches, it has opened an independent department in 1992 to supervise these branches the number of which has exceeded 200 Islamic branches in mid 2005 distributed between the different cities of

the Kingdom. (The publications of Cairo Bank, Amman, website: www.cabestate.com is the site of the bank).

As a result of the success achieved by the National Bank in this respect, all the conventional Banks in Saudi Arabia hurried to offer Islamic Banking products whether through specialized branches and departments or through Banking products presented besides the conventional products, or the constitution and management of portfolios and investment funds in conformity with the provisions of the Islamic Sharia.

2.7.2 Reality Of The Experiences Of The Islamic Banking Business In The Global Conventional Banks

The increasing growth and interest on the Islamic Banks, has compelled many global conventional banks in Europe and America, to offer Banking service business via the participation in the foundation of units dealing in accordance with the provisions of the Islamic Sharia, and the participation in the foundation and management of investment funds in conformity with the provisions of the Islamic Sharia.

First: In The Area Of The Banks And Islamic Financial Corporations

In 1996 CITICORB Group has founded an independent Islamic Bank in Bahrain, complete with all the available Islamic investment tools in the global and domestic markets named: "CITI Islamic Investment Bank". (Hammad, 30th to 31st May 2005, 2).

As the British HSBC Group has opened a branch in Dubai according to the provisions of the Islamic Sharia, where big number of foreign Banks have founded and managed investment portfolios and funds in conformity with the provisions of the Islamic Sharia, such as Hong Cong Corporation, Shanghai, Dutch Bank, A.B.N Emru, J.B. Morgan Tchess, DersanderClinetPenson Bank, Australian New Zealand ANZ Group.

In October 2004, the first Islamic Bank in Britain has been founded under the name: the British Islamic Bank, launched in Birmingham City at a capital of 50m Pound

sterling, in which the Gulf shareholders possessed the biggest shares out of the total shares of the shareholders who reach 12,000 founders including individuals and companies from the Gulf and Middle East Area.

Second. In The Area of The Islamic Investment Funds

The investment fund is a financial vessel, usually takes the shape of an independent company from the establishing bank, in which the savings of the shareholders including individuals, companies and boards are gathered. The investment of these funds takes place in the stock exchange or in some assets in-kind, with the aim of opening the opportunity before the investors under a collective sharing in the results of the fund's business. It is run by a Bank against specific retainer fees or a ratio in the achieved interests.

The investment funds open the opportunity for the owners of surplus funds to invest their financial savings, especially the individuals who were unable to invest thereof themselves as a result of shortage of investment experience and time deficiency.

As the management of the fund's assets will be carried out by specialized bodies enjoying the experience, time and high skill to manage the funds, and diverse the investments in a manner that reduces the risks, as it gives the opportunity to the open funds to permit the withdrawal of some and the entry of new participants interested to participate, which will make the invested funds with high liquidity. The attention of the western conventional Banks towards the setting up of Islamic investment funds run by them in accordance with the provisions of the Islamic Sharia has started to be drawn since the middle of the 1980s decade of last century, with the first experiment that comes into being in this area in 1988 by the foundation of "the Islamic Management Fund, Limited in Jency Island.

In 1995 the Islamic Oasis Fund has been founded under the management of the British Investment Bank known as "Robert Fleming" in Luxemburg, this fund was specialized in the investment in the shares of the global industrial companies.

In 1996, the British Bank ANZ in Jersey has founded an Islamic investment fund named "the First International Speculation Fund, Ltd.) , (First ANZ FAIM International Modaraba, Ltd., as a specialized fund in funding licenses in accordance to the provisions of the Islamic Sharia, as Citi Bank has founded an investment fund specialized in the global shares in Luxemburg named "the Islamic Port Folies Citi. In 2001 the French Pariba Bank has signed with the Kuwaiti Funding House have signed a memorandum of understanding to set up a fund for an Islamic Stock Exchange at a value of US\$2b.

As the indicators of Islamic funds have developed into Islamic shares by well know international corporations such as Dow Jones Islamic Index, Financial Times.

In light of the above-mentioned, it could be said that the Islamic Banking business in the western Banks is characterized by the following: (Fuad, Abdalla, 2013, 27).

- (1) Offering the Islamic financial services in the western Banks at high quality efficiency and skillful performance, as their technical cadres enjoy high skills, training, wide and deeply rooted experience in the area of investment, types and most appropriate chances.
- (2) Its practices and investment activities are generally characterized by the care to achieve interests and convenient revenues to their clients and investors, taking into consideration trustworthiness, integrity and honesty in performance and full transparency along with the serious review, auditing and accurate accounting by their boards of directors.
- (3) Seriousness in the reference to the Shaira boards to take charge of assisting thereof and the full abidance by their directives and instructions, considered as binding and should be implemented by the executive boards and departments thereof in accordance with the rules and regulations of the boards of directors of that Banks.

- (4) Their participations and practices in offering the Islamic financial services are characterized by pure commercial businesses, the purpose of which is not the direct or gradual (total or partial) transformation from being conventional Banks into Islamic Banks or financial corporations, having that the reason behind their establishment or foundation is not connected to the belief in the Islamic economic theory (forbidding usury) and the significance of supporting them with the engagement in practices with the Islamic Banking investment business tools, but in order to earn the maximum possible amount of interest and revenue in this respect.
- (5) As for the performance of the Alms-giving (Zakat), charities and donations in general to the benevolent bodies on behalf of the investors and others, or the foundation of funds for this purpose, they will neither contribute in this matter nor interfere into it, as they deem it to be none of their business.
- (6) As for the resolution of disputes and differences that may arise under the ratified agreements and contracts to invest their financial assets, they, and according to the stipulation of that contracts and agreement, refer to the western courts in this regard (considering these courts to judge and compel the conflicting parties to abide by the agreed clauses in that contracts and agreements, based on the rule that: “the contract is the statute of its contracting parties” (Fuad, Abdalla, 2013, 28).

CHAPTER THREE

PRACTICAL FRAMEWORK

FIELD STUDY

For achieving the objectives of this study in the identification of the extent of the feasibility of the speculation funding formula from an Islamic investment prospective as an alternative for the usurious interests from the viewpoints of the employees and customers of the Bank. This chapter has included the identification of Jamhouria Bank for the purpose of providing the reader with sufficient information contributing in the knowledge of the scope of the application of the study. Consequently death with the methodology adopted in this study the study society , the selection of the mechanism of the study elements sample, the number of the distributed and collected forms , as well as the statistical patterns used in the study. Then the demographic characteristics and properties of the study society and the presentation and analysis of the data with the objective of obtaining the data necessary for the test of the hypothesis on which this study has been based. The study of the achieved result and the recommendations, set out in this study, as well as the enlistment of the text books , references and scientific thesis guiding this study .

3.1. BRIEF ABOUT JAMHOURIA BANK

Al-Gomhouria Bank is A government institution and it is one of the largest banks in Libya and one of the most advanced banks in the Arab world. Its branches and agencies are spread over a wide range to provide the best and latest banking services to all clients throughout Libya.

The Bank offers a Series of services such as Current accounts, savings accounts, deposits and all types of financing available, External transfers for citizens and residents, Issuing ATM cards, Commercial and social loans and granting credit facilities to all customers. Jamhoria Bank is considered as of the commercial Banks carrying on

business in Libya, and established as a branch of Barklitz British Bank in Libya on 22 December 197. it was completely nationalized with all its related branches in Libya under the name of Jamhouria Bank as of that date. On 2007, Umma and Jamhouria Bank have been merged under the name of Jamhouria Bank, and as a result of this merger, the Bank budget has been increased to 8 billion LYD “ and based on the size of its assets, the Bank has become on of the ten large Banks in north Africa. The number of the employees has become (5,800) employee, and the branches have become 146 branch throughout Libya .

The Bank exercises all Banking activities exercised by to the commercial Banks in and outside Libya and in particular exercises the following activities

- 1- Acceptance of deposits on demand or for specific duration, opening current account, concluding loans for different durations granting other credit facilities .
- 2- Collection and payment of payment orders and other deeds of value.
- 3- Issuance of deeds, cheques, orders and other commercial papers, whether to be paid inside Libya or abroad except the orders payable for the bearer upon request.
- 4- Deduction, discount and negotiation of commercial deeds of any kind, from the payments to be paid in or outside Libya .
- 5- Issuance of letters of guarantee, letters of credit, opening documentary credit in Libya or abroad.
- 6- Exercise of foreign exchange activities according to the conditions stipulated in the currency control rules.
- 7- Issuance of financial deeds within the limits set out in the law and this statutes.
- 8- Purchase, sale, ownership of notes, deeds issued by or guaranteed by the government, public corporation or institutions or issued or guaranteed by the governments or international corporations or institutions within the limits stipulated by law.
- 9- Purchase, sale and ownership of the joint companies chases in or outside Libya, within the limits stipulated by law.

- 10- Organizing the general subscriptions and the exercise of all activities relating to the financial instruments.
- 11- Representation of different Banking institutions inside Libya and abroad.
- 12- Keeping of financial instruments and other deeds and things of value as trusts in the Bank safe, rental of special safes and funds.
- 13- Provision of all ordinary Banking facilities and exercise of other deals required by the Banking activity in general.

And the Bank, in achieving its objective, is entitled to participate in any manner with other institutions and companies exercising similar activities or cooperate there with for achieving purposes of the same inside Libya or abroad or merge or purchase thereof.

According to the decision of the general national congress No (1) of the year 2013, regarding the cancellation of usurious transactions between the Libyan commercial Banks. Jamhouria Bank started to seek new investment opportunities from the Islamic funding viewpoints and in particular of the success being achieved by the adoption of the sharing investment method as from the year 2009.

3.2. METHODOLOGY OF THE STUDY

In this part, the methodology adopted by the researcher shall be explained.

3.2.1. The Study Environment

The study environment is represented in the Libyan commercial Banks sector .

3.2.2. The Study Society

The study community consists of directors of offices , departments, chairman of divisions reaching about 55 persons due to their direct connection with the subject of this study, and the Bank's customers such as the businessmen the owners of the companies transacting with the Bank with in the territory of Tripoli city, about 105 companies.

3.2.3. The Study Sample

Pursuant to the objectives of this study, the comprehensive approach has been selected for the holders of the leading positions in the Bank, the subject of this study such as the directors of offices , departments, chairman of divisions equal to 55 persons due to their direct connection with the subject of this study, and vested with jurisdictions and powers relating to the taking of investment decisions or contribution therein leading the personnel working with them, as well as, a random sample has been selected from the businessmen and companies carrying on business with the Bank within the territory of Tripoli city, The sample size has been calculated through KREJCIE and MORGAN equation as follows

$$(1) n = \frac{X^2 N P(1-P)}{d^2 (N-1) + X^2 P(1-P)} =$$
$$\frac{3.841 * 105 * 0.5(1-0.5)}{0.05^2 (105-1) + 3.841 * 0.5(1-0.5)} \cong 82$$

s = required sample size.

X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841).

N = the population size.

P = the population proportion (assumed to be .50 since this would provide the maximum sample size).

d = the degree of accuracy expressed as a proportion (.05).

(¹)Robert V. Krejcie,1970, P607.

3.2.4. The Study Mechanism

The questionnaire sheet is used as the main tool for collecting the data from the study society.

The researcher has designed two questionnaire form. One is designated for the employees of the Bank, and the other, for the customers of the Bank, such as the businessmen and the companies, under the direction of the supervising doctor , A number of questions were prepared matching the study problem and assisting in obtaining the study the answers of the study questions and the achievement of the objectives of the same and upon the initial completion of the two questionnaire forms. They were presented to specialized experts of high experience in the field of management and organization for evaluation and opinion the said experts have pointed out same valuable remarks and based on these remarks. The questionnaire amendment has been made. The researcher has performed an initial questionnaire distributed on (30) of the Bank employees with the purpose of the clarity of the meaning of the questions, Very few remarks were noticed in relation to the text of some questions. The researcher has amended the text of the questions to be more clear and simple. After that, the questionnaires were distributed on the study sample and the period spent on the distribution and collection of the last questionnaire form, was more than two months. (7) questionnaire forms of the original (55) forms were missed therefore. The questionnaires subjected to the analysis, were (48) forms distributed to the Bank employees and 20 forms out of (100) forms distributed on the Bank customers were missed. Therefore, the questionnaires subjected to analysis were (80) forms as set out in the following table.

Table (3.1) the distribution of questionnaire forms on the study society samples

Society	Distributed form	Collected forms		Missed forms	
		No.	%	No.	%
Directors in Jamhouria Bank	55	48	87.27	7	12.73
Customers businessmen and companies	100	80	80	20	20

3.2.5. The Used Statistical Methods

1- kronbakh Alfa (a) Test For Credibility and Stability

Kronbakhalfa test was used for the measurement of the questionnaire tool activities, and testing the credibility of the answers of sample individuals to the questions set out in the questionnaire form.

2- Person Connection Coefficient Test

3- Repetitive distribution

Used to describe the nature of the answer about specific phenomena, the form of the repetitive distribution of the answers about the expressions, indicates an initial about the study sample individuals answers for the different expressions.

4- Accounting Average

This is one of the central trends measurement, representing the answer of study the individuals of the study sample for the different expressions. $\bar{x} = \frac{\sum x_i f_i}{\sum f_i}$

5- The Standard Inclination

This is one of the spread out measurement, representing the similarity and differences extent between the answers of the sample individuals about specific question

$$s = \sqrt{\frac{\sum x_i^2 f_i - \frac{(\sum x_i f_i)^2}{n}}{n-1}}$$

6- One-sample t-test

Used In testing the null hypothesis that the population mean is equal to a specified value μ , one uses the statistic

$$t = \frac{\sqrt{n}(\bar{x} - \mu)}{\sigma}$$

where \bar{x} is the sample mean, σ is the sample standard deviation of the sample and n is the sample size. The degrees of freedom used in this test are $n - 1$.

3.3. PRESENTATION AND ANALYSIS OF DATA

The questionnaire form is adopted as the main tool for the collection of data and information relating to the subject matter of the study from the Bank's employees "Directors" and customers such as Businessmen and companies owner. The questionnaire includes general information and demographic characteristics of the individuals targeted by the study, and divided into the following parts

Part One

Includes 14 phrases relating to the extent of existence of obstacles encountering each of the Bank's management and customers

Part Two

Includes 13 phrases relating to the existence of incentives for the Bank's management, and 14 phrases relating to the extent of incentives for the Bank's customers

Part Three

Includes 10 phrases relating to the extent of conviction of the Bank's management for the use of speculation formula, and upon the collection of the questionnaire forms, the digital method is used in coding the answers of the study society individuals and the answers were coded by Tickert measure as set out in the following table .

Table (3.2) coding answers according to Tickerts

Answer	Strictly agree	agree	Neutral	Disagree	Strictly disagree
Code	5	4	3	2	1

According to Lickert- Scale, the average of these percentages will be (3) neutral, if the answer average mark is not different from 3 this indicates that the acceptance average is medium, and if the answer average is more than three significantly. This means that the acceptance average is high and if the answer average is less than (3) significantly, this indicates that the acceptance average is low, and therefore, test shall be applied on whether the acceptance average is different from (3) or not and upon the completion of coding the answers and data entry by using "the statistical package for social science " spss" and this package is used in the data analysis.

Results of kronbakh Alfa (a) for reliability and stability for the purpose of testing the reliability of the answers of the society individuals to the questionnaire questions, Alpha coefficient "a" is used , as set out in the following table.

Table (3.3) of kronbakh Alpha cronbach for each of phrases group.

The part	Phrases	Alpha coefficient value “ Directors”	Alpha coefficient value “ customers
First	Extent of existing of challenges	0.991	0.809
Second	Extent of existence incentives of	0.952	0.817
Third	Extent of convincement Of using speculation formula	0.911	0.828
Kronbakh Alpha test for the total questionnaire		0.911	0.828

From the data set out in the above table, it was found that kronbakh alpha (α) coefficient values for credibility and stability for each group of the expressions, were high and all were more than (0.6) (Uma Sekaran, 2003 :311). The kronbakh alpha results for total questionnaire of the directors is equal to (0.911). The kronbakh alpha results for total questionnaire of the customers is equal to (0.828) , which indicates that there a link between the answers of the study society individuals, for the expressions included in the questionnaire form, which confirm the reliability on the results which shall be achieved .

3.3.1. Presentation and Analysis Of Data Relating to The Bank’s Employees “the Directors”

For the identification of some characteristics of the study samples, some characteristics were analyzed , such as the gender, age , scientific qualification, current position, experience year of work in the Bank , and here below, is a detailed presentation of these properties.

3.3.1.1. Directors Demographic Characteristics

1- Distribution of sample individuals according to the gender.

Table (3.4) repetitive distributions and percentage of the sample individuals according to gender .

Gender	No.	Percentage
Males	44	92%
Females	4	8%
Total	48	100

The data set out in the above table regarding the distribution of the sample individuals on the basis of sex , indicate that the percentage of males represents 92% , while as the females percentage represent 8% of the individuals participating in the study. This indicates that the management of the Bank. The subject of this study is not providing opportunities for females to occupy leading positions except few concentrated on the medium level and executive management.

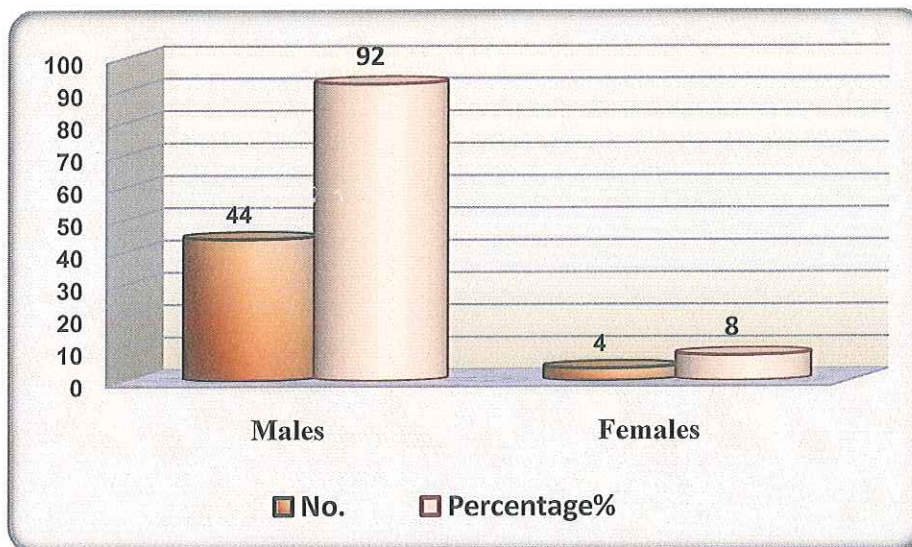


Figure (3.1) Repetitive Distribution and percentage of the sample individuals on the basis of Gender

2- Distribution of Sample Individuals on Age Basis

Table (3.5): The Repetitive Distributions And Percentage Of The Sample Individuals On The Basis Of Gender

Age category	No.	Percentage%
Less than 30 years	1	2.08
From 30 to 40 years	8	16.67
From 41 to less than 50 years	22	45.83
From 51 to 60 years	17	35.42
Total	48	100

The data set out in the above table regarding the distribution of the sample individuals on the basis of age categories, indicate that most of the sample individuals ages vary from 41 to less than 50 years with the percentage of 49 %, followed by the age category from 51 to 60 years, with the percentage of 35 %, followed by the age category from 30 to 40 years representing 2 % only of the total of the sample individuals.

The researcher indicated that the age categories of the participants in this study can be described as diverse. The most repetitive age categories is the category of 41 and above , which means that most of the age categories of leaders contributing in this study were mature. Therefore, it is not difficult for these categories to fully know the Islamic funding systems, “speculation system” which makes it possible to present the study subject matter to targeted categories and to identify their attitudes and benefit from their opinions in this concern .

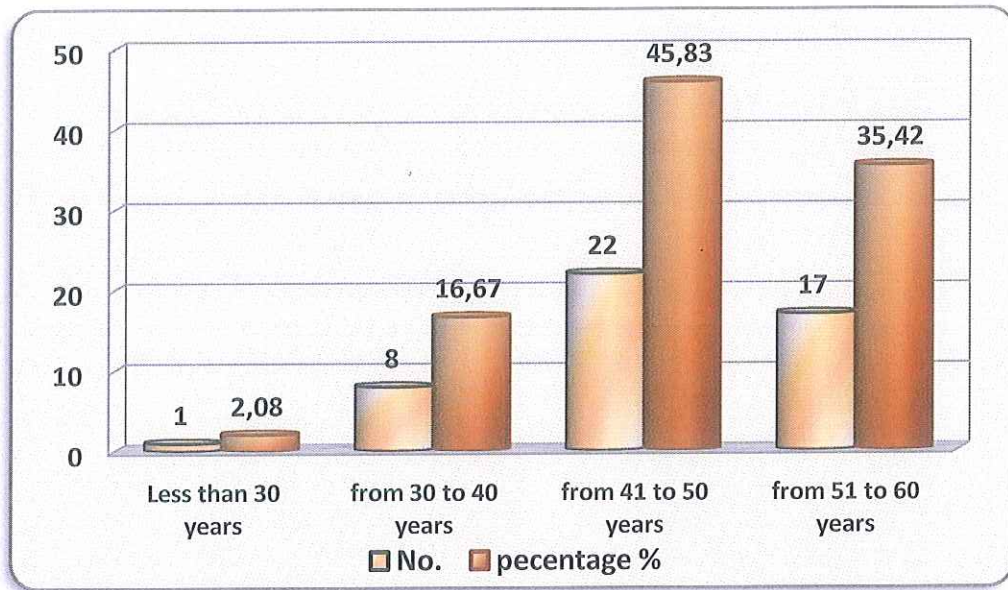


Figure (3.2) repetitive Distribution and percentage of sample individuals on the basis of age

3- Distribution of sample individuals on the basis of the scientific qualification.

Table (3.6) the repetitive distributions and percentage of the sample individuals on the basis of scientific qualification

Age category	No.	Percentage%
PhD	16	33.33
Master	6	12.50
Bachelor	11	22.92
Higher Diploma	13	27.08
intermediate Diploma	2	4.17
Total	48	100

The data set out in the above table relating the distribution of the sample individuals on the basis of scientific qualification indicated that the highest percentage in the scientific qualifications, if the percentage of the holders of the PhD. which represents 33.33 %, followed by the percentage of the holders of the higher Diploma, which represents 27.08 %, and followed by the percentage of the holders of the bachelor degree, which represents 22.92 %, and followed by the percentage of the holders of the master degree, which represents 12.5 % then followed by the percentage of the holders of the intermediate diploma which represents 4.17 % of the total percentage of the study participants .

From the above, it has been observed that most of the sample individuals were holding higher scientific qualifications, opinion in answering the questions of the study subject matter, are expected to be of significance, and the other hand. This category occupy leading positions on organizational levels in the Bank the subject of this study which will results in obtaining accurate and objective information .

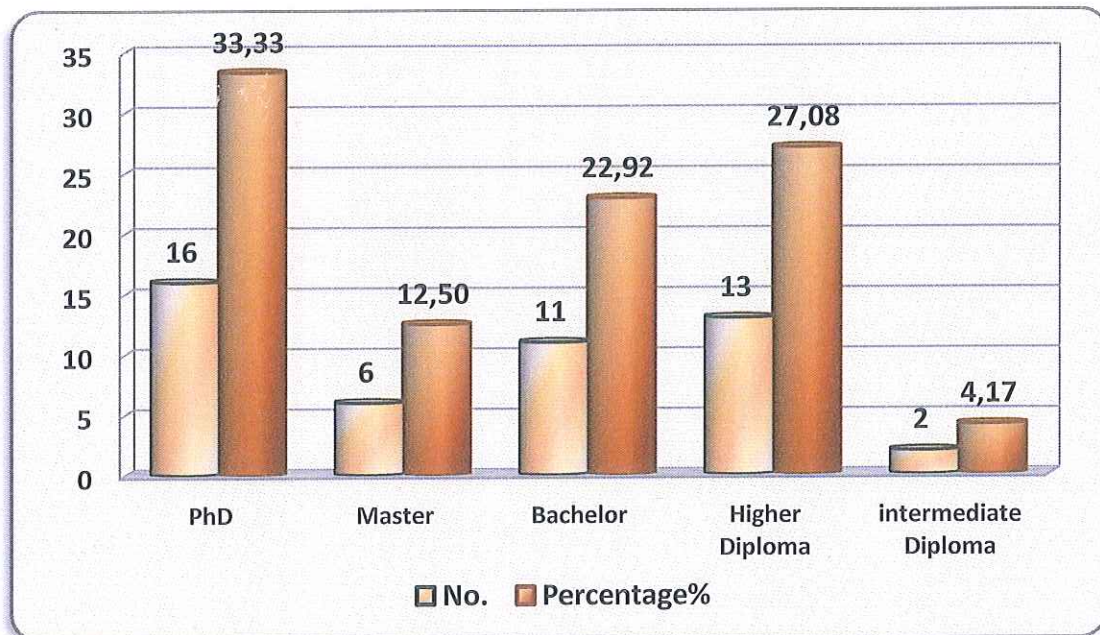


Figure (3.3) repetitive and percentage of the sample individuals on the basis of qualification

4- Distribution of the Sample Individuals on The Basis Of the Position.

Table (3.7) repetitive distribution and percentage of the sample individuals on the basis of the position

Current position	No.	Percentage%
General manager and assistant manager	2	4.17
Department manager	8	16.67
Office manager	8	16.67
Head department	30	62.50
Total	48	100.00

The data set out in the above table, regarding the distribution of the samples individuals on the basis of the position, indicated that, the highest percentage of the sample individuals, is the category of the holders of head departments which represents 62.5%, followed by the manager of departments and offices, which represents 16.67%, then followed by the general managers assisting directors category, which represents 4.17% of the total study participants percentage.

He has been observed from the above table, that the sample individuals occupy different positions on different administrative levels “senior, intermediate, executive “ and equipped with different technical and administrative specialists, which will provide help in obtaining information relating to the study issue from different administrative levels, starting from the senior structure in administrative leadership, to the heads of departments in the Bank, the subject of this study.

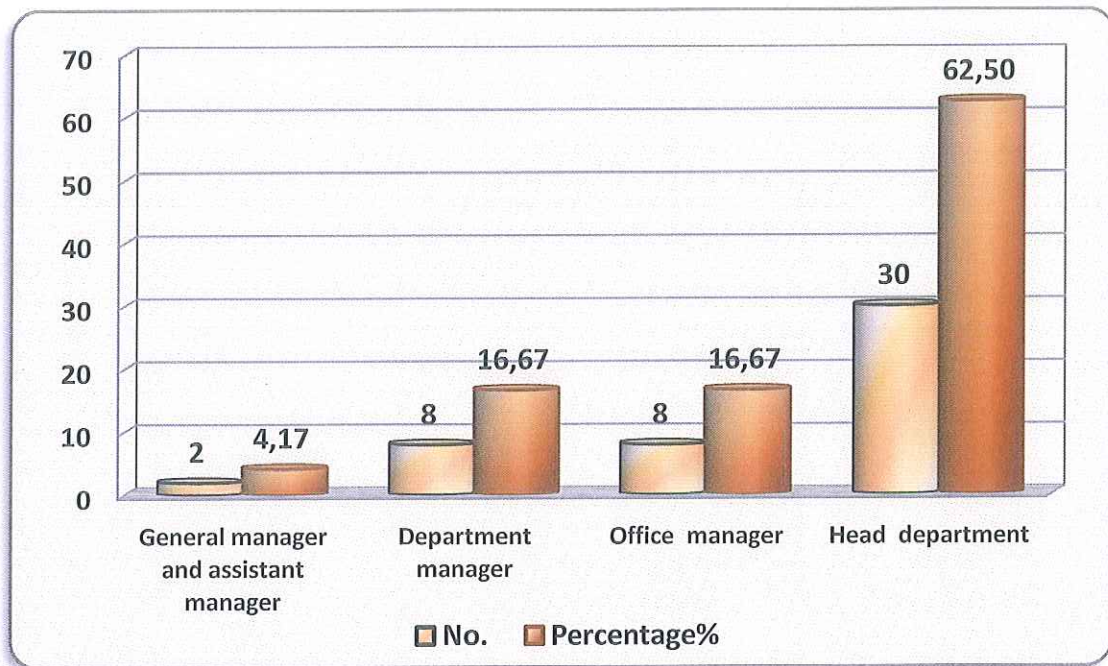


Figure (3.4) repetitive distribution and percentage of the sample individuals on the basis of the position

5- Distribution of sample individuals on the basis of experience years in the Bank

Table (3.8) repetitive distribution and percentage of the sample individuals on the basis of years

Experience years	No.	Percentage%
Less than one year	0	6.25
From one year to less than 5 years	3	22.92
From 5 year to less than 10 years	11	14.58
From 10 year to less than 15 years	7	16.67
From 15 year to less than 20 years	8	27.08
From 20 year to less than 25 years	13	12.50
From 25 year and above	6	100.00
Total	48	6.25

The data set out in the above table, regarding the distribution of the samples individuals on the basis of practical experience years in the Bank. The subject of this study indicated that the highest percentage of the sample individuals is the percentage of the category of the individuals of experience years that vary from 20 years to less than 25 years, which represents 27 % followed by the experience years category that vary from 5 years to less than 10 years, which represents 23 % , followed by the category of the experience years that vary from 15 years to less than 20 years, which represents 17 % followed by the category of the experience years that vary from 10 years to less than 15 years representing 15 %, followed by the category of experience years from 25 years and above, representing 13 %, then followed by the category of one year to less than 5 years, representing 6 % of the total participants percentage.

It has been observed that, most of the participants in the study, enjoy long term practical experience, and practiced leadership for extensive years, and therefore, it

become familiar to them to enjoy a ware and knowing the extent of the feasibility of the adoption of Islamic investment systems “speculation formula”.

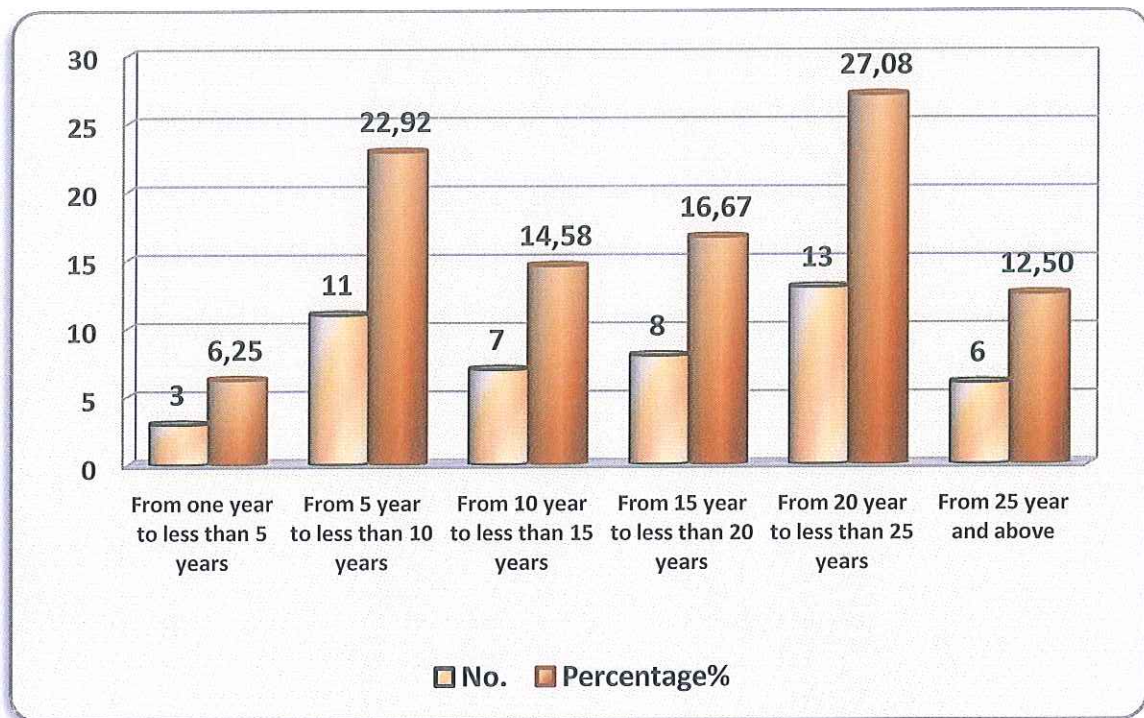


Figure (3.5) Repetitive Distribution and percentage of sample individuals on the basis of experience years

6- Do you think that the adoption of the Islamic investment formula through the profits and losses sharing with Jumhouria Bank has achieved successful results and represent an incentive for the Libyan investors and feasible?

Table (3.9) explains that the repetitive distribution of the variable of the Islamic investment systems, achieve success.

The adoption of Islamic investment form by the application of shaving profits and losses system, achieved success	No.	Percentage
No	0	0%
Yes	48	100%
Total	48	100%

The data in the above table indicates that the percentage on the answer with yes, represents (100 %), which means that these was a remarkable coincidence between the viewpoints of the society's individuals about the success achieved by the Bank by reason of the adoption of the Islamic investment systems by the application of the profits and losses system with Jamhouria Bank and achieved success and considered to be an incentive to the Libyan investors and feasible.

7- Do you have knowledge and awareness about the concepts and mechanisms of the application of the Islamic investment formula “speculation” as an alternate for the usurious loans investment?

Table (3.10) Set out the repetitive distribution of the knowledge and understanding of the concept and mechanisms of the application of the Islamic investment formula “speculation”.

Knowledge and understanding of the application of the Islamic investment formula “ speculation”	No.	Percentage
No	6	12.5%
Yes	42	87.5%
Total	48	100%

The data on the above table, indicates that most of the study society individuals, have knowledge and understanding about the concept and mechanisms of the application of the Islamic investment formula“ speculation” and the percentage of“ yes” answer category represents” 87.5 %” while the percentage of “No” answer category represents “ 12.5 %. and the reason is attributed to the lack of practical experience of this category.

8- Do you think that the adoption of the Islamic investment formula “speculation” enhances the good competitive position of the Bank among the other Libyan commercial Banks?

Table (3.11) describes the repetitive distribution of the Islamic investment formula “speculation” and enhancement of the good competitive position

Application of the Islamic investment formula “speculation” and enhancement of the good competitive position of the Bank	No.	Percentage
No	8	16.7%
Yes	40	83.3%
Total	48	100%

The data on the above table indicates that most of the study society individuals, believe that the application of the Islamic investment formula “speculation”, enhance the good competitive position of the Bank among the other Libyan commercial Banks, whereas the percentage of the “yes” category answer, represents (83.3 %) while the percentage of the (No) category answer, represents (16.7 %). The reason is attributed to the difficulty of the prediction of the feasibility of the application of the Islamic investment formula “speculation” for some of the directors of the Bank, the subject of this study.

9- Do you expect that the adoption of Islamic investment formula (speculation) attracts many new Libyan investors to the Bank?

Table (3.12) explains the distribution of the Islamic investment formulas (speculation) and the attraction of many new Libyan investors

The adoption of the Islamic investment formula and attraction of new Libyan investors	No.	Percentage
No	7	14.6%
Yes	41	85.4%
Total	48	100%

The data of the above table indicates that most of the study society individuals think that the adoption of the Islamic investment formula will result in the attraction of many new Libyan investors whereas the percentage of yes answer represents 85.4 %, no answer represents 14.6 %. That is because of the difficulty of prediction of the feasibility of the adoption of Islamic investment formula for some of the related Bank directors.

10- Do you expect that there will be high demand from the customers for using the speculation investment formulas?

Table (3.13) Sets Out The Repetitive Distribution of Expecting High Customers Demand For Using The Speculation Investment Formula

Expectation of customers high demand size on the use of speculation investment formulas	No.	Percentage
No	5	10.4%
Yes	43	89.6%
Total	48	100%

The data on the above table indicates that most of the study society individuals, expect high customers demand on the use of speculation investment formulas. The percentage of yes answer category is (89.6 %) while the percentage of the no category answer is (10.4 %) which means that there will be possibility for achieving the feasibility in the use of speculation investment formulas in the bank the subject of this study.

3.3.1.2. Director's Data Analysis

To determine respondents' agreement on each item of the study, one sample T-Test was used. The respondents agree on the item if the average is greater than (3). The statistical significance is less than 0.05. The respondents disagree on the item if the average is less than (3). The statistical significance is less than 0.05, while the acceptance level was moderate on the item if the value of the statistical significance is greater than 0.05.

First: The Obstacles that may face the use of speculation formula for funding projects.

Table (3.14) Descriptive Statistic, P-Value For The Extent of Existence of Challenges Facing the Bank Management in Using The Islamic Investment Formula

S.N	Expressions		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Standard deviation	p- value
1	Many obstacles exist, facing the Bank management in using speculation funding formulas	No.	8	26	3	6	5	3.54	1.22	0.002
		%	16.7	54.2	6.3	12.5	10.4			
2	Lack of culture about the use of Islamic funding formulas policies such as speculation, as new formula in the Libyan environment , which represents a challenge for the Bank management and the Libyan businessmen	No.	11	21	6	8	2	3.65	1.139	0.000
		%	22.9	43.8	12.5	16.7	4.2			
3	Lack of rationalization and preparation and then the gradual transformations by the Bank management for the adoption of Islamic funding policies“ speculation, which represents an obstacle for the Libyan businessmen	No.	9	25	5	6	3	3.65	1.12	0.000
		%	18.8	52.1	10.4	12.5	6.3			

4	The difference of opinions of some scholars about the mechanisms of application of Islamic funding formula “speculation” represents one of the obstacles in the use of this type of funding	No.	12	23	2	5	6	3.63	1.315	0.000
		%	25	47.9	4.2	10.4	12.5			
5	Sometimes the speculation finding formula may be in appropriate for the nature of the activity of some Libyan businessmen	No.	7	20	6	8	7	3.25	1.313	0.097
		%	14.6	41.7	12.5	16.7	14.6			
6	The limited used of this type of funding due to the high risks and the low revenues for the Bank	No.	9	13	3	15	8	3	1.429	1
		%	18.8	27.1	6.3	31.2	16.6			
7	The ethical non- compliance of some customers with the provisions of the contract with the Bank about the speculation investment formula	No.	2	9	5	21	11	2.38	1.16	0.000
		%	4.2	18.8	10.4	43.8	22.9			
8	The delay of payment by some customers, which affects the reputation of other customers of the bank and may negatively affect the feasibility of the speculation investment formula of the Bank and its customers	No.	2	9	7	11	19	2.25	1.28	0.000
		%	4.2	18.8	14.6	22.9	39.6			
9	The role of the Bank may be limited to its role as a financial mediator focusing on the recovery of funds and interests , irrespective of the extent the customers use of the funds in the investment activity or not	No.	3	8	6	22	9	2.458	1.166	0.001
		%	6.3	16.7	12.5	45.8	18.8			
10	The customer may be obligated by the Bank to provide specific samples or machineries or equipments for the use of the speculation capital	No.	12	23	2	5	6	3.542	1.473	0.007
		%	25	47.9	4.2	10.4	12.5			

11	The current legal environment in the Libyan state is unqualified and hinders the ability of the Bank to apply the speculation formula	No.	4	6	8	22	8	2.5	1.167	0.002
		%	8.3	12.5	16.7	45.8	16.7			
12	The weakness of the role of the propagation policies in the Bank for introducing the interests and benefits of using the Islamic funding formula "speculation", which represents a challenge facing the Libyan businessmen	No.	9	25	5	6	3	3.646	1.12	0.000
		%	18.8	52.1	10.4	12.5	6.3			
13	The lack awareness of the Bank management of the significance of religious motive in the success of the previous Islamic banking system, sharing system", which represents a challenge for the Libyan businessmen in using the speculation Islamic formula	No.	3	6	5	25	9	2.354	1.12	0.000
		%	6.3	12.5	10.4	52.1	18.8			
14	The current political conditions and recession taken place in the local market represents one of the obstacles facing the use of "speculation" as a funding Islamic as an alternate for usurious interests to the Bank and its customers	No.	8	23	3	9	5	3.417	1.269	0.014
		%	16.7	47.9	6.3	18.8	10.4			

From table (3.14), it was observed that the percentage of 16.7 % of study sample individuals the directors, strongly agree on the item (Many obstacles exist, facing the bank management in using speculation funding formulas), while we found that 54.2 % of them, agree to this, and 6.3 % of them, have chosen to be neutral in their answers. And 12.5 % disagree, and 10.4 % strongly disagree, and we observed that the means value is equal to 3.542 which is bigger than the value of the standard mean value

(3). The results indicate that the standard deviation of this item is 1.22. Moreover we observe that the p-value of t-test is equal to 0.002 which is less than significant value 0.05. This indicates that Directors agree on this item.

We also found that 22.9 % of the study sample individuals strongly agree on the item (Lack of culture about the use of Islamic funding formulas policies such as speculation, as new formula in the Libyan environment, which represents a challenge for the Bank management and the Libyan businessmen), whereas we observed that 43.8 % of them agree to this. 12.5 % of them have chosen to be neutral in their answers. 16.7 % of them disagree, while 4.2 % of them strongly disagree. We observed that the means value is equal to 3.646 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.139. Moreover we observe that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Directors agree on this item.

We observed that 18.8 % of the study sample individuals, strongly agree on the item (Lack of rationalization and preparation and then the gradual transformations by the Bank management for the adoption of Islamic funding policies “speculation, which represents an obstacle for the Libyan businessmen), while we found that 52.1 % of them agree to this. 10.4 % of them, have chosen to be neutral in their answers. 12.5 % of them disagree, while 6.3 % of them strongly disagree, and we observed that the means value is equal to 3.646 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.12, moreover we observe that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Directors agree on this item.

We observed that 25% of the study sample individuals, strongly agree on the item (The difference of opinions of some scholars about the mechanisms of application of Islamic funding formula “speculation” represents one of the obstacles in the use of this type of funding), while we found that 47.9 % of them agree to this and 4.2 % of them have chosen to be neutral in their answers. 10.4 % of them disagree, while 12.5%

of them strongly disagree. We observed that the means value is equal to 3.625 which is bigger than the value of the standard mean value (3). The results indicate that the standard deviation of this item is 1.315. Moreover we observe that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Directors agree on this item.

We observed that 14.6% of the study sample individuals, strongly agree on the item (Sometimes the speculation finding formula may be in appropriate for the nature of the activity of some Libyan businessmen), whereas we found that 41.7 % of them agree to this. 12.5 % of them have chosen to be neutral in their answers. 16.7 % of them disagree, while 14.6 % of them strongly disagree. We observed that the means value is equal to 3.25 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.313. In addition to that we observe that the p-value of t-test is equal to 0.097 which is more than significant value 0.05. This indicates that some Directors agree on this item.

We observed that 18.8 % of the study sample individuals, strongly agree on the item (The limited used of this type of funding due to the high risks and the low revenues for the Bank), while we found that 27.1% of them agree to this. 6.3% of them have chosen to be neutral in their answers. 31.2 % of them disagree, while 16.6% of them strongly disagree. We observed that the means value is equal to 3 which is equal to the value of the standard mean value (3). The results show that the standard deviation of this item is 1.429, moreover we observe that the p-value of t-test is equal to 1 which is more than significant value 0.05. this indicates that some Directors agree on this item.

Also, 4.2% of the study sample individual, strongly agree on the item (The ethical non- compliance of some customers with the provisions of the contract with the Bank about the speculation investment formula), while, 18.8% of them agree to that, and 10,4 % of them, have chosen to be neutral in their answers. While 43.8 % of them disagree, and 22.9 % strongly disagree, and we observed that the means value is equal to 2.375 which is less than the value of the standard mean value (3), and the results show

that the standard deviation of this item is 1.16, moreover we observe that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Directors disagree on this item.

We also found that 4.2 % of the study sample individuals, strongly agree on the item (The delay of payment by some customers, which affects the reputation of other customers of the Bank and may negatively affect the feasibility of the speculation investment formula of the Bank and its customers), while 18.8 % of them agree to that. 14.6% of them have chosen to be neutral in their answers. 22.9 % of them disagree, while 39.6% of them strongly disagree. We observed that the means value is equal to 2.25 which is less than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.28, moreover we observe that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that directors disagree on this item.

We observed that 6.3 % of the study sample individuals, strongly agree on the item (The role of the Bank may be limited to its role as a financial mediator focusing on the recovery of funds and interests, irrespective of the extent the customers use of the funds in the investment activity or not), while we found that 16.7 % agree to this. 12.5 % of them have chosen to be neutral in their answers. 45.8 % of them disagree, while 18.8% of them strongly disagree. We observed that the means value is equal to 2.458 which is less than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.66. Moreover we observe that the p-value of t-test is equal to 0.001 which is less than significant value 0.05. This indicates that some directors agree on this item.

We also found that 25% of the study sample individuals, strongly agree on the item (The customer may be obligated by the Bank to provide specific samples or machineries or equipments for the use of the speculation capital), while we found that 47.9 % agree to this. 4.2 % of them have chosen to be neutral in their answers. 10.4 % of them disagree while 12.5 % of them strongly disagree, and we observed that the means

value is equal to 3.542 which is more than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.473. Furthermore we observe that the p-value of t-test is equal to 0.007 which is less than significant value 0.05. This indicates that Directors agree on this item.

We also found that 8.3 % of the study sample individuals strongly agree on the item (The current legal environment in the Libyan state is unqualified and hinders the ability of the Bank to apply the speculation formula), while 12.5 % of them agree to that. 16.6 % of them, have chosen to be neutral in their answers. 45.8 % of them strongly disagree and 16.7 % of them disagree and we observed that the means value is equal to 2.5 which is less than the value of the standard mean value (3). The results point out that the standard deviation of this item is 1.167. What's more we observe that the p-value of t-test is equal to 0.002 which is less than significant value 0.05. This indicates that Directors disagree on this item.

We observed that 18.8 % of the study sample individuals strongly agree on the item (The weakness of the role of the propagation policies in the bank for introducing the interests and benefits of using the Islamic funding formula "speculation", which represents a challenge facing the Libyan businessmen), while 52.1 % of them agree to the, and 10.4 % of them have chosen to be neutral in their answers, and 12.5 % disagree whereas 6.3% of them strongly disagree. We observed that the means value is equal to 3.646 which is more than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.12. Furthermore we observe that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Directors agree on this item.

We also found that 6.3 % of study sample individual, strongly agree on the item (The lack awareness of the Bank management of the significance of religious motive in the success of the previous Islamic Banking system, sharing system" which represents a challenge for the Libyan businessmen in using the speculation Islamic formula), while 12.5% agree to this. 10.4% of them have chosen to be neutral in their answers, while

25.1% of them disagree. 18.8 % of them strongly disagree. We observed that the means value is equal to 2.354 which is less than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.12. Moreover we observe that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Directors disagree on this item.

We observed that 16.7 % of study sample individual , strongly agree on the item (The current political conditions and recession taken place in the local market represents one of the obstacles facing the use of“ speculation” as a funding Islamic as an alternate for usurious interests to the Bank and its customers), while 47.9 % agree to this. 6.3 % of them have chosen to be neutral in their answers, while 18.8 % of them disagree, and 10.4 % of them strongly disagree, and we observed that the means value is equal to 3.417 which is more than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.269, moreover we observe that the p-value of t-test is equal to 0.014 which is less than significant value 0.05. This demonstrates that Directors agree on this item.

From the above mentioned, it's clear that are some challenge facing the Bank management to use the Islamic investment formula“ speculation” from the viewpoints of the“ managers” represented in the lack of enlighten about the use of the Islamic funding formulas policies such as the speculation. The use of such systems in the Libyan environment is relatively new, as well as the lack of nationalization and preparation. Consequently, the gradual transformation by the management to adopt the Islamic funding policies“ speculation” in addition to be difference in the opinions of some scholars in the mechanism of the application of the Islamic funding formula “speculation” which represents one of the obstacles facing the use of such type of funding. Sometimes, the speculation funding formula is not appropriate to the nature of the activity of some Libyan businessmen. Some of them are of opinion that the use of this type of funding is limited due to its high risks and low returns to the Bank. Binding the customer by the Bank to use the speculation capital in the selection of certain offers or machineries or equipments, and also, the weak role of the propagation policies in the

introduction of interests and benefits of the use of the Islamic funding formula policies “speculation”, which represents a challenge facing the Libyan businessmen. Over and above the current political conditions and the recession taken place in the local market which represents one of the obstacles facing the use of speculation as an Islamic funding formula instead of the usurious interests “for the Bank and its customers”.

Second: The Availability of Incentives Encouraging the Bank Management to Use the Islamic Investment Formula.

Table (3.15) descriptive statistic, p-value for the extent of availability of incentives encouraging the Bank management to use the Islamic investment formula

S.N	Expressions		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Standard deviation	p- value
1	The Libyan market investment reality represents an incentive to the Bank to adopt speculation investment formula to the local companies and businessmen	No.	7	20	6	8	7	3.25	1.313	0.194
		%	14.6	41.7	12.5	16.7	14.6			
2	Do you think that speculation funding formula is feasible to the Bank and investor not less than the Bank experiment in adopting the sharing formula	No.	8	23	3	9	5	3.42	1.269	0.028
		%	16.7	47.9	6.3	18.8	10.4			
3	The use of speculation formula as an investment tool is efficient and effective tool as an alternative for the cancellation of usurious interests.	No.	9	25	5	6	3	3.65	1.12	0.000
		%	18.8	52.1	10.4	12.5	6.3			
4	Transacting in speculation formula m represents lower risk rates than the sharing formula for each of the Bank and Libyan businessmen.	No.	6	19	8	8	7	3.19	1.283	0.316
		%	12.5	39.6	16.7	16.7	14.6			

5	Transacting in speculation formula , represents a variety in the application of the Islamic investment formulas in the Bank and provide many investment opportunities for the customers and Libyan businessmen	No.	12	23	2	5	6	3.63	1.315	0.002
		%	25	47.9	4.2	10.4	12.5			
6	The adoption of speculation formula is the best investment formula for achieving justice in the distribution of revenues and profits between the Bank and the Libyan businessmen	No.	10	23	4	4	7	3.52	1.321	0.009
		%	20.8	47.9	8.3	8.3	14.6			
7	The uses of the resources and the ideal exploitation of the same can be rationalized within the shadow of the adoption of the speculation formula	No.	11	21	6	8	2	3.65	1.139	0.000
		%	22.9	43.8	12.5	16.7	4.2			
8	The speculation funding formula is the best of the Islamic funding formulas for the Bank now, and provide good returns	No.	7	19	6	8	8	3.19	1.347	0.34
		%	14.6	39.6	12.5	16.7	16.7			
9	These exists essential differences between speculation funding formula and the traditional funding and the speculation funding formula is more flexible and effective in achieving the objectives of the Bank and customers	No.	13	15	8	9	3	3.54	1.254	0.004
		%	27.1	31.3	16.7	18.8	6.3			
10	The speculation funding formula does not require the businessmen to provide guarantees to the partner Bank	No.	2	5	7	26	8	2.31	1.014	0.000
		%	4.2	10.4	14.6	54.2	16.7			
11	The businessmen are not bound to recover the capital t the partner Bank except in case of default	No.	13	15	8	9	3	3.54	1.254	0.004
		%	27.1	31.3	16.7	18.8	6.3			
12	This type of funding reflects positively on the financial position of the Bank and increases the investors number	No.	13	9	9	10	7	3.23	1.433	0.274
		%	27.1	18.8	18.8	20.8	14.6			
13	The speculation funding formula opportunities provide by the bank is described to be simple and flexible procedures	No.	12	22	3	6	5	3.63	1.282	0.001
		%	25	45.8	6.3	12.5	10.4			

From Table (3.15)

It was found that 14.6 % of the study sample individuals“ directors” strongly agree on the item (The Libyan market investment reality represents an incentive to the Bank to adopt speculation investment formula to the local companies and businessmen), while 41.7 % agree to that, and 12.5 % of them have chosen to be neutral in their answers. 16.7 % disagree. 14.6 % strongly disagree. We witnessed that the means value is equal to 3.25 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.313, moreover we observe that the p-value of t-test is equal to 0.194 which is more than significant value 0.05. This indicates that some Directors agree on this item.

Also, it was found that 16.7 % of the study sample individuals, strongly agree on the item (Do you think that speculation funding formula is feasible to the Bank and investor not less than the Bank experiment in adopting the sharing formula), while 47.9 % of them agree to that. 6.3 % of them preferred to be neutral in their answers, and 18.8 % disagree, and 10.4 % of them strongly disagree, and we observed that the means value is equal to 3.42 which is bigger than the value of the standard mean value (3). Tthe results show that the standard deviation of this item is 1.269. Moreover we observe that the p-value of t-test is equal to 0.028 which is less than significant value 0.05. This indicates that Directors agree on this item.

We also found that 18.8 % of the study sample individuals strongly agree on the item (The use of speculation formula as an investment tool is efficient and effective tool as an alternative for the cancellation of usurious interests). 52.1 % of them agree to that. 10.4% were neutral in their answers, while 12.5 % disagree and 6.3 % strongly disagree. We noticed that the means value is equal to 3.65 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.12. What’s more we observe that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Directors agree on this item.

We also found that 12.5 % of the study sample individuals strongly agree on the item (Transacting in speculation formula m represents lower risk rates than the sharing formula for each of the Bank and Libyan businessmen), while 39.6 % of them agree to that. 16.7 % were neutral in their answers, and 16.7 % disagree, while 14.6 % of them strongly disagree, and we noticed that the means value is equal to 3.19 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.283, moreover we notice that the p-value of t-test is equal to 0.316 which is more than significant value 0.05. This indicates that some Directors agree on this item.

We also found that 25 % of the study sample individuals, strongly agree on the item (Transacting in speculation formula, represents a variety in the application of the Islamic investment formulas in the Bank and provide many investment opportunities for the customers and Libyan businessmen), while 47.9 % agree to this, 4.2 % were neutral in their answers, 10.4 % disagree. 12.5 % strongly disagree, and we noticed that the means value is equal to 3.63 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.315. What's more we notice that the p-value of t-test is equal to 0.002 which is less than significant value 0.05. This indicates that Directors agree on this item.

We observed that 20.8 % of the study sample individuals strongly agree on the item (The adoption of speculation formula is the best investment formula for achieving justice in the distribution of revenues and profits between the Bank and the Libyan businessmen), while 47.9 % of them agree to this, 8.3 % were neutral in their answers, 8.3% disagree and 14.6 % strongly disagree, and we observed that the means value is equal to 3.52 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.321. Moreover we observe that the p-value of t-test is equal to 0.009 which is less than significant value 0.05. This indicates that Directors agree on this item.

We also found that 22.9 % of the study sample individuals, strongly agree on the item (The uses of the resources and the ideal exploitation of the same can be rationalized within the shadow of the adoption of the speculation formula). 43.8 % agree to that, 12.5 % were neutral in their answers. 16.7 % disagree and 4.2 % strongly disagree. We witnessed that the means value is equal to 3.65 which is bigger than the value of the standard mean value (3). The results point out that the standard deviation of this item is 1.139. Moreover we notice that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Directors agree on this item.

It was found that 14.6 % of the study sample individuals, strongly agree on the item (The speculation funding formula is the best of the Islamic funding formulas for the Bank now, and provide good returns). 39.6 % agree to this, 12.5 % were neutral. 16.7 % disagree and 16.7 % strongly disagree, and we observed that the means value is equal to 3.19 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.347, moreover we observe that the p-value of t-test is equal to 0.34 which is more than significant value 0.05. This indicates that some Directors agree on this item.

We also found that 27.1 % of the study sample individuals, strongly agree on the item (These exists essential differences between speculation funding formula and the traditional funding and the speculation funding formula is more flexible and effective in achieving the objectives of the bank and customers). 31.3 % of them agree to this, 16.7% were neutral, 18.8 % disagree. 6.3 % strongly disagree. We noticed that the means value is equal to 3.54 which is bigger than the value of the standard mean value (3), and the results show that the standard deviation of this item is 1.254. Moreover we notice that the p-value of t-test is equal to 0.004 which is less than significant value 0.05. This indicates that Directors agree on this item.

We observed that 4.2% of the study sample individuals, strongly agree on the item (The speculation funding formula does not require the businessmen to provide guarantees to the partner Bank). 10.4 % agree to this, 14.6 % were neutral, 54.2 %

disagree and 16.7 % strongly disagree, and we noticed that the means value is equal to 2.31 which is less than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.014. Furthermore we notice that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Directors disagree on this item.

Also, 27.1% of the study sample individuals, strongly agree on the item (The businessmen are not bound to recover the capital of the partner Bank except in case of default). 31.3 % of them agree to this, 16.7 % were neutral, 18.8 % disagree and 6.3 % strongly disagree, and we observed that the means value is equal to 3.54 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.254. Moreover we observe that the p-value of t-test is equal to 0.004 which is less than significant value 0.05. This indicates that Directors agree on this item.

We also found that 27.1% of the study sample individuals, strongly agree on the item (This type of funding reflects positively on the financial position of the Bank and increases the investors number). 18.8 % agree to this and 18.8 % were neutral, 20.8 % disagree and 14.6 % strongly disagree. We observed that the means value is equal to 3.23 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.433. Moreover we observe that the p-value of t-test is equal to 0.274 which is more than significant value 0.05. This indicates that some Directors agree on this item.

Finally 25 % of the study sample individuals, strongly agree on the item (The speculation funding formula opportunities provide by the Bank is described to be simple and flexible procedures), 45.8 % agree to that, 6.3 % were neutral, 12.5 % disagree, 10.4 % strongly disagree, and we observed that the means value is equal to 3.63 which is bigger than the value of the standard mean value (3). The results demonstrate that the standard deviation of this item is 1.282. Furthermore we observe that the p-value of t-

test is equal to 0.001 which is less than significant value 0.05. This indicates that Directors agree on this item.

From the above mentioned, it was found that there are incentives encouraging the Bank management to use the Islamic investment formula“ speculation” from the viewpoints of the “ directors”. Some of them believe that the investment reality in the Libyan market constitutes an incentive to the Bank to adopt the speculation investment formula with the businessmen and local companies. Others are of opinion that the speculation funding formula is feasible for the Bank and investor not less than the Bank experiment in adopting the sharing formula. Adoption of the speculation as an investment tool is efficient and effective alternate for the cancellation of usurious interest. Speculation formula transacting is less risks than the sharing formula “Murabaha” for the Bank and Libyan businessmen, and is the best Islamic funding formula for the Bank and achieving good returns and there are essential differences between the speculation funding formula and traditional funding. The speculation funding formula is more flexible and effective in achieving the objectives of the Bank and customers. The businessmen are not bound to recover the capital to the partner Bank except in the event of default. This type of funding shall effect positively the bank financial position and increases the investors number. The speculation finding formula opportunities granted by the Bank are procedurally flexible and simple.

Third: The Satisfaction of the Bank Management and Libyan Businessmen to Use the Islamic Investment Formula “Speculation”.

Table (3.16) Descriptive Statistic, P-Value For The Extent of Satisfaction of The Bank Management to Use The Islamic Investment Formula

S.N	Expressions		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Standard deviation	p- value
1	The Bank management is satisfied that the speculation funding is considered as one of the most important alternative Islamic investment formulas.	No.	13	15	8	9	3	3.54	1.254	0.004
		%	27.1	31.3	16.7	18.8	6.3			
2	the speculation funding is the distribution of profits and in during risks between the Bank and its customers in term of capital and effort.	No.	12	23	2	5	6	3.63	1.315	0.002
		%	25	47.9	4.2	10.4	12.5			
3	It is expected that speculation funding formula is better than the traditional funding previously adopted and based on the predetermined fixed rates of interest.	No.	11	21	6	8	2	3.65	1.139	0.000
		%	22.9	43.8	12.5	16.7	4.2			
4	The type of funding represents a motive towards achieving a balance in the selection and funding the legitimate investment projects which are feasible to satisfy the needs of the community “ for the bank and customers”	No.	9	25	5	6	3	3.65	1.12	0.000
		%	18.8	52.1	10.4	12.5	6.3			
5	This type of funding represents the guiding based direction towards the feasible investment projects serving the community interests and achieving economical organization for the bank and customers.	No.	10	23	4	4	7	3.52	1.321	0.009
		%	20.8	47.9	8.3	8.3	14.6			

6	The speculation funding is one of alternatives relatively modern and new in the local environment which provides the variety of the investment opportunities and enables the expansion in the investment of the Bank assets.	No.	15	13	3	9	8	3.38	1.511	0.092
		%	31.3	27.1	6.3	18.8	16.7			
7	Believe that the Bank is fully satisfied to deal and use the Islamic investment formula “speculation” in financing the projects of the Bank’s customers from the investors.	No.	13	15	8	9	3	3.54	1.254	0.004
		%	27.1	31.3	16.7	18.8	6.3			
8	The speculation funding achieves growth and expansion to the Bank and increases its competitive position in the local market.	No.	8	26	5	6	3	3.63	1.104	0.000
		%	16.7	54.2	10.4	12.5	6.3			
9	The success of the experiment in the use of sharing funding formula provides an incentive to adopt the speculation funding formula.	No.	14	13	3	10	8	3.31	1.504	0.157
		%	29.2	27.1	6.3	20.8	16.7			
10	The Bank reputation and financial position strength of the same was due to the full satisfaction to use the Islamic speculation investment formula.	No.	14	21	2	5	6	3.67	1.342	0.001
		%	29.2	43.8	4.2	10.4	12.5			

From table no (3.16)

It was found that 27.1 % of the study sample individuals “directors” strongly agree on the item (The Bank management is satisfied that the speculation funding is considered as one of the most important alternative Islamic investment formulas). 31.3 % of them agree to this, 16.7 % neutral answers, 18.8 % disagree and 6.3 % strongly disagree. We noticed that the means value is equal to 3.54 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.254. Moreover we notice that the p-value of t-test is equal to 0.004 which is less than significant value 0.05. This demonstrates that Directors agree on this item.

We also find that it was found that 25 % of the study sample individuals strongly agree on the item (the speculation funding is the distribution of profits and in during risks between the bank and its customers in term of capital and effort). 47.9 % of them agree to this, 4.2% neutral answers, 10.4 % disagree, 12.5 % strongly disagree. We observed that the means value is equal to 3.63 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.315. What's more we observe that the p-value of t-test is equal to 0.002 which is less than significant value 0.05. This indicates that Directors agree on this item.

We observed that 22.9 % of the study sample individuals strongly agree that on the item (It is expected that speculation funding formula is better than the traditional funding previously adopted and based on the predetermined fixed rates of interest). 43.8% of them agree to this, 12.5 % neutral answers, 16.7 % disagree and 4.2 % strongly disagree, and we observed that the means value is equal to 3.65 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.139. Moreover we notice that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Directors agree on this item.

Also, 18.8% of the study sample individuals strongly agree on the item (The type of funding represents a motive towards achieving a balance in the selection and funding the legitimate investment projects which are feasible to satisfy the needs of the community“ for the Bank and customers”). 52.1% of them agree to this, 10.4 % neutral answers, 12.5 % disagree and 6.3 % strongly disagree, We witnessed that the means value is equal to 3.65 which is bigger than the value of the standard mean value (3), and the results show that the standard deviation of this item is 1.12. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Directors agree on this item.

We observed that, 20.8 % of the study sample individuals strongly agree on the item (This type of funding represents the guiding based direction towards the feasible investment projects serving the community interests and achieving economical

organization for the Bank and customers). 47.9 % of them agree to this, 8.3 % neutral answers, 8.3% disagree and 14.6 % strongly disagree, and we observed that the means value is equal to 3.52 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.32. Furthermore we observe that the p-value of t-test is equal to 0.009 which is less than significant value 0.05. This indicates that Directors agree on this item.

We also find that 31.3 % of the study sample individuals strongly agree on the item (The speculation funding is one of alternatives relatively modern and new in the local environment which provides the variety of the investment opportunities and enables the expansion in the investment of the Bank assets). 27.1 % of them agree to this, 6.3 % neutral answers, 18.8 % disagree and 16.7 % strongly disagree. We observed that the means value is equal to 3.38 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.511. Moreover we observe that the p-value of t-test is equal to 0.092 which is more than significant value 0.05. This indicates that some Directors agree on this item.

We observed that, 27.1% of the study sample individuals strongly agree on the item (Believe that the Bank is fully satisfied to deal and use the Islamic investment formula “speculation” in financing the projects of the Bank’s customers from the investors). 31.3 % of agree to this, 16.7 % neutral answers, 18.8 % disagree and 6.3 % strongly disagree, and we observed that the means value is equal to 3.54 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.254. In addition to this we observe that the p-value of t-test is equal to 0.004 which is less than significant value 0.05. This indicates that Directors agree on this item.

Also, 16.7% of the study sample individuals strongly agree on the item (The speculation funding achieves growth and expansion to the Bank and increases its competitive position in the local market). 54.2 % of them agree to this, 10.4% neutral answers, 12.5 % disagree and 6.3 % strongly disagree. And we noticed that the means

value is equal to 3.63 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.104. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Directors agree on this item.

We observed that 29.2 % of the study sample individuals strongly agree on the item (The success of the experiment in the use of sharing funding formula provides an incentive to adopt the speculation funding formula). 27.1 % of them agree to this 6.3 % neutral answers, 20.8 % disagree and 16.7 % strongly disagree. We observed that the means value is equal to 3.31 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.504. Moreover we observe that the p-value of t-test is equal to 0.157 which is more than significant value 0.05. This indicates that some Directors agree on this item.

Finally; 29.2 % of the study sample individuals strongly agree on the item (The Bank reputation and financial position strength of the same was due to the full satisfaction to use the Islamic speculation investment formula). 43.8 % of them agree to this, 4.2% neutral answers, 10.4 % disagree, 12.5 % strongly disagree. We noticed that the means value is equal to 3.67 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.342. What's more we observed that the p-value of t-test is equal to 0.001 which is less than significant value 0.05. This demonstrates that Directors agree on this item.

From the above mentioned, it was clear the Bank management is satisfied to use the Islamic investment formula "speculation" in the managers viewpoints, because of the belief that the speculation funding formula is one of the most important alternative Islamic investment formulas for the usurious interests, and achieving justice in distribution of profits and in durance of risks between the Bank and its customers. They expert that the speculation funding is better than the traditional funding previously applied which is based on predetermined fixed rate of interest and achieving balance in the selection. Funding of legitimate investment projects for the satisfaction of the

community needs “to the Bank and its customers” and considered as one of the alternative Islamic investment formulas relatively new in the local environment. Achieving the variety of investment opportunities makes available the expansion in the investment of the Bank’s assets.

The Bank’s management is fully satisfied to use the Islamic investment formula “speculation” in funding its customers projects from the investor’s. Achieving the Bank growth and expansion increase its competitive position in the local market. The success of the bank in the use of interest funding formula motivated the bank to use the speculation funding experiment. The reputation of the bank and strength of its financial position generated the full satisfaction of the Bank to use the speculation Islamic investment formula.

3.3.2. Presentation and Analysis of Customers (Libyan Businessmen) Data

For the identification of some specifics of the study individuals some demographic specifications of the Bank’s customers were analyzed such as the activity type, scientific qualification, business period with the Bank.

3.3.2.1 Customers Demographic Specific

1- Type Of Activity Exercised in Your Work Organization

Table (3.17) Explains The Repetitive Distribution of The Activity Type Variable

Activity	Repetition	Percentage
Production	6	7.5%
Marketing	74	92.5%
Total	80	100.0%

It was found in the above table, that the variable of the activity type exercised in your work organization, the percentage of the marketing activity type is highest

percentage scoring (92.5 %) while the percentage of the production activity is the lower percentage, scoring 7.5 %.

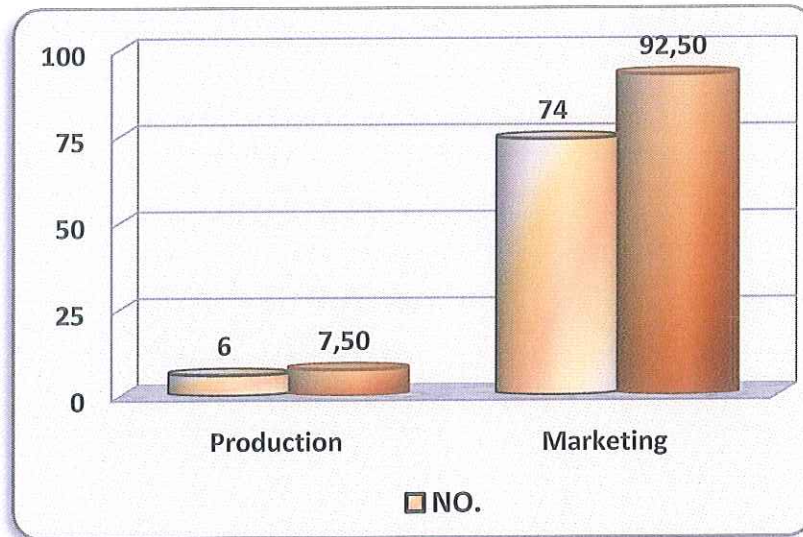


Figure (3.6) Repetitive Distribution and Percentage of Activity Type

2- Work Experience Period I the Fields

Table (3.18) explain the repetitive distribution of the variable of the work experience period in the field

Work experience period	Repetition	Percentage
Less than 5 years	7	8.75
From 5 to less than 10 years	28	35
From 10 to less than 15 year	32	40
From 15 years and above	13	16.25
Total	80	100%

It was observed from the above table that the available of the work experience period in the field, the 10 to less than 15 years work period is the higher percentage scoring 40.0 % followed by the 5 to less than 10 years work period. It is the second and

scoring 35.0 % . The work period from 15 and above is the thirds scoring 16.2 % and the work period less than 5 years, is the lowest scoring 8.8%.

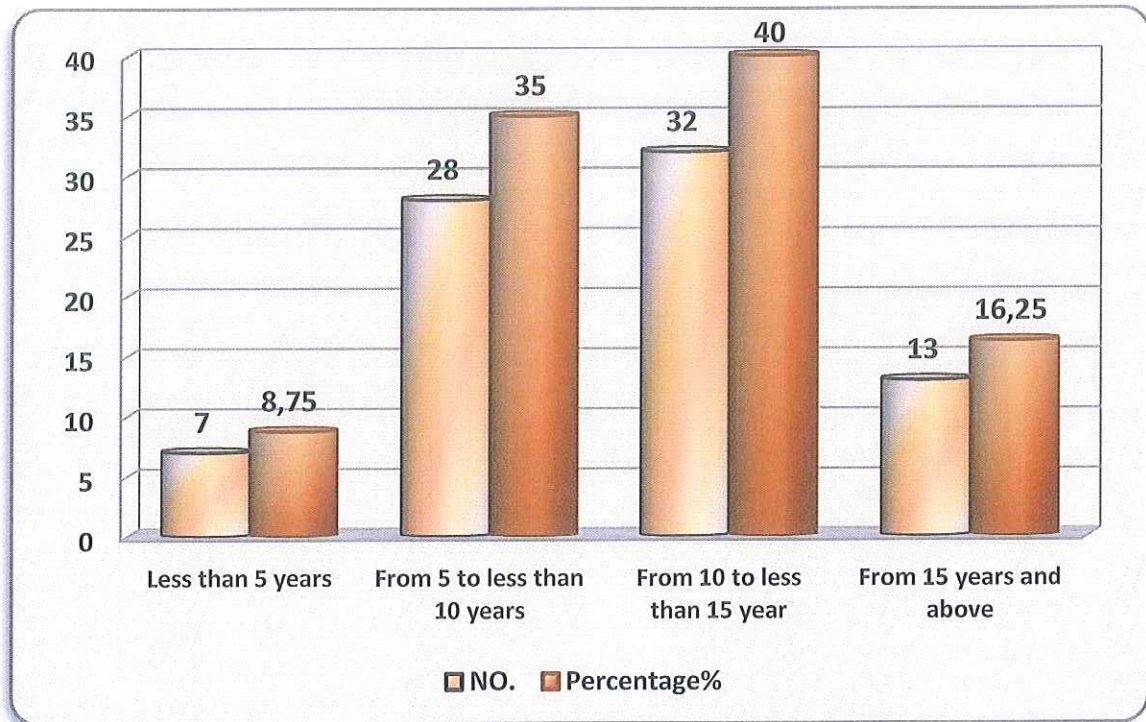


Figure (3.7) Repetitive Distribution and Percentage Of Experience Period in the Work

1- Scientific Qualification

Table (3.19): explain the repetitive distribution of the scientific qualification variable

Scientific qualification	Repetition	Percentage
PhD	4	5
Master	8	10

Bachelor / licentiate	36	45
Higher Diploma	17	21.25
Intermediate Diploma	7	8.75
General secondary	8	10
Total	80	100

From the above table, it was found that in the variable of the scientific qualification, the bachelor/ licentiate degree, has scored the highest percentage “ 45.0 % “ followed by higher diploma scoring 21.2 % and then the master degree and general secondary scoring 10.0 % for each and the PhD is the last scoring 5.0 % .

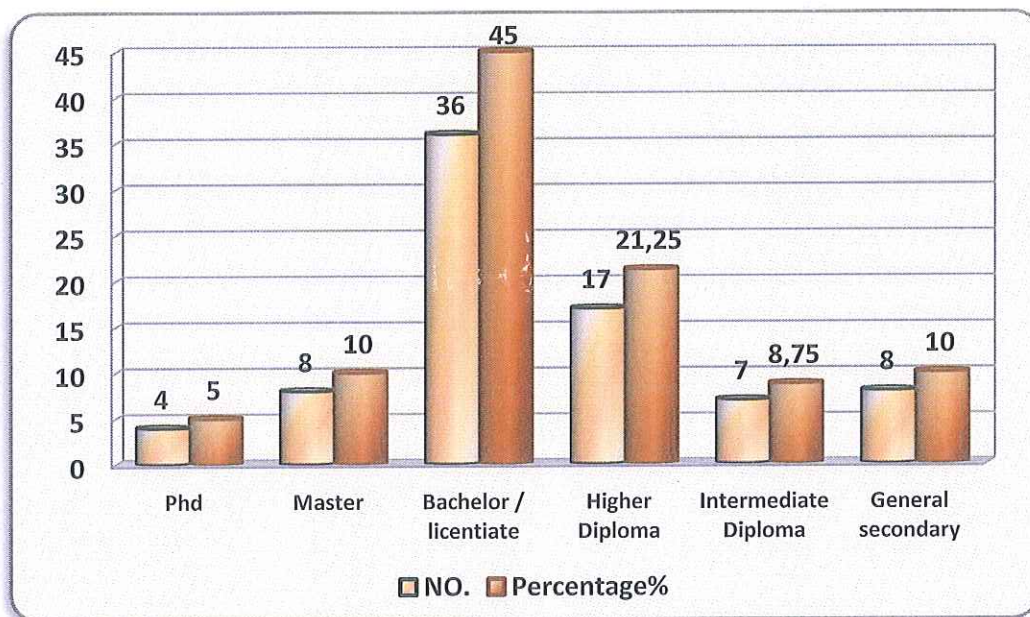


Figure (3.8) Repetitive Distribution and Percentage of Scientific Qualification

4- Business Period with Jamhouria Bank

Table (3.20) explains the repetitive distribution of the period variable

Period	Repetition	Percentage
Less than one year	8	10
From 1 year to less than 5 years	21	26.25
From 5 to less than 10 years	23	28.75
From 10 to less than 15 years	12	15
From 15 to less than 20 years	11	13.75
From 20 to less than 25 years	7	8.75
From 25 years and above	8	10
Total	80	100

From the above table, it was found that in the variable of the time period variable during which the business activity is exercised with Jamhouria Bank. The period of “from 5 to 10 years” scored the highest percentage, 28.8 % following by the period of “from one year to less than 5 years” scored the 26.1 %. Then the period from 10 to less than 15 years scoring 15.0% .The last is the period from 25 years and above scoring 7.5 %.

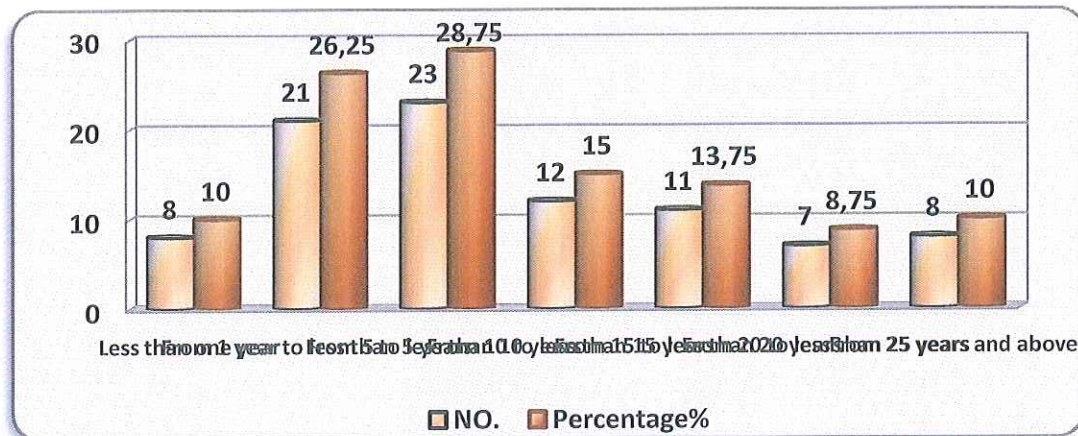


Figure (3.9) Repetitive Distribution and Percentage of Transaction Period with Jamhouriya Bank

5- Have you previously dealt with Jamhouria Bank in Islamic investment formulas using usury interest formula?

Table (3.21) explains the distribution of the variable of business with Jamhouria Bank in usury interest formula

Have you dealt with Jamhouria Bank in (Murabaha) formula	Repetition	Percentage
No	0	0%
Yes	80	100.0%
Total	80	100%

From the above table, it was found that in the variable of business exercise with Jamhouria Bank in usury formula “Murabaha” all answers were “yes” and in (100 %).

6- Do you think that the adoption of the Islamic investment formulas in “Murabaha” system with Jamhouria Bank, has achieved success and represents an incentive for the Libyan investors and feasible ?

Table (3.22) explains that the repetitive distribution of the variable of the Islamic investment formula, has achieve success

The adoption of the Islamic investment formula in (Murabaha) has achieved success	Repetition	Percentage
No	0	0%
Yes	80	100.0%
Total	80	100%

From the above table, it was found that in the variable of the adoption of the Islamic investment formulas in (Murabaha) system 11 has achieved success and represents an incentive for the Libyan investors and feasible, all answers were “yes “and in 100%.

7- Have you knowledge about the concept and mechanisms of the application of Islamic investment formulas “speculation” as investment alternate for the usurious loan?

Table (3.23) explains the repetitive distribution of the variable of the knowledge of the application Islamic investment formulas “speculation” concept and mechanism

Knowledge of the application of the Islamic investment formula “ speculation “ concept and mechanisms	Repetition	Percentage
No	16	20%
Yes	64	80%
Total	80	100%

Form the above table; it was found that in the variable of the knowledge of the concept of the application of the Islamic. Investment formula “speculation” as investment alternates for the usurious loans the “yes answers” is the highest percentage scoring “80 %” while the “No answers” is the lower percentage scoring 20 % .

8- Do you think that the adoption of Islamic investment formula “speculation” enhance the Bank’s good competitive position among the other Libyan commercial Banks?

Table (3.24) explains the repetitive distribution of the variable of the adoption of the Islamic investment formulas “speculation” enhance the Bank’s good competitive position

the adoption of the Islamic investment formulas “speculation” enhance the bank’s good competitive position	Repetition	Percentage
No	0	0%
Yes	80	100%
Total	80	100%

From the above table, it was found that, in variable of the adoption of the Islamic investment formulas “speculation” enhances the Bank’s good competitive position; all answers were “yes” and in “100 %.

9- Do you think that the adoption of the Islamic investment formulas “speculation” attracts many Libyan new investors?

Table (3.25) explains the repetitive distribution of the variable of the adoption of the Islamic investment formulas” speculation” in attracting many new Libyan investors to the Bank

the adoption of the Islamic investment formulas attracting many new Libyan investors to the Bank	Repetition	Percentage
---	-------------------	-------------------

No	0	0%
Yes	80	100%
Total	80	100%

From the above table, it was found that, in variable of the adoption of the Islamic investment formulas” speculation” attracting many new Libyan investors to the bank all answers we yes and in 100 %.

10- Do you think there will be high demand by the customers on the use of “speculation” investment formulas?

Table (3.26) explains the repetitive distribution of the variable of the customers high demand on the use of “speculation” investment formula

There will be high demand by the customers on the use of “speculation” investment formulas?	Repetition	Percentage
No	0	0%
Yes	80	100%
Total	80	100%

From the above table, it was found that, in variable of whether there will be high demand from the customers for the use of “ speculation” investment formula, all answers were “ yes” and 100 %.

3.3.1.2. Libyan Businessmen Data Analysis

To determine respondents' agreement on each item of the study, one sample T-Test was used. The respondents agree on the item if the average is greater than (3). The statistical significance is less than 0.05. The respondents disagree on the item if the average is less than (3) The statistical significance is less than 0.05, while the acceptance level was moderate on the item if the value of the statistical significance is greater than 0.05.

First: The Obstacles that may face the use of speculation formula for funding projects.

Table no. (3.27) descriptive statistic, p-value for the extent of existence of obstacles facing the Libyan businessmen in using the Islamic investment formula

S.N	Expressions		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Standard deviation	p- value
1	Many obstacles exist, facing the Bank management in using speculation funding formulas	No.	25	47	8	0	0	4.21	0.61	0.000
		%	31.3	58.8	10	0	0			
2	Lack of culture about the use of Islamic funding formulas policies such as speculation, as new formula in the Libyan environment , which represents a challenge for the bank management and the Libyan businessmen	No.	21	52	7	0	0	4.18	0.569	0.000
		%	26.3	65	8.8	0	0			
3	Lack of rationalization and preparation and then the gradual transformations by the bank management for the adoption of Islamic funding policies “ speculation, which	No.	7	57	9	7	0	3.8	0.719	0.000
		%	8.8	71.3	11.3	8.8	0			

	represents an obstacle for the Libyan businessmen									
4	The difference of opinions of some scholars about the mechanisms of application of Islamic funding formula “speculation” represents one of the obstacles in the use of this type of funding	No.	23	21	9	9	18	3.28	1.542	0.115
		%	28.8	26.3	11.3	11.3	22.5			
5	Sometimes the speculation finding formula may be in appropriate for the nature of the activity of some Libyan businessmen	No.	26	44	10	0	0	4.2	0.644	0.000
		%	32.5	55	12.5	0	0			

6	The limited used of this type of funding due to the high risks and the low revenues for the bank	No.	16	57	7	0	0	4.11	0.528	0.000
		%	20	71.3	8.8	0	0			
7	The ethical non-compliance of some customers with the provisions of the contract with the bank about the speculation investment formula	No.	32	48	0	0	0	4.4	0.493	0.000
		%	40	60	0	0	0			
8	The delay of payment by some customers, which affects the reputation of other customers of the bank and may negatively affect the feasibility of the speculation investment formula of the bank and its customers	No.	32	32	7	9	0	4.09	0.97	0.000
		%	40	40	8.8	11.3	0			
9	The role of the bank may be limited to its role as a financial mediator focusing on the recovery of funds and interests, irrespective of the extent the customers use of the funds in the investment activity or not	No.	18	55	3	0	4	4.04	0.849	0.000
		%	22.5	68.8	3.8	0	5			
10	The customer may be obligated by the bank to provide specific samples or machineries or equipments for the use of the speculation capital	No.	14	25	7	34	0	3.24	1.183	0.076
		%	17.5	31.3	8.8	42.5	0			
11	The current legal environment in the Libyan	No.	16	64	0	0	0	4.2	0.403	0.000

	state is unqualified and hinders the ability of the bank to apply the speculation formula	%	20	80	0	0	0			
12	The weakness of the role of Promotion polices weak role in the bank to identify advantages and disadvantages of using financing with Islamic Formulas(Speculation),something constitute challenge before Libyan businessmen policies in the businessmen	No.	16	30	18	9	7	3.49	1.191	0.001
		%	20	37.5	22.5	11.3	8.8			

13	The lack awareness of the bank management of the significance of religious motive in the success of the previous Islamic banking system, sharing system” , which represents a challenge for the Libyan businessmen in using the speculation Islamic formula	No.	7	59	14	0	0	3.91	0.508	0.000
		%	8.8	73.8	17.5	0	0			
14	The current political conditions and recession taken place in the local market represents one of the obstacles facing the use of “ speculation” as a funding Islamic as an alternate for usurious interests to the bank and its customers	No.	23	48	9	0	0	4.18	0.612	0.000
		%	28.8	60	11.3	0	0			

From table (3.27) it was found that 31.3 % of the study sample individuals “customers “strongly agree on the item (Many obstacles exist, facing the Bank management in using speculation funding formulas). 58.8 % of them agree that there are many obstacles preventing the Libyan businessmen to use the speculation formula 10 % were neutral answers. We noticed that the means value is equal to 4.21 which is bigger than the value of the standard mean value (3). The results show that the standard

deviation of this item is 0.61, moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

Also, we found that 26.3 % of the study sample individuals strongly agree on the item (Lack of culture about the use of Islamic funding formulas policies such as speculation, as new formula in the Libyan environment, which represents a challenge for the Bank management and the Libyan businessmen). 65 % of them agree that the lack of awareness in the use of the policies of the use of the Islamic funding formulas “speculation” which is relatively in the Libyan environment and representing a challenge facing both the bank management and the Libyan businessmen and 8.8 % of them were neutral in their answers. We noticed that the means value is equal to 4.18 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.569. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

We observed that 8.8 % of the study sample individuals, fully agree on the item (Lack of rationalization and preparation and then the gradual transformations by the Bank management for the adoption of Islamic funding policies “speculation, which represents an obstacle for the Libyan businessmen). 71.3 % of them agree that the lack of rationalization and preparation and consequently the gradual transformation by the Bank management to adopt the Islamic funding formulas “speculation” represents an obstacle facing the Libyan businessmen, and 11.3 % of them were neutral answers, 8.8% of them disagree, and we observed that the means value is equal to 3.8 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.719. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

We observed that 28.8% of the study sample individuals , fully agree on the item (The difference of opinions of some scholars about the mechanisms of application of Islamic funding formula “speculation” represents one of the obstacles in the use of this type of funding),26.3% of them agree, 11.3% of them were neutral answers , 11.3% of them disagree and 22.5% strongly disagree. We observed that the means value is equal to 3.28 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.542. Moreover we observed that the p-value of t-test is equal to 0.115 which is bigger than significant value 0.05. This indicates that some Customers agree on this item.

Also, we found that 32.5% of the study sample individuals, fully agree on the item (Sometimes the speculation finding formula may be in appropriate for the nature of the activity of some Libyan businessmen). 55 % of them agree, 12.5 % of them were neutral answers. We observed that the means value is equal to 4.2 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.644. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

We observed that 20 % of the study sample individuals, strongly agree on the item (The limited used of this type of funding due to the high risks and the low revenues for the Bank). 71.3 % of them agree and 8.8 % of them were neutral in their answers, and we noticed that the means value is equal to 4.11 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.528. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

Also, we found that 40% of the study sample individuals, strongly agree on the item (The ethical non- compliance of some customers with the provisions of the contract with the Bank about the speculation investment formula), 60% agree, and we noticed that the means value is equal to 4.4 which is bigger than the value of the standard mean value (3), and the results show that the standard deviation of this item is 0.493.

Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

We observed that 40 % of the study sample individuals fully agree on the item (The delay of payment by some customers, which affects the reputation of other customers of the Bank and may negatively affect the feasibility of the speculation investment formula of the Bank and its customers), 40 % agree, 8.8 % were neutral, 11.3 % of them disagree, and we observed that the means value is equal to 4.09 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.97, moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

Also, we found that 22.5 % of the study sample individuals fully agree on the item (The role of the Bank may be limited to its role as a financial mediator focusing on the recovery of funds and interests , irrespective of the extent the customers use of the funds in the investment activity or not). 68.8 % of them agree, 3.8 % of them were neutral answers, 5% of them strongly disagree , and we observed that the means value is equal to 4.04 which is bigger than the value of the standard mean value (3), and the results show that the standard deviation of this item is 0.849, moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05, this indicates that Customers agree on this item.

We observed that 17.5 % of the study sample individuals , fully agree on the item (The customer may be obligated by the Bank to provide specific samples or machineries or equipments for the use of the speculation capital). 31.3 % of them agree, 8.8 % of the neutral answers , 42.5 % disagree. We observed that the means value is equal to 3.24 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.183. Moreover we observed that the p-value of t-test is equal to 0.076 which is bigger than significant value 0.05. This indicates that some Customers agree on this item.

Also, we found that 20 % of the study sample individuals, strongly agree on the item (The current legal environment in the Libyan state is unqualified and hinders the ability of the Bank to apply the speculation formula), 80 % agree, and we observed that the means value is equal to 4.2 which is bigger than the value of the standard mean value (3), and the results show that the standard deviation of this item is 0.403. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

And 20 % of the study sample individuals, strongly agree on the item (The weakness of the role of Promotion polices weak role in the Bank to identify advantages & disadvantages of using financing with Islamic Formulas (Speculation), something constitute challenge before Libyan businessmen policies in the businessmen), 37.5 % agree , 22.5 were neutral answers, 11.3 % totally disagree, and 8.8 % of them strongly disagree , and we observed that the means value is equal to 3.49 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.191, moreover we observed that the p-value of t-test is equal to 0.001 which is less than significant value 0.05. This indicates that Customers agree on this item.

Also, we found that 8.8 % of the study sample individuals, fully agree on the item (The lack awareness of the Bank management of the significance of religious motive in the success of the previous Islamic Banking system, sharing system”, which represents a challenge for the Libyan businessmen in using the speculation Islamic formula). 73.8 % of them agree and 17.5 % of them were neutral answers. We observed that the means value is equal to 3.91 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.612. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

Finally; 28.8 % of the study sample individuals, fully agree on the item (The current political conditions and recession taken place in the local market represents one of the obstacles facing the use of “speculation” as a funding Islamic as an alternate for

usurious interests to the Bank and its customers). 60 % of them agree and 11.3 % of them were neutral answers. We noticed that the means value is equal to 4.18 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.612, moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

From the above it was found that there are obstacles facing the Libyan business in the use of the speculation Islamic investment formula from the viewpoints of the customers , such as the lack of awareness, rationalization and preparation about the use policies of Islamic funding formulas “speculation” in the Libyan environment. It is considered as relatively new, and this represents a challenge facing both the Bank management and the Libyan businessmen, as well as the different opinions of the scholars in the mechanisms of application of the Islamic funding formulas “speculation” some of them think that this type of funding is not appropriate to the nature of the activity of some Libyan businessmen, as well as, the limited size of this funding type due to its high risks and low returns to the Bank. They also think that the delay of payment made by some customers, affects the reputation of the Bank other customers and negatively affects the feasibility of investment, in addition to the in competency of the current legal environment, which results in the impossibility of the use of the speculation formula by the Libyan businessmen, as well as the default of the Bank management in the knowledge of the importance of the religious attitudes in the success of the previous Islamic Banking experiment“ murabaha” which represents a challenge facing the Libyan businessmen.

Second: the availability of incentives encouraging the Bank management to use the Islamic investment formula.

Table (3.28) Descriptive Statistic, P-Value for The Extent of Availability of Incentives Encouraging The Libyan Businessmen to Use the Islamic Investment Formula

S.N	Expressions		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Standard deviation	p- value
1	The Libyan market investment reality represents an incentive to the bank to adopt speculation investment formula to the local companies and businessmen.	No.	30	33	11	6	0	4.09	0.903	0.000
		%	37.5	41.3	13.8	7.5	0			
2	Do you think that speculation funding formula is feasible to the bank and investor not less than the bank experiment in adopting the sharing formula?	No.	38	30	5	7	0	4.24	0.917	0.000
		%	47.5	37.5	6.3	8.8	0			
3	The use of speculation formula as an investment tool is efficient and effective tool as an alternative for the cancellation of usurious interests.	No.	47	28	5	0	0	4.53	0.616	0.000
		%	58.8	35	6.3	0	0			
4	Transacting in speculation formula m represents lower risk rates than the sharing formula for each of the bank and Libyan businessmen.	No.	34	34	10	2	0	4.25	0.771	0.000
		%	42.5	42.5	12.5	2.5	0			
5	Transacting in speculation formula , represents a variety in the application of the Islamic investment formulas in the bank and provide many investment opportunities for the customers and Libyan businessmen .	No.	36	35	7	2	0	4.31	0.739	0.000
		%	45	43.8	8.8	2.5	0			

6	The adoption of speculation formula is the best investment formula for achieving justice in the distribution of revenues and profits between the bank and the Libyan businessmen.	No.	23	47	6	4	0	4.11	0.746	0.000
		%	28.8	58.8	7.5	5	0			
7	The uses of the resources and the ideal exploitation of the same can be rationalized within the shadow of the adoption of the speculation formula .	No.	28	32	13	7	0	4.01	0.934	0.000
		%	35	40	16.3	8.8	0			
8	The speculation funding formula is the best of the Islamic funding formulas for the bank now, and provide good returns.	No.	48	27	5	0	0	4.54	0.615	0.000
		%	60	33.8	6.3	0	0			
9	These exists essential differences between speculation funding formula and the traditional funding and the speculation funding formula is more flexible and effective in achieving the objectives of the bank and customers.	No.	20	46	9	5	0	4.01	0.787	0.000
		%	25	57.5	11.3	6.3	0			
10	The speculation funding formula does not require the businessmen to provide guarantees to the partner bank.	No.	42	34	4	0	0	4.48	0.595	0.000
		%	52.5	42.5	5	0	0			
11	The businessmen are not bound to recover the capital to the partner bank except in case of default.	No.	39	31	4	6	0	4.29	0.874	0.000
		%	48.8	38.8	5	7.5	0			
12	This type of funding reflects positively on the financial position of the bank and increases the investors number.	No.	39	41	0	0	0	4.49	0.503	0.000
		%	48.8	51.3	0	0	0			
13	The speculation funding formula opportunities provide by the bank is described to be simple and flexible procedures.	No.	30	50	0	0	0	4.38	0.487	0.000
		%	37.5	62.5	0	0	0			
14	The funding opportunities granted by the bank is limited to the qualified customers (commercial history , reputation , financial position , capacity)	No.	16	25	9	30	0	3.34	1.179	0.012
		%	20	31.3	11.3	37.5	0			

From table (3.28) it was found that 37.5% of the study sample individuals , strongly agree on the item (The Libyan market investment reality represents an incentive to the bank to adopt speculation investment formula to the local companies and businessmen). 41.3 % of them agree, 13.8 % of them were neutral answers, 7.5 % disagree, and we observed that the means value is equal to 4.09 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.903, moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

Also, 47.5% of the study sample individuals, strongly agree on the item (Do you think that speculation funding formula is feasible to the Bank and investor not less than the Bank experiment in adopting the sharing formula?). 37.5 % of them agree, 6.3 % of them were neutral answers, 8.8 % of them disagree, and we noticed that the means value is equal to 4.24 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.917, moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

We observed that 58.8 % of the study sample individuals, strongly agree on the item (The use of speculation formula as an investment tool is efficient and effective tool as an alternative for the cancellation of usurious interests), 35% of them agree, and 6.3 % of them were neutral answers, and we noticed that the means value is equal to 4.53 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.616, moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

Also, we found that 42.5% of the study sample individuals, strongly agree on the item (Transacting in speculation formula m represents lower risk rates than the sharing formula for each of the Bank and Libyan businessmen). 42.5% of them agree, and 12.5% of them were neutral and 2.5% disagree, and we observed that the means value is

equal to 4.25 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.771. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

We observed that 45 % of the study sample individuals, strongly agree on the item (Transacting in speculation formula, represents a variety in the application of the Islamic investment formulas in the Bank and provide many investment opportunities for the customers and Libyan businessmen). 43.8 % of them agree, 8.8 % neutral answers, 2.5 % disagree, and we noticed that the means value is equal to 4.31 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.739, moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

Also, we found that 28.8 % of the study sample individuals, strongly agree on the item (The adoption of speculation formula is the best investment formula for achieving justice in the distribution of revenues and profits between the Bank and the Libyan businessmen), 58.8% of them agree, 7.5 % neutral answers, 5.0 % disagree, and we observed that the means value is equal to 4.11 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.746, moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

We observed that 35 % of the study sample individuals, strongly agree on the item (The uses of the resources and the ideal exploitation of the same can be rationalized within the shadow of the adoption of the speculation formula). 40 % agree, 16.3% neutral answers, 8.8% disagree. We observed that the means value is equal to 4.01 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.93. Furthermore we observed that the p-value of t-

test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

Also, we found that 60% of the study sample individuals, strongly agree on the item (The speculation funding formula is the best of the Islamic funding formulas for the bank now, and provide good returns). 33.8 % of them agree, 6.3 % were neutral answers, and we noticed that the means value is equal to 4.54 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.615, moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

We observed that 25 % of the study sample individuals, strongly agree on the item (These exists essential differences between speculation funding formula and the traditional funding and the speculation funding formula is more flexible and effective in achieving the objectives of the Bank and customers). 57.5 % agree to this, 11.3 % neutral answers, 6.3% disagree, and we observed that the means value is equal to 4.01 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.787, moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

Also, we found that 52.5 % of the study sample individuals, strongly agree on the item (The speculation funding formula does not require the businessmen to provide guarantees to the partner Bank). 42.5 % of them agree to this, 5% neutral answers, and we observed that the means value is equal to 4.48 which is bigger than the value of the standard mean value (3), and the results show that the standard deviation of this item is 0.595, moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

We observed that 48.8 % of the study sample individuals, strongly agree on the item (The businessmen are not bound to recover the capital to the partner Bank except in case of default). 38.8% of them agree, 5 % of them were neutral answers, 7.5 %

disagree. We noticed that the means value is equal to 4.29 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.874, moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

Also, we found that 48.8 % of the study sample individuals strongly agree on the item (This type of funding reflects positively on the financial position of the Bank and increases the investors number). 51.3% agree to this, and we observed that the means value is equal to 4.49 which is bigger than the value of the standard mean value (3), and the results show that the standard deviation of this item is 0.503. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

We observed that 37.5% of the study sample individuals strongly agree on the item (The speculation funding formula opportunities provide by the Bank is described to be simple and flexible procedures). 62.5% of them agree. We observed that the means value is equal to 4.38 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.487. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

Also, we find that 20 % of the study sample individuals, strongly agree on the item (The funding opportunities granted by the Bank is limited to the qualified customers' commercial history, reputation, financial position, capacity'). 31.3 % agree to this, 11.3 % of them neutral answers, 37.5% disagree, and we noticed that the means value is equal to 3.34 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 1.179, moreover we observed that the p-value of t-test is equal to 0.012 which is less than significant value 0.05. This indicates that Customers agree on this item.

From the above, it was found that there exist incentive encouraging the Libyan businessmen to use the Islamic investment formula“ speculation” from the customers,

viewpoints. These incentives were attributed to their belief that the speculation funding is feasible to the Bank. The investor in not less than the Bank experiment in the adoption of “murabaha” formula the adoption of speculation formula as an effective, efficient investment tool in the replacement and cancellation of the usurious interests, and less risky than the“ murabaha” and achieving justice in the distribution of revenues and profits for both the Bank and businessmen, and within the shadow of this funding formula. The use of the resources and exploitation can optimally be rationalized achieving profitability and growth for both.

There exist essential differences between the speculation funding and the traditional funding, and most of the businessmen prefer to support their activities by speculation formula. This type of funding does not require the businessmen to provide guarantees to the partner Bank. The businessmen are not bound to recover the capital to the partner Bank except in default cases, and positively affects the customers financial position and enhances their capacity in funding

Third: The satisfaction of the Bank management and Libyan businessmen to use the Islamic investment formula “speculation”.

Table (3.29) Descriptive Statistic, P-Value for the Extent of Satisfaction of the Libyan Businessmen to Use The Islamic Investment Formula

S.N	Expressions		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Standard deviation	p- value
1	The bank management is satisfied that the speculation funding is considered as one of the most important alternative Islamic investment formulas.	No.	49	28	3	0	0	4.58	0.569	0.000
		%	61.3	35	3.8	0	0			
2	the speculation funding is the distribution of profits and in during risks between the bank and its customers in term of capital and effort.	No.	23	46	7	4	0	4.1	0.756	0.000
		%	28.8	57.5	8.8	5	0			

3	It is expected that speculation funding formula is better than the traditional funding previously adopted and based on the predetermined fixed rates of interest.	No.	25	55	0	0	0	4.31	0.466	0.000
		%	31.3	68.8	0	0	0			
4	The type of funding represents a motive towards achieving a balance in the selection and funding the legitimate investment projects which are feasible to satisfy the needs of the community “ for the bank and customers”	No.	23	57	0	0	0	4.29	0.455	0.000
		%	28.8	71.3	0	0	0			
5	This type of funding represents the guiding based direction towards the feasible investment projects serving the community interests and achieving economical organization for the bank and customers.	No.	41	39	0	0	0	4.51	0.503	0.000
		%	51.3	48.8	0	0	0			

6	The speculation funding is one of alternatives relatively modern and new in the local environment which provides the variety of the investment opportunities and enables the expansion in the investment of the bank assets.	No.	32	48	0	0	0	4.4	0.493	0.000
		%	40	60	0	0	0			
7	Believe that the bank is fully satisfied to deal and use the Islamic investment formula “speculation” in financing the projects of the bank’s customers from the investors.	No.	36	38	6	0	0	4.38	0.624	0.000
		%	45	47.5	7.5	0	0			
8	The speculation funding achieves growth and expansion to the bank and increases its competitive position in the local market.	No.	32	48	0	0	0	4.4	0.493	0.000
		%	40	60	0	0	0			
9	The success of the experiment in the use of sharing funding formula provides an incentive to adopt the speculation funding formula.	No.	16	54	8	2	0	4.05	0.634	0.000
		%	20	67.5	10	2.5	0			
10	The bank reputation and financial position strength of the same was due to the full satisfaction to use the Islamic speculation investment formula	No.	10	69	1	0	0	4.11	0.356	0.000
		%	12.5	86.3	1.3	0	0			

11	I would like to enter the speculation funding formula with Jamhouria bank to benefit from the bank experience in this field.	No.	27	48	5	0	0	4.28	0.573	0.000
		%	33.8	60	6.3	0	0			
12	The bank provides the Libyan businessmen with accurate information about the opportunities, threats and risks ,for the use of speculation Islamic investment formulas	No.	7	64	9	0	0	3.98	0.449	0.000
		%	8.8	80	11.3	0	0			
13	The type of funding is less risky and less competitors in obtaining investment opportunities.	No.	7	61	12	0	0	3.94	0.486	0.000
		%	8.8	76.3	15	0	0			
14	Jamhouria bank provides material and logistic support to the Libyan businessmen	No.	45	19	14	2	0	4.34	0.856	0.000
		%	56.3	23.8	17.5	2.5	0			

Form table (3.29), it was found that 61.3 % of the study sample individuals “customers” strongly agree on the item (The bank management is satisfied that the speculation funding is considered as one of the most important alternative Islamic investment formulas), 35 % of them agree to this 3.8 % of them neutral answers, and we observed that the means value is equal to 4.58 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.569, moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

Also, it was found that 28.8 % of the study sample individuals , strongly agree on the item (the speculation funding is the distribution of profits and in during risks between the Bank and its customers in term of capital and effort). 57.5 % of them agree, 8.8% of them neutral answers, 5 % disagree, and we noticed that the means value is equal to 4.1 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.756. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

We observed that 31.3 % of the study sample individuals, strongly agree on the item (It is expected that speculation funding formula is better than the traditional funding previously adopted and based on the predetermined fixed rates of interest), 68.8 % agree to this, and we observed that the means value is equal to 4.31 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.466, moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

Also, we found that 28.8 % of the study sample individuals, strongly agree on the item (The type of funding represents a motive towards achieving a balance in the selection and funding the legitimate investment projects which are feasible to satisfy the needs of the community “ for the bank and customers”), 71.3% of them agree on this, and we observed that the means value is equal to 4.29 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.455, moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

We observed that 51.3 % of the study sample individuals, strongly agree on the item (This type of funding represents the guiding based direction towards the feasible investment projects serving the community interests and achieving economical organization for the Bank and customers). 48.8 % agree to the same, and we noticed that the means value is equal to 4.51 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.503. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

Also, we found that 40 % of the study sample individuals, strongly agree on the item (The speculation funding is one of alternatives relatively modern and new in the local environment which provides the variety of the investment opportunities and enables the expansion in the investment of the Bank assets). 60% of them agree to this. We observed that the means value is equal to 4.4 which is bigger than the value of the

standard mean value (3). The results show that the standard deviation of this item is 0.493. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

We observed that 45 % of the study sample individuals, strongly agree on the item(Believe that the Bank is fully satisfied to deal and use the Islamic investment formula “speculation” in financing the projects of the Bank’s customers from the investors). 47.5 % of them agree, 7.5 % of them neutral answers. We noticed that the means value is equal to 4.38 which is bigger than the value of the standard mean value (3) , and the results show that the standard deviation of this item is 0.624. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

Also, we find that 40 % of the study sample individuals strongly agree on the item (The speculation funding achieves growth and expansion to the Bank and increases its competitive position in the local market). 60 % of them agree. We observed that the means value is equal to 4.4 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.493. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

We observed that 20 % of the study sample individuals strongly agree on the item (The success of the experiment in the use of sharing funding formula provides an incentive to adopt the speculation funding formula) , 67.5 % agree to this, 10 % neutral answers, 2.5 % disagree with the same, and we observed that the means value is equal to 4.05 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.634. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

Also, we found that 12.5 % of the study sample individuals strongly agree on the item (The Bank reputation and financial position strength of the same was due to the full

satisfaction to use the Islamic speculation investment formula). 86.3 % of them agree to this, 1.3 % neutral answers. We noticed that the means value is equal to 4.11 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.356. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

We observed that 33.8% of the study sample individuals , strongly agree on the item (I would like to enter the speculation funding formula with Jamhouria Bank to benefit from the Bank experience in this field). 60 % of them agree to this, 6.3 % neutral answers. We noticed that the means value is equal to 4.28 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.573. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

We also find that 8.8% of the study sample individuals strongly agree on the item (The Bank provides the Libyan businessmen with accurate information about the opportunities, threats and risks, for the use of speculation Islamic investment formulas) , 80% of them agree to this, 11.3 % neutral answers. We observed that the means value is equal to 3.98 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.449. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

We observed that 8.8% of the study sample individuals, strongly agree on the item (The type of funding is less risky and less competitors in obtaining investment opportunities). 76.3 % of them agree to this , 15 % neutral answers. We noticed that the means value is equal to 3.94 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.486. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

We also find that 56.3 % of the study sample individuals , strongly agree on the item (Jamhouria Bank provides material and logistic support to the Libyan businessmen). 23.8 % of them agree to this. 17.5 % of them neutral answers, 2.5 % disagree with this. We observed that the means value is equal to 4.34 which is bigger than the value of the standard mean value (3). The results show that the standard deviation of this item is 0.856. Moreover we observed that the p-value of t-test is equal to zero which is less than significant value 0.05. This indicates that Customers agree on this item.

From the above mentioned, it was found that the Libyan businessmen are satisfied to deal with Jamhouria Bank to use Islamic speculation investment formula from the viewpoints of the customers. This is hidden in that. The speculation funding is deemed to be one of the most important alternative Islamic investment formulas in achieving justice in the distribution of projects and risks between the Bank and its customers. It is expected to be more better than the previously adopted one which depends on predetermined fixed rate of interest. This type of funding motivated the achievement of a balance in the selection and funding of feasible legitimate investment projects serving the community interest and the economic system. It is considered as one of the alternative Islamic investment formulas relatively new in the Libyan local environment which provides the variety of investment and opportunities for the businessmen and investors. It is considered that it will contribute to achieving growth and expansion in the activity field and increases the competitive, capacity in the local market. The success of the Bank experiment in the use of“ murabaha” funding formula motivated the use of speculation funding formula as well as the reputation. The powerful financial position of the Bank. These made fully satisfied them to deal with the bank in the use of the speculation Islamic investment formula. The Bank provides accurate information about the opportunities, threats and risks of using this type of formulas however this type of funding does not contain any risks and any competitors in obtaining the investment opportunities because the material and logistic support is provided by Jamhouria Bank to the Libyan businessmen .

3.4. HYPOTHESIS TESTING

To determine the level of each axis of the study, one sample T-Test was used , the level is high if the average is greater than (3). The statistical significance is less than 0.05. The level is low if the average is less than (3). The statistical significance is less than 0.05, while the level is moderate if the value of the statistical significance is greater than 0.05.

The First Hypothesis

There are many obstacles that may face the use of speculation formula for funding projects from the viewpoints of Jamhouria Bank “Capital” and its clients “work”.

Table (3.30): Results of one sample T-Test of the first hypothesis “There are obstacles may face speculation formulas usage by Libyan businessmen to finance their projects”

	Mean	Standard deviation	No.	Value of T-Test	P- value	significance
Directors	3.09	0.573	48	0.566	0.581	Non significant
Libyan businessmen	3.95	0.366	80	9.712	0.000	significant

In table (3.30), it was seen that the means value of the obstacles may face speculation formulas (According to the directors' point of view) is equal to 3.09 which is bigger than the value of the theoretical value (3). The value of t-test is 0.566 and the “Asymp. Sig. value is 0.581 which is more than the indication level (.05)”. This

indicates that there aren't significant differences between the mean value and theoretical value (3) which means that the level of obstacles are moderate.

Also it was observed that the means value of the obstacles may face speculation formulas (According to the Libyan businessmen' point of view) is equal to 3.95 which is bigger than the value of the theoretical value (3). The value of t-test is 9.712 and the "Asymp. Sig. value is zero which is less than the indication level (.05). This indicates that there are significant differences between the mean value and theoretical value (3), which means that the level of obstacles are high.

The Second Hypothesis

There are incentives encouraging the use of the speculation formula for funding the different investment from the viewpoints of Jamhouria Bank "Capital" and its clients" work".

Table (3.31): Results of one sample T-Test of the first hypothesis " There are incentives encouraging the use of the speculation formula for funding the different investment from the viewpoints of Jamhouria Bank " Capital" and its clients" work"

	Mean	Standard deviation	No.	Value of T-Test	P- value	significance
Directors	3.365	0.365	48	6.928	0.000	significant
Libyan businessmen	4.219	0.313	80	34.834	0.000	significant

In table (3.31). It was observed that the means value of the incentives encouraging (According to the directors' point of view) is equal to 3.365 which is bigger than the value of the theoretical value (3). The value of t-test is 6.928 and the " Asymp.

Sig. Value is zero which is less than the indication level (.05)". This indicates that there are significant differences between the mean value and theoretical value (3) which means that the level of the incentives encouraging are high.

It was also was observed that the means value of the incentives encouraging (According to the Libyan businessmen' point of view) is equal to 4.219 which is bigger than the value of the theoretical value (3). The value of t-test is 34.834. The "Asymp. Sig. value is zero which is less than the indication level (.05). This indicates that there are significant differences between the mean value and theoretical value (3) which means that the level of the incentives encouraging are high.

Third Hypothesis

There's a conviction by Libyan businessmen to use speculation formula as Islamic financing formula to finance their different investments.

Table (3.32): Results of one sample T-Test of the first hypothesis“ There's a conviction by Libyan businessmen to use speculation formula as Islamic financing formula to finance their different investments”

	Mean	Standard deviation	No.	Value of T-Test	P- value	significance
Directors	3.552	0.122	48	31.347	0.000	significant
Libyan businessmen	4.283	0.188	80	61.04	0.000	significant

In table (3.32). It was observed that the means value of the conviction (According to the directors' point of view) is equal to 3.552 which is bigger than the value of the theoretical value (3). The value of t-test, Is 31.347. The "Asymp. Sig. value is zero which is less than the indication level (.05)". This indicates that there are

significant differences between the mean value and theoretical value (3) which means that the level of the conviction are high.

Also it was observed that the means value of the conviction (According to the Libyan businessmen' point of view) is equal to 4.283 which is bigger than the value of the theoretical value (3), And the value of t-test, is 61.04 the “ Asymp. Sig. value is zero which is less than the indication level (.05). This indicates that there are significant differences between the mean value and theoretical value (3) which means that the level of the conviction are high.

CONCLUSIONS

Throughout the practical study represented in the analysis of the questionnaire forms distributed on the study society individuals “The directors and customers of Jamhouria Bank. A main conclusion has been reached indicating that there exists a satisfaction in the feasibility of speculation funding formula from the Islamic investment viewpoints as an alternate against the usurious interests in the opinion of the directors and clients of Jamhouria Bank based on the following results.

- 1- The statistical analysis results has also confirmed the correctness and acceptance of the first hypothesis the existence of many obstacles facing the use of speculation formula for funding projects in the viewpoints of Jamhouria Bank “capital” and its customers “work. The results showed that the level of obstacles was found to be moderate from the point of view of directors and high from the point of view of Libyan businessmen.
- 2- Also the statistical analysis results confirmed the correctness and acceptance of the second hypothesis. There is an incentive encouraging the use of speculation formula for funding the different investments from the viewpoints of Jamhouria Bank “Capital” and its clients” work. The results showed that the level of the incentives encouraging are high from the point of view of directors and from the Libyan businessmen.
- 3- The statistical analysis results also exposed the correctness and acceptance of the third hypothesis “the existence of satisfaction by Jamhouria Bank “Capital”. The results showed that the level of the conviction are high from the point of view of directors and from the Libyan businessmen.
- 4- The study results revealed that there exists a remarkable agreement between the viewpoints of the study society individuals on the success achieved to the Bank by adoption of the Islamic investment formulas in “Murabaha system” since

Jamhouria Bank has achieved success and represents an incentive for the Libyan investor and its feasible.

- 5- The study results also revealed that 87.5 % of the study society individuals “ the directors” in the related Bank have knowledge about the concept and mechanisms of the application of the Islamic investment formulas “ speculation”. 83.3 % of them think that the adoption of the Islamic investment formula “speculation” enhances the Bank good competitive position among the other Libyan commercial Banks. 85.4 % of them think that adoption of Islamic investment formula “speculation” attracts many new Libyan investors to the Bank. 89.6 % of them expect that increasing demand size will be made by the customers on the use of the speculation investment formulas.
- 6- The study results revealed that all the study society individuals have previously dealt with Jamhouria Bank in“ Murabaha” formula. They think that the adoption of the Islamic investment formulas in “Murabaha” with Jamhouria Bank has achieved success and represents an incentive for the Libyan investors and it is feasible. 80 % of them have knowledge of the concepts and mechanisms of the application of the Islamic investment formula “Speculation“. They all agreed that the adoption of the Islamic investment formulas “speculation” enhances the good competitive position of the Bank among the other Libyan commercial Banks and attract many new Libyan investors to the Bank. The demand size will be high by the customers on the use of the Islamic investment formulas.

REFERENCES

- Abu Shadi Mohamed Ibrahim Abu Shadi : Islamic Banks between Theory and Application, Cairo, Arab Renaissance House , 2000.
- Abu Shahd Abdul Nasser Al-Barani, Risk Management in Islamic Banks, Amman: Dar Al-Nafais Publishing, 2012.
- Abul Elhul Muhi Eldin Yaqub, Evaluation of Islamic Banking Business, Amman: Dar Al Nafais, 2012.
- Abulhoul Muhieddin Yakoub, Evaluation of Islamic Investment Banks Business , Oman Al Nafaes House , 2012 .
- Abushahd Abdulnaser Barrani, Risks Management in Islamic Banks , Oman Al Nafaes House,2012
- Ahmed Abdel Salam: The Experience of the Republic of the Republic in Selling Murabaha for Purchase Order (Analytical and Evaluation Study) Paper presented to the Islamic Financial Services Investor II, 2009.
- Ahmed Abdulsalam , Jamhouria Bank Experiment in the Sale of Murabaha “ Analytical Evaluation Study, “Paper Submitted to the Second Islamic Financial Services Conference, 2009 , page 10-16
- Ahmed Al-Said, Strategic Economic Trends, Cairo: Center for Political and Strategic Studies, 2002.
- Ahmed Serageldin Osman, Foundations and Specificities of Islamic Banking, Islamic Banking Conference, Beirut Union of Arab Banks, 2008.. page 41-47
- Ahmed Serajeddin Osman, Basics and Characteristics of Islamic Banking Activity, Islamic Banking Conference, Bairut , Arab Banks Union, 2008, page 22-28

Al Azazi Shehab Ahmed , Islamic Banks Management , Omar Dar Al Nafaes for Publication, version 1 , 2012.

Al Anigoteeba Abdulrahman , Funding and Functions in Islamic and Commercial , Oman AlNafaes House, 2013.

Al Ghali Ibrahim : Dimensions of Investment and Funding Decision, Jordan: Anafaes House for publication , 2012.

Al Kafrawi Auf Mahmoud , Researches in Islamic Economics , Islamic Culture , Corporation , 2000 ,

Al Najar Ahmed Alsaid , Economical and Strategically Directions , Cairo , Political and Strategically Studies Center, 2002,

Al Rawi Khaled and Others , the Ttheory of International Funding, Oman, Almanar House , 2000

Al Sartawi Foad , Islamic Funding and the Role of the Private Sector, Al Masira house , Oman ,1999.

Al Sartawi Foad , Islamic Funding and the Role of the Private Sector, Al Masira House , Oman ,1999.

Al Seghair Jamal : The Joint Speculation is most Important Islamic Banking Formulas , 2012.

Al Wadi Mahmoud Hussein Al wadi, ZalAbdalla Ibrahim Marketing of Islamic Banking Services Al masira House , Oman.

Alamin Hassan , Islamic Speculation and its Modern Applications, Jedah , Development Islamic Institute , 2000, Version 3”.

Alghali Ben Ibrahim: Dimensions of Funding and Investment Decision in Islamic Banks, Jordan , Al Nafaes publication House, 2012.

Alghali Ben Ibrahim: Dimensions of Funding and Investment Decision in Islamic Banks, Jordan , Al Nafaes publication House, 2012.

Ali Ahmed Shaaban "Monetary and Banking Policies", Alexandria: University Education House, 2013.

Ali Ahmed Shaban, Cash and Banking Policies, Alexandria University Education House, 2013.

Alkafrawi Auf Mohamed , Researches in Islamic Economics, Alexandria , Islamic Culture Corporation, 2000.

Alsairafi Mohamed Abdulfatah, Islamic Banks Funding Formulas , Oman: Dar Zahran for publication, 2006 .

ALsharae Majed Salem , Auditing in Social Accountability in Islamic Banks, publications of Jordanian Islamic Bank for Funding and Investment, 2003.

Al-Wadi Mahmoud Hussein Al-Wadi, Sabl Abdullah Ibrahim, Marketing Islamic Banking, Dar Al-Masirah, Amman, 2012.

Annual Report Issued by the Development Islamic Bank, 2002

Arab Development Organizational Publications, 2011.

Attia Milad Al Juberi : Factors Affecting the Success of Islamic Banking in Libya , Economics Political Sciences Journal , Second Edition , Second Version 2013.

Attiyah Milad Al-Jubairi Al-Jubairi: Factors Affecting the Success of Islamic Banking in Libya, Journal of Economics and Political Science, Issue Two, Second Edition, 2013.

Bulletin of the Branches of Islamic Transactions, 2004.

Gahf Mudir , Funding Concept in Islamic Economics, Jurisprudential Economical Analysis, Islamic Institute for Researches and Training , Jedah, 1999,

Gahf Mudir , Lectures in Islamic Banking Thought , Al Yarmouk University, 2004

Hassan Abdel Fattah Diab, Finance in Business Projects, Arab Consultative Group Publications Series, 2000.

Hassan Abdulfatah Dyab , Funding Management in Business Projects, Publications Series of the Arabic Consultative Group, 2000.

Hindi Munir Ibrahim , Usury In Traditional and Islamic Banks , Islamic Economical Study , Arab Renaissance House , 1998.

Hussein Ashour Yousef, Department of Islamic Banks, Palestine, 2003.

Hussein AshourYousef, Islamic Banks Management, Palestine , 2003.

Mohamed AbdulghafarSherif , On the Margin of the Third International Conference for Islamic Economy , Organized by Om Al Kora university , Mekka , During the period from 30 may up to 2 June 2005 , Page 53-57

Mohamed Ghaith : Probability of the Use of Islamic Financial Transactions by the Libyan Companies and Partnerships , 2010.

Mohammed Abdul Ghaffar Al-Sharif, on the Sidelines of the Third World Conference of Islamic Economics, Umm Al-Qura University, Makkah from May 30 to June 2, 2005, Page 53-58

Monthly cash statistics , Issued by Kuwait Central Bank , October 2004 , folder edition 10 .

Munder Esam Omar : Ordinary and Islamic Banks,” Banking System, Islamic Funding Theory , Islamic Banks , Alexandria , University Education House, 2013.

Munder Esam Omar : Ordinary and Islamic Banks,” Banking System, Islamic Funding Theory , Islamic Banks , University Education House , 2013

Mustafa Ali Abu Hamira, Nouri Mohammed Asousi: Traditional Banks in Libya Turning to Islamic Banking Introduction to IIFI 2009.

Mustafa Ali Abuhmera , Nuri Mohamed Assossi : Transformation of Traditional Banks in Libya to Islamic Banking , A Paper Submitted to the Second Islamic Financial Services Conferences, 2009, Page 8-14

Nazih Hammad , Provision of Islamic Financial Services in Traditional Banks : Western Banks Experiment, Transformation to Islamic Banking System Conference in Kuwait , “ Experiment and Obstacles “ Organized the Human investment Company in Cooperation with the Development Islamic Bank” Kuwait , From 30-31/5/2005, page 54-58

Publications Of Cairo- Oman Bank , www.Cabestate.com, Bank Website Under the Title of : Introduction to Islamic Transactions Branches / Cairo – Oman Bank .

Robert V. Krejcie: Determin Sample Size for Research Activities, University of Minnesota, Duluth.

Samir Ramadan Al Shaikh, Organizational Development in Islamic Banks, Unpublished PhD thesis . Faculty of commerce . Asyout University 1994.

Samir Ramadan Al-Sheikh, Organizational Development in Islamic Banks (unpublished PhD thesis, Faculty of Commerce, Assiut University, 1994).

Sharif Mohamed: Evaluation of the Application of the Murabaha Formula in the Development Bank, 2010.

Sherif Mohamed : Evaluation of Murabaha Formula Application in Development Bank , 2010

Sirafi Mohamed Abdel Fattah, Formulas of Financing in Islamic Banks, Amman: Zahran Publishing House, 2006.

Statement Issued by the Control Administration on the Banks in the Egyptian Central Bank , on31/8/2004.

Tawfek Yassin Foad, Darwish Ahmed Abdall , Banking Accounting in Commercial and Islamic Banks , Jordan , Alyazouri Publication House, 2013

Transformation to Islamic Banking System Conference . “ Experiments “ and Obstacles “ Of the Organized by the Human Investment in Cooperation with Kuwait Islamic Development Bank , between 30-31 may 2005 . Page 52-60

Yousri Ahmed Abdulrahmanyousri : The Effect of the Traditional Banking System on the Islamic Banking Activity, Symposium in Modern Economical Applications, 2009,

Yousry Ahmed, Abdulrahman Yousri: The Impact of the Traditional Banking System on Islamic Banking Banking, Symposium on Contemporary Economic Applications, 2009.

The Financial Statements of the Bank of the Republic for the Period (2010-2012). (yearly Report of the Islamic Development Bank, 2002).

Statement Issued by the Banking Supervision Department at the Central Bank of Egypt, 31/8/2004.

Monthly Monetary Statistics Issued by the Central Bank of Kuwait, October 2004, Volume 25, Issue 10.

Informational Bulltin in Islamic Transactions Branches 2004.

Islamic Economics Journal, Issued by Dubai Islamic Bank, No. 316, August, 2007, Page 29-30.

Islamic Economy Journal, Issued by Dubai Islamic Bank, Edition 316 / August 2007.

Jamhouria Bank Financial Tables for the Period (2010-2012)

ANNEXES

ANNEX (1)

THE CUSTOMERS QUESTIONNAIRE

Study Terminologies

Commercial Bank: Are financial institutions , its main function is to collect funds from customers in the form of current deposits and loans with pre- specified interests, be re-lending to the applicants with higher interests , the differences between two interests is the profit , as well as Bank services related with borrowing and lending .

Islamic Banks: Are financial institutions play the role as mediator between investors and savers (in framework of sharia speculative based on profits & losses sharing, sharia principle profit for forfeit), as well as disciplined banking services in framework of sharia contracts.

Speculation: Means speculation form in Islamic Banks, when Bank enter in project of one or more clients, the Bank provide the required fund to finance the project and the client provides its efforts, the two parties become partners, the resulted profits be distributed as per agreed rates, in case of loss the bank shall bear capital loss and client bear loss of its efforts.

Usurious Interests: Usurious interest takes several forms, such as usurious interests represented in loan increasing , with conditioned increasing in the contract , consequently, Taking this increasing with loan on due date , as well as , loan increasing opposite delay of payment upon due date , debtor default , either by selling with deferred sell price or loan.

First part – General Information:-

To answer these question, please tick the appropriate answer for you :-

1) Type of activity in your institution

Service Activity Productive Activity Marketing Activity

Other Activity: mention

2) Work experience in this field :-

Less than 5 years 5 and less than 10 years 10 and less than 15 years
more than 15 years

3) Academic Qualification

PhD Master Bachelor/ Licentiate Higher Diploma
Intermediary Diploma Secondary certificate primary Education
Others

4) Period of time you have been client of Jamahiriya Bank

Less than one year one and less than 5 years 5 and less than 10 years
10 to less than 15 years 15 to less than 20 years 20 to less than 25 years
More than 25 years

5) Do you deal, previously, with Jamhuriya Bank with Islamic Investment

Formulas by Usury?

Yes No

6) Do you consider the adoption of Islamic Investment Formulas with Usury system , at Jamhuria bank achieve successful for Bank & Clients , is an incentive for Libyan investors with feasibility ?

Yes No

7) Do you have knowledge and awareness about the concept to apply the Islamic Investment Formulas (Speculation) as investment alternates for Usury Loans?

Yes No

8) Do you think the adoption of Islamic investment Formulas (Speculation) , attract new Libyan investors to the bank ?

Yes No

Second part: please, express your point of view, your agreement about the following expressions:-

First Core - the extend of available Obstacles faced Libyan investors to use Islamic investment formulas (Speculation) .

No.	Expression	Agree strongly	Agree	Neutral	Disagree	disagree strongly
1	There are many obstacles prevent Libyan businessmen to use Speculation Formulas					
2	absence of Awareness about financing policies with Islamic formulas such as Speculation in Libyan environment , deem modern , relatively , something constitute a challenge before bank management & Libyan businessmen					
3	Absence of rationalization & initialization, then interim transformation by bank management to follow Islamic financing polices (speculation) , constitute obstacle before Libyan businessmen					

4	The difference of some scientists' view about the mechanisms to apply Islamic financing formulas (Speculation), constitute obstacle before this type of financing .					
5	Sometimes , financing with Speculation Formulas , is unstable for activity of some Libyan businessmen					
6	The limitation of this type usage, due to risks rising and revenues decreasing regarding the bank.					
7	Misbehavior by some clients to fulfill contract contents with bank about Investment with Speculation					
8	Procrastination by some clients in payment , something effect on other clients of the bank , which reflect , negatively, on Investment feasibility with Speculation formulas					
9	Bank role , exclusively, is a financial mediator , focus on fund & interest retrieval , regardless the extend of client usage of fund in investment activity or not .					
10	Client should select , by the bank, offers, limited machineries and equipment as speculation capital					
11	Legal environment, currently, of Libyan government, is insufficient, something prevent Libyan businessmen to use Speculation Formulas.					
12	Promotion polices weakness role at the bank to identify advantages & disadvantages of using financing with Islamic Formulas (Speculation) , something constitute challenge before Libyan businessmen					
13	Less awareness of Bank management about religious sanction importance to success the previous experience of Islamic banking (Usury) constitute challenge before Libyan businessmen of Speculation .					
14	Current political circumstances and recession occur to the local market , constitute one obstacle before Speculation usage as alternate Islamic financing formula for usurious interests .					

Second Core - the extend of available intensives that encourage the Libyan businessmen to use Islamic investment formulas (Speculation) .

No	Expression	Agree strongly	Agree	Neutral	Disagree	disagree strongly
1	Investment reality at Libyan market constitutes incentive before businessmen to deal with Jamhuria bank by using Investment with Speculation formulas.					
2	Do you think , financing with speculation Formulas has feasibility for the bank and investor not less than bank experience in adopt Usury Formulas					
3	Adopt speculation formulas as alternative sufficient and effective investment tool to cancel usurious interests.					
4	dealing with speculation formulas constitute less risks than Usury formulas for both bank & Libyan businessmen					
5	Dealing with speculation formulas constitute diversity in application of Islamic investment formulas at bank , give many investment opportunity before clients and Libyan businessmen					
6	Adopt of speculation formulas , the most investment formulas that realize justice in distribution of profits & revenues between both bank and & Libyan businessmen					
7	Resources usage may be Rationalized and allocated , optimally in the shadow of speculation Formulas					
8	Financing with speculation formulas is the most suitable Islamic financing forms with your activity , realize profit and development to your work					
9	There are essential differences between financing with speculation formulas and custom financing , financing with speculation formulas is effective and more fixable to realize aims of both bank & clients					
10	Most businessmen prefer to support their activities by financing with speculation formulas because it constitute it constitute less risk					
11	financing with speculation formulas –not require businessmen to provide great guarantees to the participated bank					

12	Businessmen not obliged to return the capital to the participated bank except in default					
13	This type of financing reflect , positively ,on clients' financial position , enhance their ability to finance					
14	Opportunities of financing with speculation formulas that granted by bank is limited on deserved clients (commercial history – reputation – financial position – efficiency)					

Third Core - The extend of the Libyan businessmen' convection to deal with Jamhuri bank to use Islamic investment formulas (Speculation).

No.	Expression	Agree strongly	Agree	Neutral	Disagree	disagree strongly
1	There is conviction that the financing by speculation deem the most alternative Islamic investment Formulas					
2	Financing with speculation Formulas realize kind of justice to distribute profits, bearing risks among bank and clients, in terms of capital and efforts.					
3	It's expected that Financing with speculation Formulas is better than custom financing					
4	Followed previously , depend on fixed interest price that specified previously					
5	This type of financing constitute oriented towards feasibility investment projects that flow in society welfare and realize the economic system.					
6	Financing by partnership & speculation deem one of alternative current Islamic investment formulas, on local environment , which allow the variety of investment opportunities and enable investors & Libyan businessmen					
7	Are you satisfied to deal with bank by using Islamic investment formulas (speculation) to practice your activity?					

8	Are you think that the financing with speculation realizes development and expansion in field of your activity , increase your competitive capability in local market					
9	Successfulness of bank experience to use financing formulas with Usury , allow incentive for clients to experience financing with speculation .					
10	Bank reputation and strength of its financial position give me full convenience to deal with and use Islamic investment formulas with speculation.					
11	I would like to experience speculation with Jamhuria bank to utilize from bank experience in this field					
12	Bank provides accurate information for Libyan businessmen about opportunities, threatening and risks to use any type of Islamic investment formulas.					
13	This type of financing neither hold any risks or competitors to obtain the investment opportunities					
14	Jamhuria bank usually provide logistic and financial support for Libyan businessmen as a step to feasibility insurance to adopt investment formulas with speculation.					

Questions finished, Best Regards

If you have more information or addition related with Islamic financing with Speculation formulas, please provide:-

.....

.....

.....

THE DIRECTORS QUESTIONNAIRE

Study Terminologies

Commercial Bank: are financial institutions, its main function is to collect funds from customers in the form of current deposits and loans with pre- specified interests, be re-lending to the applicants with higher interests, the differences between two interests is the profit, as well as Bank services related with borrowing and lending .

Islamic Banks: Are financial institutions play the role as mediator between investors and savers (in framework of sharia speculative based on profits & losses sharing, sharia principle profit for forfeit) , as well as disciplined Banking services in framework of sharia contracts.

Speculation: Means speculation form in Islamic Banks, when Bank enter in project of one or more clients, the bank provide the required fund to finance the project and the client provides its efforts, the two parties become partners, the resulted profits be distributed as per agreed rates, in case of loss the Bank shall bear capital loss and client bear loss of its efforts.

Usurious Interests: Usurious interest takes several forms, such as usurious interests represented in loan increasing ,with conditioned increasing in the contract , consequently , taking this increasing with loan on due date , as well as, loan increasing opposite delay of payment upon due date , debtor default , either by selling with deferred sell price or loan.

First part – General Information:-

To answer these question, please tick the appropriate answer for you :-

1) Gender

Male Female

2) Age

Less than 30 years 30 - 40 years 41-50 years
51-60 years More than 61

3) Academic Qualification

PhD Master Bachelor/ Licentiate Higher Diploma
Intermediary Diploma Secondary certificate primary Education
Others

4) Current occupation

Bank general manager assistant manager chairman
Dept Director Employee
others, please mentioned

5) Work experience at bank

Less than one year one to less than 5
5 to less than 10 10 to less than 15 15 to less than 20
20 to less than 25 More than 25

6) Do you consider the adoption of Islamic Investment Formulas with Usury system , at Jamhuria bank achieve successful for Bank & Clients , is an incentive for Libyan investors with feasibility ?

Yes No

7) Do you Have knowledge and awareness about the concept to apply the Islamic Investment Formulas (Speculation) as investment alternates for Usury Loans?

Yes No

8) Do you think the adoption of Islamic investment Formulas (Speculation) , attract new Libyan investors to the bank ?

Yes No

9) Do you think adoption of Islamic Investment formulas with speculation attract more Libyan investors to the bank

Yes No

10) Do you expect higher request by clients to use Islamic investment Formulas (Speculation)

Yes No

Second part: please, express your point of view, your agreement about the following expressions:-

First Core - the extend of available Obstacles faced the bank to use Islamic investment formulas (Speculation) .

No.	Expression	Agree strongly	Agree	Neutral	Disagree	disagree strongly
1	There are many obstacles prevent the bank to use Speculation Formulas					
2	absence of Awareness about financing policies with Islamic formulas such as Speculation in Libyan environment , deem modern , relatively , something constitute a challenge before bank management & Libyan businessmen					
3	Absence of rationalization & initialization, then interim transformation by bank management to follow Islamic financing polices (speculation) , constitute obstacle before Libyan businessmen					

4	The difference of some scientists' view about the mechanisms to apply Islamic financing formulas (Speculation) , constitute obstacle before this type of financing .					
5	Sometimes , financing with Speculation Formulas , is unstable for activity of some Libyan businessmen					
6	The limitation of this type usage, due to risks rising and revenues decreasing regarding the bank.					
7	Misbehavior by some clients to fulfill contract contents with bank about Investment with Speculation					
8	Procrastination by some clients in payment , something effect on other clients of the bank , which reflect , negatively, on Investment feasibility with Speculation formulas for both bank and client					
9	Bank role , exclusively, is a financial mediator , focus on fund & interest retrieval , regardless the extend of client usage of fund in investment activity or not .					
10	Client should select , by the bank, offers, limited machineries and equipment as speculation capital					
11	Legal environment, currently, of Libyan government, is insufficient, something prevent the bank to use Speculation Formulas.					
12	Promotion polices weakness role at the bank to identify advantages & disadvantages of using financing with Islamic Formulas (Speculation) , something constitute limitation before Libyan businessmen					
13	Less awareness of Bank management about religious sanction importance to success the previous experience of Islamic banking (Usury) constitute challenge before Libyan businessmen of Speculation.					
14	Current political circumstances and recession occur to the local market , constitute one obstacle before Speculation usage as alternate Islamic financing formula for usurious interests for both bank and clients .					

Second Core - the extend of available intensives that encourage management of the bank to use Islamic investment formulas (Speculation) .

No.	Expression	Agree strongly	Agree	Neutral	Disagree	disagree strongly
1	Investment reality at Libyan market constitutes incentive for the bank to use Investment with Speculation formulas before businessmen and local companies.					
2	Do you think , financing with speculation Formulas has feasibility for the bank and investor not less than bank experience in adopt Usury Formulas					
3	Adopt speculation formulas as alternative sufficient and effective investment tool to cancel usurious interests.					
4	dealing with speculation formulas constitute less risks than Usury formulas for both bank & Libyan businessmen					
5	Dealing with speculation formulas constitute diversity in application of Islamic investment formulas at bank , give many investment opportunity before clients and Libyan businessmen					
6	Adopt of speculation formulas , the most investment formulas that realize justice in distribution of profits & revenues between both bank and & Libyan businessmen					
7	Resources usage may be Rationalized and allocated , optimally in the shadow of speculation Formulas					
8	Financing with speculation formulas is the most suitable Islamic financing forms for the bank , realize good revenues .					

9	There are essential differences between financing with speculation formulas and custom financing , financing with speculation formulas is effective and more fixable to realize aims of both bank & clients					
10	financing with speculation formulas –not require businessmen to provide great guarantees to the participated bank					
11	Businessmen not obliged to return the capital to the participated bank except in default					
12	This type of financing reflect , positively ,on bank financial position , increase number of investors					
13	Opportunities of financing with speculation formulas that granted by bank is characterized with procedures simplicity & flexibility.					

Third Core - the extend of Jamhuri bank's convection to use Islamic investment formulas (Speculation) .

No.	Expression	Agree strongly	Agree	Neutral	Disagree	disagree strongly
1	There is conviction of bank management that the financing by speculation deem the most alternative Islamic investment Formulas					
2	Financing with speculation Formulas realize kind of justice to distribute profits, bearing risks among bank and clients, in terms of capital and efforts.					
3	It's expected that Financing with speculation Formulas is better than custom financing adopted previously depend on fixed interest specified previously.					

4	This type of financing constitute an intensive towards balance overlay to select & finance legal investment projects that leading to satisfy community needs for both bank & clients .					
5	This type of financing constitute oriented towards feasibility investment projects that flow in society welfare and realize the economic system for both bank & clients.					
6	Financing by speculation deem one of alternative current Islamic investment formulas, on local environment, which allow the variety of investment opportunities and enable investment expansion with Bank assets.					
7	Are you thinking the bank is fully satisfied to deal by using Islamic investment formulas (speculation) to finance clients' projects					
8	Are you think that the financing with speculation realizes development and expansion to the bank , increase its competitive position in local market					
9	Successfulness of bank experience to use financing formulas with Usury , allow incentive to experience financing with speculation .					
10	Bank reputation and strength of its financial position give it full convenience to deal with and use Islamic investment formulas with speculation.					

Question finished, Best Regards

If you have more information or addition related with Islamic financing with Speculation formulas, please provide:-

.....

.....

.....

ABSTRACT

This study aimed to identify the feasibility of the adoption of the Islamic investment formulas as an alternative for the cancellation of the usurious interests. The study society is represented in the Libyan businessmen customers of Jamhouria Bank.

The study problem is determined in the extent of the acceptance of the Libyan businessmen the customers of Jamhouria Bank, to the use of speculation formula in funding their different investments. The study has adopted the analytical descriptive methodology, and the questionnaire form has been designed and distributed on a random class sample from the businessmen and companies dealing with the bank within the territory of Tripoli. Then, the study has been conducted after the receipt of (80) forms.

Also some descriptive statistical approaches have been used the selected sample by use of the statistical program "SPSS". The study outlined a significant conclusion, that there exists a feasibility for the adoption of speculation formula as an Islamic investment formula as an alternative for the usurious interests in the viewpoint of the customers of Jamhouria bank for funding their different investments based on the following results:

(1) It can be understood that Libyan businessman know that the existence of incentives in the use of speculation formula for funding their different investment.

(2) It is seen that the Libyan businessmen are convinced to use the speculation formula as an Islamic funding formula for funding their different investments.

ARCHIVE Information:

Thesis Name : Islamic Speculation Investment Funding as Alternative of

Usurious Interests

Thesis Author : Abdulmutalib Mohammed Othman ALSAHILI

Thesis Advisor : Yrd.Doç.Dr.Neşe YILDIZ

Thesis Type : Master Thesis

Date of Thesis : 24.08.2017

Department of Thesis : Business Administration

Place of Thesis : KBÜ/SBE

Key Words : Usurious Interests, İslamic Finanve, Alternative Investmen Tools

Özet

Bu çalışma aşırı yüksek faizin reddedilmesinde bir alternatif olarak İslami yatırım formüllerinin kabul edilmesinin uygunluğunu ele almaktadır. Çalışma, Libya Cumhuriyet Bankasının işadamları müşterileri arasında gerçekleştirilmiştir.

Araştırma problemini, Cumhuriyet Bankasının Libyalı işadamları müşterilerinin farklı yatırımlarının fonlanmasında spekülasyon formülünün kullanılmasındaki yaklaşımı oluşturmaktadır. Araştırma, analitik deneysel metodolojiyi kabul etmiştir. Soru formları Trablusgarp'daki bankalarla çalışan işadamları ve şirketlere rastgele örnekleme şeklinde dağıtılacak şekilde tasarlanmıştır. Ardından dağıtılmış olan 80 adet anket formları alındıktan sonra bunlar üzerine analizler gerçekleştirilmiştir.

Seçilen örnekler içinde 'SPSS' istatistik programı kullanılarak bazı tanımlayıcı istatistiksel yaklaşımlar kullanılmıştır. Çalışma, Cumhuriyet bankası müşterilerinin farklı yatırımlarını fonlamak için yüksek faize bir alternatif olarak, spekülasyona dayalı İslami yatırım formülünün benimsenmesi için bir uygunluk olduğunu aşağıdaki sonuçlarla ortaya koymaktadır:

(1) Libyalı iş adamlarının farklı yatırımlarının fonlanması için spekülasyon formülünün kullanımındaki teşviklerin varlığından haberdar oldukları anlaşılmaktadır.

(2) Libyalı iş adamlarının, farklı yatırımlarının fonlanmasında İslami fonlama formülünü kullanmaya ikna oldukları görülmektedir.

ARSİV Kayıt Bilgileri:

Tezin Adı : Yüksek Faizlere Alternatif Olarak İslami Spekülasyon Yatırım Fonları

Tazin yazarı : Abdulmutalib Mohammed Othman ALSAHILI

Tazin Danışmanı : Yrd. Doç. Dr. Neşe YILDIZ

Tazin konumu : Yüksek Lisans

Tezin Tarihi : 24-8-2017

Tazin Alanı : İşletme Anabilim DALI

Tezin yeri : KBÜ/SBE

Anahtar Sözcükler : Yüksek Faiz, İslami Finans, Alternatif Yatırım Araçları

AUTOBIOGRAPHY

Abdulmutalib Mohammed Othman ALSahili was born in Tripoli – Libya 1979 and completed his Primary and secondary school education in Tripoli city 1996. He obtained B.Sc. degree in accounting from the Tripoli University of Economics in Libya 2004 and began to study at the Karabuk University Turkey in spring 2014.

Address: Tripoli - Libya

E-mail: alshli@yahoo.com

Mobile: 00218922438396 / 00905438998038