

The reality of adopting Islamic banking windows in Algerian public banks

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Abstract:

This research paper aims to analyze and evaluate the current state of Islamic banking windows in Algerian public banks, focusing on the diversity of products offered and the growth in financing volume. A descriptive-analytical approach was employed, on sample of two banks: the Algerian Foreign Bank (BEA) and the Bank of Agriculture and Rural Development (BADR). Financial statements for the period 2021–2024 were analyzed.

The results show that the Islamic banking window experience represents a significant step towards strengthening Islamic banking in Algeria. This is achieved by offering financing products compliant with Sharia principles, such as Murabaha, Ijara, and Salam. The study confirms a relative diversity in the financing methods used, despite varying levels of demand. This diversity has contributed to a gradual annual growth in the volume of Islamic financing, even though it is affected by a number of economic and regulatory factors. The study also revealed a growing interest in Islamic savings and investment accounts, reflecting increasing public awareness of the importance of Islamic banking.

Conversely, this experiment still faces challenges, most notably weak promotion and a shortage of specialized human resources, which may limit its effectiveness and ability to achieve widespread adoption and greater benefits across all sectors.

Keywords: Islamic windows, Islamic financing formulas, financing volume; Islamic window products.

Jel Classification Codes : E51 ; G21 ; G24.

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I-Introduction:

Public banks are a cornerstone of the Algerian financial system, playing a pivotal role in mobilizing and directing financial resources to support the national economy. This support is provided through financing both public and private projects, as well as contributing to the implementation of the state's economic policies. In an effort to diversify financial services and meet the needs of broad segments of society, the authorities have incorporated Islamic banking windows within these banks. These windows enable the provision of Sharia-compliant banking products without the need for separate, independent banking institutions. The importance of the relationship between public banks and Islamic banking windows stems from the fact that the latter represent a modern form of banking services. They operate within the same infrastructure and regulatory framework as conventional banks, while offering financing alternatives that cater to the aspirations of customers who prefer to avoid interest-based transactions. Accordingly, this study aims to apply the theoretical aspects of public banks and Islamic banking windows to practical realities. This will be achieved through an evaluative analysis of the experiences of both Bank of Algeria External (BEA) and the Bank of Agriculture and Rural Development (BADR), in order to assess the effectiveness of these windows in achieving their financing and social objectives

I-1- Main Problem Statement:

What is the benefit of adopting Islamic windows in public banks based on the diversity of products and the volume of financing, during the period from 2021 to 2024?

The following sub-questions:

- What are the most prominent Islamic financing methods adopted in the Islamic banking windows of the banks under study?
- What is the nature of the financial intermediation carried out by the Islamic banking windows in the two banks?
- How successful was the experience of the Islamic banking windows, based on the development of financing volume in the two banks during the study period?

- Study Hypotheses:

The study hypotheses can be formulated as follows:

- The financial intermediation practiced by the Islamic windows in the two banks is based on the use of Sharia-compliant transaction contracts, instead of traditional interest-based mechanisms;
- The Islamic windows in the banks Under study rely on a range of financing methods, most notably Murabaha and Ijarah, due to their ease of application compared to other methods;
- The success of the Islamic windows experience in the two banks is evident through the significant growth in the volume of financing during the research period, reflecting their ability to respond to customer needs.

- Study Objectives:

This study aims to achieve a set of scientific and practical objectives, which can be summarized as follows:

- To understand the concept of Islamic banking windows and their operational mechanisms within Algerian public banks;
- To examine the current state of financing provided by Islamic banking windows in both the National Bank of Algeria and the Bank of Agriculture and Rural Development during the study period;
- To develop a set of proposals and recommendations that would enhance the effectiveness of these windows and improve their future performance.

- Importance of the Study:

The importance of this study lies in its contribution to enriching the academic and practical understanding of Islamic finance within Algerian public banks. It sheds light on the growing role of Islamic windows as a flexible and cost-effective approach to introducing Sharia-compliant banking services without the need to establish fully independent Islamic banks. Moreover, the study highlights how the integration of conventional and Islamic banking within the same institution helps meet the diverse needs of customers and enhances financial inclusion. It also provides insights into the Algerian experience, evaluating its effectiveness and potential in supporting a gradual transition toward a comprehensive Islamic banking system, thereby contributing to the development and modernization of the national banking sector.

I-2- Prior research.

Recent studies have highlighted the growing role of Islamic banking windows within conventional banks as a key mechanism for promoting Islamic finance in Algeria. Mahfoudhi Fouad and Mahfoudi Ibrahim Al-Khalil (Mahfoudi, 2024) examined the National Bank of Algeria between 2020 and 2023 and found that the introduction of Islamic windows significantly contributed to attracting funds that previously circulated outside the banking sector. The study emphasized the importance of establishing independent Sharia supervisory boards to ensure product compliance and enhance customer confidence. Similarly, Saadane Assia (Saadane, 2023) reported that despite their relatively recent introduction, Islamic windows at the Algerian National Bank successfully mobilized a substantial share of individual financial resources, largely due to the

provision of diverse Sharia-compliant services. However, the reliance on low-risk instruments such as Murabaha indicated a limited use of partnership-based financing structures like Musharaka and Sale. In a broader international context, Tahri Khaled and Bousalem Aboubaker (Tahri, 2023) demonstrated that Islamic windows not only support the localization of Islamic banking activities within conventional banks but also provide effective interest-free alternatives that contribute positively to economic stability. Collectively, these studies underscore the potential of Islamic windows to expand customer bases, improve liquidity, and strengthen the integration of Islamic finance within conventional banking systems.

Comparison of the current study with previous studies:

The study focuses on Islamic windows in Algerian public banks, specifically BEA Bank and BADR Bank in Ouargla, providing a local and practical perspective. Unlike previous descriptive studies, it uses quantitative analysis of actual financial data, offering precise insights into performance and competitiveness. Findings confirm Islamic windows enhance financial inclusion, with Murabaha being the most used product, but also reveal challenges like limited product diversity and early-stage development. The study contributes a critical, analytical understanding of Islamic windows in Algeria and lays the groundwork for further research.

II- Islamic Windows in Public Banks

Islamic finance is among the financial alternatives that have begun to gain increasing attention in Algeria, especially given the need to diversify banking services and expand financial inclusion. This trend came in response to the desire of a segment of society to deal with financing methods that comply with the principles of Islamic Sharia, which prompted the authorities to include this type of financing in their financial sector development strategies. Although the experiment is still in its early stages, public banks have begun opening Islamic windows within their branches, which represents a first step towards establishing a dual financial system that combines conventional and Islamic finance, paving the way for greater integration between the two in the future.

II-1-The Concept of Islamic Windows :

The concept of Islamic windows has been defined in various ways, depending on different perspectives and sources. Among these definitions are :

"They are defined as branches belonging to conventional banks that conduct all banking activities in accordance with the provisions of Islamic Sharia" (Shehata, 2001, p. 33)

This is also called the dual system phenomenon, meaning a system in which a conventional bank offers Islamic banking services alongside its conventional services.

II-2-Motives for Opening Islamic Windows in Public Banks

The reasons behind opening Islamic windows in conventional banks vary between religious and economic factors, regardless of the Sharia perspective or the pursuit of permissible investment. The latter include:

- Seizing the opportunity to enter a new market and generate additional profits from financing operations, thereby expanding the bank's economic participation, attracting more capital, and acquiring a significant share of the capital market.
- Meeting customer needs for Islamic products and investment methods, particularly in Arab countries.
- The gradual shift towards Islamic banking, especially in light of the financial crises that have affected the interest-based system, most notably the 2008 financial crisis, and the success of Islamic windows in several Arab and international banks.
- Retaining customers of conventional banks from migrating to Islamic banks.

The ease with which the main bank can control Islamic windows compared to establishing an independent entity, and the simpler legal procedures for establishing a window compared to establishing a new bank. Regarding religious motivations, Islamic windows derive their doctrinal basis from Islamic law (Sharia). This means they possess an ideology distinct from conventional banks, which are based on the principle that wealth belongs to God Almighty and is entrusted to humankind as an agent. Adherence to Sharia rulings is considered an integral part of this belief, and therefore obligatory. The interest system is considered usurious and prohibited by Sharia, which has been a primary motivation for many conventional banks to gradually eliminate usury through the establishment of Islamic windows (Madas, 2023, p. 71)

II-3-Characteristics of Islamic Windows

Islamic windows in conventional banks are distinguished by several characteristics that set them apart from other conventional branches. Among the most important of these characteristics are the following :

-The nature of the work of Islamic windows and all their activities are designed to comply with Sharia rulings, whereas the operations of other conventional branches are fundamentally based on usurious interest.

-Many Islamic windows are subject to a Sharia supervisory board or Sharia supervisory body, which is not the case for conventional branches. The most important investment methods and structures in Islamic banking windows are Mudarabah (profit-sharing), Musharakah (partnership), Murabaha (cost-plus financing), and Ijarah (leasing), while conventional banking is limited to a single structure, albeit with variations in form and name: interest-based loans.

-Investment accounts in Islamic banking windows are structured around the relationship between the Islamic branch and the client based on a Sharia-compliant Mudarabah contract. In contrast, conventional banking is based on a creditor-debtor relationship.

-When Islamic banking windows require financing, the parent bank deposits an investment account with them, subject to profit and loss sharing, just like any other depositor. (Tahraoui, 2023, p. 643)

II-4-The Relationship Between Islamic Windows and Public Banks

Combining Sharia-compliant and conventional banking activities through the establishment of Islamic windows within public banks necessitates a special relationship that requires examination from several angles, which can be summarized as follows:

- The Nature of the Relationship in Terms of Ownership and Legal Structure : The ownership of Islamic windows, in all their forms, is subordinate to the main bank. They do not possess an independent legal personality, nor do they have any powers granted to them that deviate from their subordination. Therefore, they bear the same name and logo. Consequently, Islamic windows appear within the organizational structure of the conventional bank, but each operates within its own distinct activities.

Legally speaking, Islamic windows, by their very nature, do not possess an independent legal personality. Rather, as legal scholars define them, they are subsidiary institutions without their own legal personality, but rather are endowed with a certain degree of administrative autonomy, indicating their dependence on the parent bank. The nature of the relationship between Islamic windows and conventional windows within the same bank is based on integration in providing permissible banking services, particularly to the parent bank's clients. These services include bill payment and inter-client transfers, while avoiding prohibited transactions between the Islamic windows. All of this demonstrates that the Islamic window lacks independence from the parent bank, both legally and in terms of ownership.

-Nature of the Relationship in Terms of Capital : Based on the previously established conclusion regardent the nature of the relationship between Islamic windows and conventional banks (-Hasan, 2021, p. 195) in terms of ownership and legal classification-namely, that these windows are dependent on the parent bank in terms of ownership and legal nature-it follows that these Islamic windows cannot offer shares for public subscription to raise the necessary capital for their

establishment. Consequently, the capital used to establish the Islamic window comes from the parent bank, and these windows do not possess their own capital to utilize in the establishment process.

-Most Islamic windows initially began operating with funding from the parent bank, commensurate with the window's anticipated needs.

- The nature of the relationship from an administrative and accounting perspective: Administratively and organizationally, Islamic windows are subordinate to the parent bank, generally lacking administrative and accounting independence.

-The nature of the relationship in terms of budget and treasury: Islamic windows follow the parent bank's budget and their funds are mixed with its general funds. Often, the windows deposit their profits into the parent bank's treasury. Some windows claim to separate their funds and budgets from other windows, branches, and even the parent bank. However, in practice, the separation between the two budgets is merely internal, as Islamic windows lack legal independence from the parent bank, as previously explained. Consequently, their actual results are not presented separately from the parent bank's general budget. Therefore, the Islamic windows' budgets are considered informal financial statements, intended to measure the actual performance of those windows, which are then reintegrated into the bank's balance sheet. (gamoumiya, 2019, p. 70).

III –Methods and Materials:

III-1-Study Methodology

In order to achieve the study's objectives, answer the research question, and verify the hypotheses, a methodology was chosen that outlined clear steps to reach the research goal. Given the nature of this study, we employed the experimental method, relying on fieldwork, documentation, and statistics to identify and measure the factors influencing the phenomenon and predict its future.

III-2-Study Sample

The current study was conducted on two banks: the Algerian Foreign Bank (BEA) and the Bank of Agriculture and Rural Development (BADR), for which financial data was available from 2021 to 2024.

-Algerian Foreign Bank (BEA)

The Algerian Foreign Bank (BEA) is an Algerian public bank established in 1967. It is one of the largest banks in the country, playing a pivotal role in financing foreign trade and providing comprehensive banking services to individuals and institutions, including bank accounts, financing, payment services, and digital banking. The bank continuously strives to modernize its services and adapt them to market demands.

As part of its expansion policy and to strengthen its regional coverage, the bank has a wide network of branches spread throughout the country, including the Ouargla branch, which is one of the most active branches in the southeast of the country. This branch offers various traditional banking services and, since 2022, has also offered Islamic banking services through a dedicated window. This initiative responds to the national trend towards expanding the availability of Sharia-compliant banking products and aims to meet the aspirations of customers in the region seeking alternative financing solutions.

-Bank of Agriculture and Rural Development (BADR)

The Bank of Agriculture and Rural Development (BADR) is an Algerian public bank established in 1982 under Decree No. 82-16. It is among the specialized banks that contribute to supporting and financing the agricultural and rural sector by providing financial services tailored to the specificities of agricultural activity and the local economy, while also extending its reach to other economic sectors.

As part of its expansion policy and commitment to achieving financial inclusion, the bank has a wide network of branches across the country, including the Ouargla branch, which is one of the active branches in the southeast of the country. This agency contributes to supporting local agriculture by financing agricultural projects, and it also began providing Islamic financing services in 2021, in response to the state's directions towards promoting Islamic banking within public banks.

III-3-Tools Used

To gather the necessary information and data for the field study, qualitative tools appropriate to the nature of the topic and the research objectives were used. These tools included direct observation, interviews, and reviewing official data and information from the two institutions under study.

Interviews enabled the collection of more detailed information by posing open-ended questions to the employees of the targeted agencies, particularly those responsible for Islamic services. These questions focused on the nature of the available Islamic financing products, their popularity, and the challenges these windows face in the field.

These tools were further enhanced by reviewing official reports and statistical data provided by the two institutions. This allowed for the support of the findings with reliable quantitative and descriptive information that reflects the reality of the Islamic banking windows' financing activities within them.

These tools, taken together, allowed for the acquisition of accurate, descriptive, and interpretive data, which serves the study's objectives and helps evaluate the performance of Islamic banking windows in Algerian public banks.

IV- Results and discussion:

This section presents the results of the field study related to Islamic windows in the Bank of Algeria and the Bank of Agriculture and Rural Development, along with an analysis to evaluate their performance and the extent of their activation in providing financial services compliant with Islamic Sharia.

IV-1-Results of the study:

-Most requested Islamic products and their financing volume

-The figure No. (01) shows the distribution of Islamic financing at the Banque Extérieure d'Algérie (BEA) branch in Ouargla according to the different formulas, with real estate Murabaha and consumer Murabaha accounting for the largest share, indicating a concentration of demand for housing and consumer financing among clients

-The figure No. (02) above shows the distribution of financing according to the most requested Islamic products at the BADR Bank Islamic Window, Ouargla branch. The bank shows a greater interest in agricultural production financing, reflecting the sectoral and professional nature of its clients.

-Annual funding volume for each bank:

We note from the table No.(01) that the agency did not record any Islamic financing in 2022, then began actual activity in 2023 with a financing volume of 10,738,709.99 DZD distributed across 19 files, rising in 2024 to 26,803,500.07 DZD despite the decrease in the number of files to 10, which indicates an increase in the volume of financing granted during a short period.

The table No. (02) shows a gradual increase in the volume of Islamic financing, rising from 20,785,500.08 DZD in 2022 to 29,500,633.12 DZD in 2024, an increase of over 42%. The number of files also increased from 8 to 18 during the same period, indicating an expanding customer base and growing demand for Islamic banking services

-Volume of Islamic deposits and number of accounts in the two banks:

The table No. (03) shows that personal savings accounts have the highest number of accounts with 205, followed by investment accounts with 174. In terms of deposit amounts, investment accounts recorded the highest value, reflecting customers' preference for safer investments, which are the most common type. Conversely, a decrease in the deposit value of personal savings accounts was observed

The table No. (04) shows that the personal savings account has the highest number of accounts with 173, followed by the savings account. In terms of deposit amounts, the personal savings account also recorded the highest value, reflecting customers' preference for individual savings over other types.

IV-2-Discussion and Analysis of Results :

By analyzing and discussing the previously presented data to verify the study hypotheses, the performance of Islamic banking windows at both the Bank of Agriculture and Rural Development (BADR) and the Banque Extérieure d'Algérie (BEA) was compared, focusing on product diversity, account types, financing volume, and Islamic deposits.

The results showed that the Bank of Agriculture and Rural Development (BADR) offers a more diverse range of Islamic banking products compared to the Algeria external bank (BEA). This indicates that BADR has adopted an expansion strategy specifically geared towards meeting the needs of multiple sectors, particularly the agricultural and professional sectors.

While BEA's product offering is limited to six basic financing products—equipment leasing, Salam financing, Murabaha for Equipment, Murabaha for real estate, Murabaha for commodities, and Murabaha for automobiles—BADR offers a wider range of Murabaha structures, including : export Murabaha, construction Murabaha, agricultural production Murabaha, raw materials Murabaha, yield Murabaha, public procurement Murabaha, professional equipment Murabaha, and transportation Murabaha.

This diversity at BADR reflects a deep understanding of the market it serves, particularly as it targets professional and agricultural sectors with specialized financing needs. For example, the agricultural production Murabaha and yield Murabaha products represent financial solutions tailored to the specificities of agricultural activity, which are not available at BEA. While the Bank of Algeria External (BEA) relies on well-known products such as auto and real estate financing, its offerings appear more general than sector-specific, which may reduce its competitive positioning against Islamic financial institutions that offer more tailored solutions.

From this perspective, it can be argued that BADR has managed to enhance its appeal to a wide range of customers through this product diversity, while BEA is expected to develop its offerings to meet the growing market demand for diverse Islamic financing options adapted to local professional and economic realities.

The study's findings also show that the Bank of Agriculture and Rural Development (BADR) offers a more diverse range of Islamic banking accounts compared to BEA, indicating a strategic focus on tailoring services to different customer segments, whether in terms of age or the nature of their economic activity. While BEA offers only three types of accounts—Islamic current accounts, Islamic savings accounts, and Islamic deposit accounts for individuals—BADR offers several, including accounts tailored to specific segments such as the Falah Islamic Investment Savings Book, targeting farmers, and the Ashbal Islamic Savings Book, designed for children and teenagers as a form of early financial education in accordance with Sharia principles.

In addition, BADR offers an Islamic checking account and investment savings books that vary according to customer needs, reflecting the bank's commitment to developing financial instruments that consider the specific sectoral and social characteristics of its clients.

As for (BEA), despite its limited number of account types, its reliance on Islamic deposits for individuals is a positive step towards integrating investment according to Islamic principles within its conventional branch network. Furthermore, its wide geographical reach may partially compensate for this lack of diversity in the number of accounts offered. Therefore, it can be said that BADR focuses on the quality and diversity of its offerings, while BEA relies on geographical reach and branch density to attract customers. This necessitates that both banks combine these two dimensions in the future to achieve broader Islamic financial inclusion.

The data presented in the pie chart reveals that the most requested Islamic products vary from bank to bank, depending on the nature of each bank's target customers and the economic sectors it serves.

For the Bank of Algeria External (BEA), the highest demand was for real estate Murabaha at 9.5%, followed by equipment Murabaha at 6.4%, and then auto Murabaha at 3.2%. This ranking reflects customers' preference for financing related to individual and professional needs in the real estate and equipment sectors, indicating the bank's focus on products that appeal to individuals and

small business owners. In contrast, other products, such as Salam financing and equipment leasing, recorded lower percentages, which may indicate weak demand or limited promotion.

At the Bank of Agriculture and Rural Development (BADR), the highest demand was recorded for agricultural production murabaha at 6.2, followed by transportation murabaha at 5.6, raw materials murabaha at 4.2, and construction murabaha at 3.6. It is noteworthy that these products are linked to the production and service sectors, particularly the agricultural sector, which is a key area of the bank's activity. This reflects BADR's success in aligning its financing offerings with the nature of its clients, both farmers and professionals.

Furthermore, a relative balance is observed in the distribution of demand for products at BADR, with no single product dominating the others. This demonstrates the bank's success in creating genuine diversification in demand. In contrast, BEA shows a greater reliance on one or two main products, which may reflect either a limited range of practical products or weak promotion of alternatives. Based on these data, it can be said that BADR has a greater capacity to respond to the needs of its target market through more specialized offerings and a more balanced distribution of demand, while BEA needs to review its marketing strategy and expand the applications of its Islamic products to attract a wider range of customers.

Data on the volume of Islamic financing at both the Bank of Algeria External (BEA) and the Bank of Agriculture and Rural Development (BADR) reveals a clear difference in performance between years, in terms of both value and number of portfolios. This reflects a difference in the adopted strategy and the nature of demand for Islamic products at each bank.

First: the Bank of Algeria External (BEA)

En 2023, Islamic financing reached 10,738,709.99DZD distributed across 19 portfolios, indicating the financing of medium-sized operations within a broader expansion strategy.

En 2024, the volume of financing increased to 26,803,500.07DZD despite the number of portfolios decreasing to only 10. This indicates the bank's shift towards financing larger portfolios, perhaps for the benefit of larger institutions or projects.

Second: The Bank of Agriculture and Rural Development (BADR)

En 2022, the total financing amounted to 20,785,500.08 DZD across 8 projects. This then decreased in 2023 to 11,632,536.74 DZD despite an increase in the number of projects to 15, indicating a shift towards smaller, more widespread financing.

In 2024, the bank recorded its highest financing volume during the period, reaching 29,500,633.12 DZD across 18 projects, reflecting the peak of its financing activity.

The data also reveals a significant disparity between the Bank of Algeria External (BEA) and the Bank of Agriculture and Rural Development (BADR) in terms of the number of Islamic accounts and the amounts of deposits recorded, reflecting differences in strategic orientations and geographical reach of each bank.

The total number of Islamic accounts at BEA reached approximately 385, distributed across personal, business, savings, and investment accounts, with total deposits approaching DZD 70.2 million. It is noteworthy that Islamic savings accounts are the most numerous, followed by personal accounts, while investment accounts remain limited in both number and value, which may indicate weak demand or insufficient promotion of this type of account.

BADR Bank, however, demonstrated stronger performance, with a total of approximately 750 Islamic accounts opened, totaling 127.16 million DZD in deposits, exceeding BEA Bank by more than 80% in value. The account distribution clearly shows that Islamic savings and investment savings accounts occupy the leading positions in terms of both number and value, demonstrating the bank's ability to attract a wide range of customers seeking Sharia-compliant savings and investment solutions.

Furthermore, a significant number of accounts are dedicated to children (youth Savings Account), reflecting BADR's financial literacy policy aimed at instilling a culture of early saving within an Islamic framework. The introduction of specialized agricultural and investment accounts has also contributed to strengthening the bank's position in rural and agricultural communities. In contrast, BEA shows a greater focus on individual and savings accounts, with a relatively weak presence in commercial and investment accounts, which may be explained by the bank's lack of expansion in this area, or weak promotion of the Islamic investment products it offers.

IIV-Conclusion:

The results of the field study on the Islamic windows in the Foreign Bank of Algeria and the Bank of Agriculture and Rural Development indicate that these windows represent a strategic tool to strengthen the public banking sector in Algeria. The study noted a significant increase in customer interest in these services, which reflects growing awareness of the importance of financing compatible with Islamic Sharia, especially in light of the scarcity and absence of independent Islamic banks in some regions. It was also shown that Islamic windows contributed to meeting part of this demand by providing diverse and Sharia-compliant financing products, despite the presence of differences between the two banks in terms of strategy and level of readiness to implement this model. Despite the remarkable progress, this experiment remains in its early stages and faces challenges related to formation, Sharia oversight, and expanding the range of products, which requires the development of structural reforms and a clear vision by public banks to transform Islamic windows from a limited experiment into an integrated model that contributes to achieving financial inclusion and economic and social development.

IIV-1-Hypothesis Testing:

-Hypothesis 1: The study results confirm this hypothesis. Data collected from the National Bank of Algeria and the Bank of Agriculture and Rural Development showed that Islamic banking windows are indeed based on financing contracts that comply with the provisions of Islamic Sharia, such as Murabaha, Ijarah, and Musharakah, avoiding interest-based financing mechanisms. This reflects a commitment to Sharia principles in financial intermediation.

-Hypothesis 2: This hypothesis was confirmed by field data, which highlighted the reliance of the two Islamic banking windows on specific financing formulas, particularly Murabaha and Ijarah, as they are the most commonly used and easiest to implement. The study indicated that these formulas represent the largest percentage of financing transactions in both banks, compared to other formulas such as Istisna' or Musharakah.

-Hypothesis 3: This hypothesis is considered correct, as the figures related to the annual financing volume and the number of files in both banks showed significant growth during the study period, particularly in 2023 and 2024. This expansion reflects the increasing interest of customers in Islamic services and is an indicator of the success of the experiment and the effectiveness of Islamic windows in responding to the growing demand for Sharia-compliant financing.

IIV-2-Results:

The field study on the Islamic windows in both the Foreign Bank of Algeria and the Bank of Agriculture and Rural Development resulted in a set of prominent results, which can be summarized as follows:

-The experience of Islamic windows in public banks is considered an important step towards strengthening Islamic banking in Algeria, by providing various financing products that are compatible with the provisions of Sharia, the most prominent of which are Murabaha, Ijara and Salam.

-The Bank of Agriculture and Rural Development (BADR) showed greater diversity in Islamic financing formulas compared to the External Bank of Algeria (BEA), which was reflected in the distribution of products and the level of demand for them.

-A difference was observed in the demand for Islamic financing products, as the Murabaha product came first in terms of the volume of financing and demand in both banks.

-Islamic annual financing recorded varying growth in each bank, reflecting the impact of economic and regulatory conditions on the activity of these windows.

-Islamic savings and investment accounts are receiving increasing attention from customers, which reflects growing awareness of the principles of Islamic banking among different segments of society.

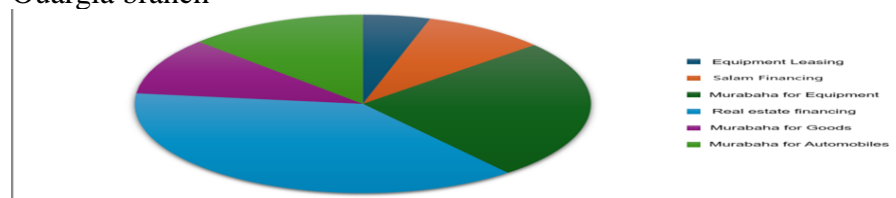
-Despite this, Islamic windows face challenges related to the lack of promotion and marketing, as well as the limited specialized training of employees, which affects their ability to achieve their development goals.

IIV-3 Recommendations:

- Expanding the Islamic windows network to include the largest possible number of public banking agencies, with a focus on areas with high population density to ensure wider access to services.
- Diversifying Islamic financing products to meet the different needs of customers, while studying the feasibility of including new financing formulas such as Mudaraba and Musharaka.
- Adopting an effective marketing strategy to introduce the public to Islamic window services and highlight their advantages compared to traditional financing.
- Enhancing the training and specialized training of Islamic windows employees to ensure quality service and increase the level of confidence among customers.
- Encouraging coordination between public banks and Sharia and regulatory bodies to ensure that Islamic banking products comply with the provisions of Sharia clearly and precisely.
- Developing modern digital mechanisms to manage Islamic banking operations and facilitate customers' access to services without administrative complications.

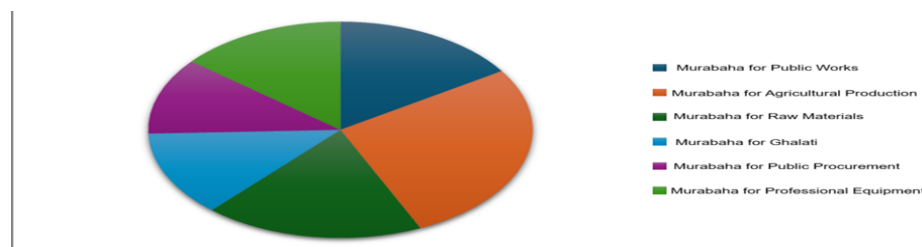
- Appendices:

Figure No.(01): Most requested products at the Islamic window of the Algerian Bank (BEA), Ouargla branch



Source: Prepared by the researcher based on data provided by the bank

Figure No. (02): The most requested products at the Islamic window of the Bank of Agriculture and Rural Development (BADR) - Ouargla agency



Source: Prepared by the researcher based on data provided by the bank.

Table No. (01): Volume of financing for the Bank of Agriculture and Rural Development (BADR) - Ouargla agency

| Files N° | Financing size of BADR bank | Years |
|----------|-----------------------------|-------|
| / | / | 2021 |
| / | / | 2022 |
| 19 | 10.738.709.99 | 2023 |
| 10 | 26.803.500.07 | 2024 |

Source: Prepared by the researcher based on data provided by the bank

.Table No. (02): Volume of Financing for the Bank of Algeria External (BEA) - Ouargla Agency

| Files N° | Financing size of BEA bank | Years |
|----------|----------------------------|-------|
| / | / | 2021 |
| 8 | 20.785.500.08 | 2022 |
| 15 | 11.632.536.74 | 2023 |
| 18 | 29.500.633.12 | 2024 |

Source prepared by the researcher based on bank data

Table No. (03): Volume of deposits and number of accounts in the Islamic window of the Bank of Agriculture and Rural Development (BADR) - Ouargla agency

| Account Type | N° of Accounts | Deposit Amount |
|--|----------------|---------------------------|
| Islamic Check Account | 157 | 12,560,000.00 DZD |
| Islamic Investment Savings Book | 174 | 52,200,000.00 DZD |
| Islamic Savings Book | 205 | 41,000,000.00 DZD |
| Islamic Savings Book (Youth) | 120 | 6,000,000.00 DZD |
| Islamic Investment Savings Book (Fellah) | 10 | 7,000,000.00 DZD |
| Islamic Current Account | 84 | 8,400,000.00 DZD |
| TOTAL | 750 | 127,160,000.00 DZD |

Source: Prepared by researchers based on data provided by the bank

Table No. (04): Volume of deposits and number of accounts in the Islamic window of the Bank of Algeria External (BEA) Ouargla Agency

| Account Type | N° of Accounts | Deposit Amount |
|---------------------|----------------|-----------------------|
| Personal Accounts | 173 | 17,300,000.00 |
| Business Accounts | 19 | 9,500,000.00 |
| Savings Accounts | 187 | 37,400,000.00 |
| Investment Accounts | 06 | 6,000,000.00 |
| TOTAL | 385 | 200.000.00..70 |

Source: Prepared by researchers based on data provided by the bank.

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