

## **CHAPTER I**

### **BACKGROUND OF THE STUDY**

This study about the Islamic method and the possibility of applying it as an alternative to credit facilities. The study covered making participation activities in the practical life, the idea was implemented by changing the activity of the banks of credit facilities into Islamic participation according to syaria, funding by participation provides permanent work successful investement within Islamic banks and acting along with the contribution of the Islamic bank in funding by participation and increasing the investement and national income reinforcement and national income reinforcement. An Islamic bank adopting funding by participation will have a successful impact in replacing the credit facilities in the trade banks where establishing Islamic banks.

The fundamental problem that has plagued Bank Republic and all commercial banks in Libya, a deal beneficial usury by granting loans and advances to customers and here we seek participatory process Islamic alternative successful to solve the problem that has plagued the bank of the republic and all Libyan banks which usury Terms funding HTP Islamic received acceptance excellent Republic by the bank as an alternative to a successful its investment Participation in the Islamic banks is one of the important investment which is a successful alternative to funding by participation instead of granting facilities i the traditional banks. Participation in the Islamic banks is the participation between the bank and the agent in establishing a project that complies with the essential base of Islamic Sharia which is the profit and loss. The traditional banks are profit- oriented where they lend money at an exorbitant rate of interest (usury) which is legally prohibited in Islam so the main difference between the participation and the credit facilities while the commercial banks grant the credit facilities based on interest.

It is also noticed that participation in the Islamic banks is a long term funding that an agent can heavily rely on and make use of it where the agent is

participating in the capital both profit and loss which is totally unlike the traditional banks that take rates at interests which is illegal in Islam. Eventually it can be said that participation in the Islamic banks is a successful alternative for granting money from traditional banks.

### **STATEMENT OF PROBLEM**

1. Why commercial banks do not deal funding formula to participate Islamic in transactions;
2. Do you Islamic finance to participate islamic be successful in the funding process within the framework of the banking rather facilities, and a loan The ability of the credit formula to fund and develop different projects and applying it as a system participating in the profits and losses instead of using the profit oriented credits that are prohibited in Islam;
3. Do you customers of commercial banks agree to change the system within which commercial banks Cancel facilities and loans that rely on Interest and replace the funding formula for the participation of the Islamic.

### **THE SIGNIFICANCE OF THE STUDY**

1. To the researcher;
  - a. Identifying the banking service in the Islamic banks and the funding and investment mechanism;
  - b. Understanding the concept of the Islamic banks and their existence in the Islamic and Arab world as an alternative to the traditional banks.
2. To the community;
 

Exhibiting the role of Islamic bank in the economic growth, increasing investments, establishing projects and developing the national economy via the share of the customers within the Islamic bank.

### **THE AIM OF THE STUDY**

1. Identifying the extent of Islamic banks ' contribution in the process of participation, increasing the investment and flourishing the national economy;
2. Identifying the extent of the Islamic banks' contribution in promoting and motivating individuals in investing and establishing projects;
3. Gaining legal income based on Islamic legislation via funding by share.

### **ENVIRONMENT AND SAMPLE OF THE STUDY**

1. The environment is represented by the republic bank/Zleetin branch;
2. The participants of the study are the employees and the people in charge in therepublic bank/Zleetin branch;
3. The sample of the study will be chosen from the employees in the republic bank/Zleetin branch.

### **METHODOLOGY**

The researcher in this study is following descriptive and inductive methods in the Islamic banks from one hand , and studying the participation process in the Islamic banks and the possibility of its success and getting rid of the commercial banks on the other hand through studying data related to the period in which the Islamic banks can be established and applied in the participation process as an essential factor in financing the national economy.

### **LIMITATIONS OF THE STUDY**

1. Topic Limitations;
  - a. Identifying the services given by this bank;
  - b. The contribution extent of funding by Islamic participation in the Islamic bank based on the share in both loss and profit unlike the credit facilities.
2. Location Limitation;  
Republic bank / Zleetin branch.
3. Period Limitation;  
2013 – 2012, Autumn