

Weakness of Islamic Finance on Libyan Small Projects: North Africa Bank as a Study Case

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Abstract: The aim of this study is to identify the reasons of the weakness of the Islamic finance to the small projects in North Africa bank through studying the reality of the financing procedures that have been depended on in the Islamic financing, the financing policy, alongside the Islamic standards of the bank. A questionnaire has been distributed to the sample members of the study which was (400) employees working in the North Africa bank. The results of the regression analysis and (t) value showed that the shortage and weakness of the Islamic financing to the small projects are strongly connected to the right application of the legal standards and regulations which the bank is committing to. They are also are strongly connected to the reality, role, potentials and authorities of the Sharia Supervisory Board, as well as to the diversity of proper financing formulas for the non-profits small projects. It is also found that the reasons of the weakness are attributed to the financing procedures that have been followed by the North Africa bank. More importantly, it was found that there is a strong tie between the application of Sharia laws and the success of financial institutions.

Keywords: Employees, Financial Laws, Sharia, Regression, Romani, Market.

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I. Introduction

Libya has witnessed noticeable changes with many economic reparations, where most of the laws and regulations have been reviewed and rechecked to be consistent with the rules of the Islamic law. A road map was set to establish Islamic banks as the decision to switch to the Islamic banking has been taken to be the working system in all the banks by opening Islamic counters in 2009, and limited partial internal conversion in 2010 where the conversing to the Islamic banking was gradually done. A curriculum for the mix banking system has been approved and depended due to the late start of the Islamic banking services within the services provided by the Libyan banks, as they started within weak political and administrative stability and with big ambition to achieve large and deep financial banking conversion. Besides, there were no obvious strategies and plans to make the practical achievements of the Islamic finance at the end of 2014 for being a weak year, where neither the banks nor some branches could switch to the Islamic banking.

Due to the share of the Islamic financing within the *credit portfolio of the*, Libyan banks' share was 20% while the share of the traditional financing was 80%. Out of the Libyan banks where the share of the Islamic financing is noticeably going down is the bank of North Africa which is one of the most important banks in Libya, for it is financing the small projects, and is one of the first banks which started to switch to the Islamic banking. North Africa bank is a commercial bank which deals with the individuals and corporations all over Libya, and is considered one of the most important and active financial institutions which took the attention of the researchers to study the reality of the Islamic financing of the small projects in Libya.

1.1 Problem of the Study

North Africa bank was one of the first banks that has gone fast to convert into the Islamic banking, and is the first commercial bank that announced the intention to convert all its the branches and activities to be in the frame of the Islamic law. So, the authorities in the bank came with a complete plan for the mechanism of conversion from traditional bank into Islamic bank with a new name "North Africa Islamic Bank". Having reviewed the financial situation of the bank and made profound studies about the Islamic instructions, it became clear that the contribution of Islamic financing grants for the small projects became lower, and that the granted Islamic financing was too low where the value of the Islamic finance for the small project in 2015 was (29.66 million Libyan dinars), while it was (464.276 million Libyan dinars) when the bank was adopting the traditional

banking system. The Islamic finance rate was (10.6%) to the total deposits in the bank while it was (64%) of the traditional financing to the total of the deposits¹, evidencing and clarifying the reasons of the weakness of the Islamic finance, as well as indicating to the existing, unclear and unsuitable financing procedures. It also confirms that there is a problem that needs to be deeply investigated and paid attention to by researchers.

The report of the Central Bank of Libya about North Africa bank showed that the Islamic financing of the deposits represents rate of (25%) while the traditional financing represents (75%) on 2015, and this confirmed that there is a failure within the Islamic financing procedures which have been adopted by the bank². Based on all previous studies in this area, particularly in what is related to regulate the financing grants to the small projects, it has been decided that there is a need to examine the link of this failure with the regulations and standards of the Islamic financing procedures in the bank³. By adopting the formula of Murabaha (term for a sale where the buyer and seller only agree on the markup for the item(s) being sold)⁴ and the undiversified financing formulas for the small projects and social economic and developmental projects⁵, and by forming a official committee with authorities and responsibilities and mechanism of controlling the performance and role in enhancing the financing procedures, this paper presents the problem of the weakness of the Islamic finance and existing failure within the financing procedures adopted in financing the small projects, and tries to come with a new proposal to develop the bank procedures⁶. Accordingly, the study will focus on the reasons of the weak Islamic financing which is granted by North Africa bank to finance the small projects in Libya.

1.2 Research Questions

1. What is the effect of the Islamic finance in supporting small project and economic and social development on the lack and weakness of Islamic finance grants of small projects in North Africa Bank.?
2. What is the effect of legal and regulations standards which are practiced by North Africa Bank on the lack and weakness of Islamic finance grants of small projects in North Africa Bank?
3. What is the effect of Sharia Supervisory Board's role and its formation mechanism and obstacles in its work and on the lack and weakness of Islamic finance grants of small projects in North Africa Bank?
4. What is the effect of the diversity of finances suitable for small and non-profit projects on the lack and weakness of Islamic finance grants of small projects in North Africa Bank?

1.3 Research Objectives

The research aims to reach the following objectives:

1. To investigate the effect of the Islamic finance in supporting small project and economic and social development on the lack and weakness of Islamic finance grants of small projects in North Africa Bank.
2. To investigate the effect of legal and regulations standards which are practiced by North Africa Bank on the lack and weakness of Islamic finance grants of small projects in North Africa Bank.
3. To investigate the effect of Sharia Supervisory Board's role and its formation mechanism and obstacles in its work and on the lack and weakness of Islamic finance grants of small projects in North Africa Bank.
4. To investigate the effect of the diversity of finances suitable for small and non-profit projects on the lack and weakness of Islamic finance grants of small projects in North Africa Bank.

1.4 Significance of Research

1. Identifying the role of the Islamic financing in supporting the small projects in the bank.
2. Identifying the effective role of the financial laws and procedures in granting finances to the small projects in Islamic banks within the frame of reforming the banks to be consistent with new economic developments.
3. The extent of the appropriateness of the financial procedures of North Africa bank with the legal regulations and standards adopted to finance the small projects.

¹ Reference: the financial reports of the bank, the report of the Islamic banking administration to the bank of North Africa on 2009- 2015.

² Salim Alhouti 2015, 'the banking conversion in Libya' the fourth international conference of financial ledge, with topic of (The conversion of the Islamic financing and the challenges), Morocco 11-12/12.

³ Study of Milud bin Masud 2008 "Standards of financing and investment in Islamic banks" Master dissertation in Islamic economic, faculty of social and Islamic sciences, University of Alhaj Khudhur- Natina / Algeria.

⁴ <https://en.wikipedia.org/wiki/Murabaha>

⁵ Study of Tariq Altaira, 2008, The Formulas of financing and investment areas which suitable to the projects and to which extend they are consistent to the social and economic development" research paper submitted to participate in financial Islamic services convened for the period 23-24/06 Libya, organized by the academic of postgraduate studies in Libya, with the higher center of the financial and administrative professions in Tripoli.

⁶ Zyad Jalal Al-Damagh, 2006, "proposed framework to develop the financial policy to support the financial processes" a practical study on the Banks in Palestine, Master dissertation, Islamic university, Gaza.

4. Identifying the obstacles facing the Sharia Supervisory Board in North Africa bank.
5. Interdicting the financial policy of North Africa bank which is currently depended on to finance the small projects.
6. The importance of the data provided within the financial procedures to rationalize the administrations, managers, employees and decision makers to grant finances in bank.
7. Providing framework to the bank policy to be consistent with the banking privacy and economic situations in Libya.
8. Enhancing the reputation of North Africa bank as an Islamic financial institution that is financing the small projects in an excellent and legal way.

1.5 Research Methodology

The methodology is the approach adopted by the researcher to achieve the objectives of the study in the light of the research problem. Due to that the topic of the study, it is concerned with two aspects: first is the theoretical framework and the second is the practical framework. As for this study, the researcher will follow the following approaches: The descriptive, inductive and analytical approach. The researcher will also depend on the Statistical Package for Social Sciences (SPSS) to do the analysis and test the hypotheses to approve or reject the hypotheses of the study.

1.6 The Place and Time Limitation

The time frame of the study is 2009, which is the start of the Islamic banking by opening Islamic counters in North Africa bank until 2015. Because the research is applied in one of the banks in Libya and limited to the staff in North Africa bank which is one of the Libyan banks that is financing the small projects in Tripoli, the sample of the study will contain all the employees in the bank including the managers and heads of departments.

1.7 Literature Review

Study of Maki Aldaraji and Jadidi Roudha 2014⁷, which is about the Islamic financial and its role in supporting and developing the small and medium projects.⁸ The Islamic financial approaches showed a great role in raising the sectors of the small and medium institutions in Algeria, and the most used approaches with the policy of the social solidarity which features the Islamic economy.

1. Study of Mohamed Salamah Aljoifal 2013⁹, which is about the role of the Islamic banks in financing the small and medium Jordanian institutions. It showed the approaches, qualifications and suitability in financing the small projects, as well as the role of the Islamic banks in financing the small and medium projects.
2. France study (Ibrahim Ba) 2013¹⁰, which is about the properties of the small and medium corporations, the financial Islamic institutions and the Islamic financial formulas. It also showed the legal and organizational and banking frame of financing the small and medium firms, as well as showing that there is a failure in granting finances to the small projects and Islamic banks. Besides, it showed that the Islamic finance is required to regulate the capital, profits, losses and type of Islamic financial contracts such as Murabaha.
3. Study of Sufian Mohamed Alshykh 2008¹¹, which is study about the legal control on the Islamic banks and the Islamic bank of Jordan. This study identified the legal frame of legal control, alongside the mechanism of forming the Sharia Supervisory Board with the authorities and terms of reference. It also showed how to fix the aspects of failure within the Sharia Supervisory Boards by proposing a tight and new system for the Sharia Supervisory Boards to achieve the decisions of the committee on the Islamic bank, such as the sample of the legal committee in Jordanian Islamic bank, where this committee evaluated and participated in developing the banking customs such the new system of Murabaha.

⁷ Maki Aldaraji , Jadidi Roudha, 2014" The Islamic financial and the role in supporting and developing the small and medium projects in Algeria" , Published Research paper <http://webcache.googleusercontent.com>

⁸ Sufian Mohamed Alshykh 2006, "the legal control on the Islamic banks, The bank of Jordan" Master Research, Knowledge and Humanitarian sciences department, IUM, Malaysia

⁹ France Study, BA Ibrahim 2013, The small and medium companies and Islamic financial institutes" PhD thesis, in Islamic financial, Section of business development, published by international business office in Geneva.

¹⁰ ALhadi Khalfalah 2013, The banking financing to the small and medium projects, Applied study on Development Bank, Alzawyah branch, Master Thesis in economic department, faculty of economy and political sciences, Tripoli University.

¹¹ Mustafa Ibrahim Mohamed 2012, Perfect curriculum of control system on the Islamic banks, PhD thesis in Islamic economy, open university USA, Cairo office, Islamic economy department, Egypt.

1.8 The Hypothesis of Study

H₁: There is no statistical effect of the role of Islamic finance in supporting small projects and social and economic development on the lack and weakness of Islamic financing grants of small projects in North Africa Bank.

H₂: There is no statistical effect of legal regulations and standards which are practiced by North Africa Bank on the lack and weakness of Islamic financing grants of small projects in North Africa Bank.

H₃: There is no statistical effect of Sharia Supervisory Board's role and its formation mechanism and obstacles in its work on the lack and weakness of Islamic financing grants of small projects in North Africa Bank.

H₄: There is no statistical effect of the diversity of finances suitable for small and non-profit projects on the lack and weakness of Islamic financing grants of small projects in North Africa Bank.

1.9 The Population and Study Sample

The population of the study consists of employees in North Africa Bank in Tripoli city. The numbers of distributed questionnaires are (400). The number of collected questionnaires is (390). Appendix (1) shows the characteristics of the sample.

1.10 The Variables of the Study

The Dependent Variable:

- Lack and weakness of Islamic financing grants of small projects in North Africa Bank.

The Independent Variables

- The role of Islamic finance in supporting small projects and social and economic development
- The legal and regulations standards which are practiced by North Africa Bank
- Sharia Supervisory Board's role and its formation mechanism and obstacles on its work
- The diversity of finances suitable for small and non-profit projects.
-

1.11 The Data Collection Sources

The sources of data collection represent the secondary sources which include journals, books, conferences, scientific magazines, and previous studies which support answering research questions and the conclusions from quantitative analysis. The questionnaire consists of 5 categories based on Likert scale, which is categorized as (1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree). The study depends on Chronbach Alfa coefficient to test the reliability of the questionnaire which is equal (84.90%), where this value is statistically accepted because it exceeds 75%. Appendix (2) shows the table of reliability test.

1.12 Analysis Methods

The researcher focused on the employees and the managers of the banks who have long experience in Islamic finance and its general policy practiced by the bank. The population as described above consists of all bank's staff and managers of all departments without exceptions. The analysis software is SPSS which is used to test the hypothesis of the study and examine the relationships as well. The significance level (0.05) is the standard to check if the hypothesis is accepted or rejected.

The study used the measures of central tendency and standard deviation to conduct a descriptive understanding of the responses from the survey that help the researcher answer research questions and test hypothesis based on value of the mean of each item.

1.12.1 The Arithmetic mean

The following arithmetic mean standards is used in the analysis:

Weak Level: where the arithmetic mean is between (1- 2.33)

Intermediate Level: where the arithmetic mean is between (2.34 - 3.67)

Strong Level: where the arithmetic mean is between (3.68 - 5)

Standard Deviation: It is one of the most important deviation measures in statistics, which represents the square of deviations set values for the arithmetic mean divided by the degrees of freedom. It is used to measure the deviation in the respondents' answers to the items of questionnaire.

The data was tested to be normally distributed as shown in appendix (3). In addition to that the model is tested to ensure no multicollinearity is found. In statistics, multicollinearity is a phenomenon in which two or more predictor variables in a multiple regression model are highly correlated, meaning that one can be linearly predicted from the others with a substantial degree of accuracy. The test of multicollinearity is illustrated in appendix (4) and autocorrelation appendix (5).

II. Hypotheses Tests

The test of independent variables was made using one sample t-test at level of confidence 95% and significance level (0.05) to specify the reasons for lack in finance to North Africa Bank.

Hypothesis 1

There is no statistical effect of the role of Islamic finance in supporting to small projects and social and economic development on the lack and weakness of Islamic finance grants of small projects in North Africa Bank.

The result of simple linear regression as shown in table (1) below shows that there is a significant effect of the role of Islamic finance in supporting small projects and social and economic development on the dependent variable. Where the correlation coefficient ($R = 0.31$) and the interpretation percentage ($R^2 = 0.101$) are between the independent and dependent variables. The significant level $\alpha = 0.032$ of this correlation which is less than (0.05). While the ANOVA test shows that $F=43.646$ and is statically significant and greater than 3.91. Therefore, this hypothesis is rejected.

Table (1) The Analysis Result of Hypothesis 1

Correlation coefficient $R= 0,31$	T-test = 6.606
F ration = 43.646	$\alpha = 0.032$

Source: the researcher

Hypothesis 2

There is no statistical effect of legal regulations and standards which are practiced by North Africa Bank on the lack and weakness of Islamic financing grants of small projects in North Africa Bank.

The result of simple linear regression as shown in table (2) below shows that there is a significant effect of statistical effect of legal regulations and standards which are practiced by North Africa Bank on the dependent variable. Where the correlation coefficient ($R = 0,54$) and the interpretation percentage ($R^2 = 0.297$) are between the independent and dependent variables. The significant level $\alpha = 0.000$ of this correlation is less than (0.05). While the ANOVA test shows that $F=164.184$ and is statically significant and greater than 3.91. Therefore, this hypothesis is rejected.

Table (2) The analysis result of hypothesis 2

Correlation coefficient $R= 0,54$	T-test = 147.66
F ration = 164.184	$\alpha = 0.000$

Source: the researcher

Hypothesis 3

There is no statistical effect of Sharia Supervisory Board's role and its formation of mechanism and obstacles in its work on the lack and weakness of Islamic financing grants of small projects in North Africa Bank.

The result of simple linear regression as shown in table (3) below shows that there is a significant effect of statistical effect of Sharia Supervisory Board's role and its formation of mechanism and obstacles in its work on the dependent variable. Where the correlation coefficient ($R = 0.611$) and the interpretation percentage ($R^2 = 0.374$) are between the independent and dependent variables. The significant level $\alpha = 0.000$ of this correlation is less than (0.05). While the ANOVA test shows that $F=231.59$ and is statically significant and greater than 3.91. Therefore, this hypothesis is rejected.

Table (3) The analysis result of hypothesis 3

Correlation coefficient $R= 0.611$	T-test = 15.218
F ration = 231.59	$\alpha = 0.000$

Source: the researcher

Hypothesis 4

There is no statistical effect of the diversity of finances suitable for small and non-profit projects on the lack and weakness of Islamic financing grants of small projects in North Africa Bank.

The result of simple linear regression as shown in table (4) below shows that there is a significant effect of the diversity of finances suitable for small and non-profit projects on the dependent variable. Where the correlation coefficient ($R = 0,364$) and the interpretation percentage ($R^2 = 0.133$) are between the independent and dependent variables. The significant level $\alpha = 0.000$ of this correlation is less than (0.05). While the ANOVA test shows that $F=9.87$ and is statically significant and greater than 3.91. Therefore, this hypothesis is rejected.

Table (4) The analysis result of hypothesis 4

Correlation coefficient R= 0.364	T-test = 7.72
F ration = 59.70	α = 0.000

Source: the researcher

2.1 The Results

The Bank funds small projects using Islamic finance because of its important role in economic and social development process. The Islamic finance helps the economic development in Libya. The study concluded that the bank is disciplined in credits and debits as well as financial transactions associated with small projects where all of them are in line with the principle of Sharia and Islamic law. Besides, the study found independent deals of the branches in Islamic banking in order to avoid non-halal financial activities, as the legal supervisory board of the banks issue fatwas and follow-up the execution of these fatwas as well as Sharia opinions in order to avoid any faults by the bank during the finance process of small projects, but this board lacks the experience to work in Islamic banking, along with the board's needs for specialist and experts in Fiqh and new methods in financial transactions. Moreover, there is no diversity in the appropriate approaches of financing small projects in the bank, but still limited to only Murabaha which reached 95%. Most importantly, there is no evidence of particular guideline for financing small projects including the procedures for financing customers and assessment of guarantees.

III. Conclusions

After reviewing the results of the study, the researcher summarizes the following conclusions:

- The lack and weakness of Islamic financing grants of small projects in North Africa Bank is strongly connected with the role of Islamic finance in supporting small projects and social and economic development.
- The lack and weakness of Islamic financing grants of small projects in North Africa Bank is strongly connected with legal regulations standards which are practiced by North Africa Bank.
- The lack and weakness of Islamic financing grants of small projects in North Africa Bank is strongly connected with Sharia Supervisory Board's role and its formation of mechanism and obstacles on its work
- The lack and weakness of Islamic financing grants of small projects in North Africa Bank is strongly connected with the diversity of finances suitable for small and non-profit projects on the lack and weakness of Islamic financing grants of small projects in North Africa Bank.

IV. Recommendations

1. The commitment to Islamic standards when granting finances to small projects by the Sharia Supervisory Board
2. North Africa Bank should continue in implementing the plan for development the human resources, and this plan includes training and preparing them inside and outside Libya on Islamic banking so that they become able to carry out Islamic banking requirements of the bank. In addition, the bank should appoint a new staff qualified in Islamic banking and Islamic finance to support the policy for the financing of small projects.
3. There is a need to improve the performance of the f North Africa bank to measure the difference between the traditional banks and Islamic bank so as to approve excellence and demonstrate its operational efficiency.
4. It is important to begin establishing rules and principles of learning and methodology in schools, colleges and university colleges and teaching economic and financial Islamic banking, as well as recognizing its definition of the Islamic investment formulas through murabaha, speculation and participation, leasing and Istisna'a and other financial means. There is also a need to establish a specialist university in this field and to support existing courses in Islamic banking in other universities.
5. The Libyan banks should benefit from the experiences of other countries as well as acquiring the knowledge and policies and funding procedures of Islamic finance to small projects. They should also understand the involved stages, steps and programs and how to overcome the difficulties and obstacles that faced by Libyan banks to implement Islamic banking successfully.

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Appendixes

Table (1) Sample Demographic Characteristic

Category	Frequencies	%	
Gender	Male	312	%80
	Female	78	%20
Age	Above 41	76	%20
	36-40	115	%29
	31-35	78	%20
	26-30	95	%24
Job position	Branch Manager	20	%5,1
	General Manager	54	%13,8
	Department Manager	80	%20,5
	Supervisor	34	%8,7
Academic Qualification	Employee	202	%51,8
	Ph.D	8	%2,1
	Master	27	%9,6
	Bachelor	233	%59,7
Job title	Higher Diploma	91	%23,3
	Banker	330	%84,6
	Managerial	3	%0,8
	Legal	13	%3,3
	Legitimate	5	%1,2
	Consultant	39	%10
Experience years	Above 20 years	132	%34

	16-19 years	102	%26
	10-15 years	20	%5
	5-9 years	71	%18
	Less than 5 years	65	%17

Table (2) Reliability Statistics

Cronbach's Alpha	N of Items
84.9	33

Table (3) Normal Distribution Table

Distribution	Sig.K-S	Skewness	Hypothesis
Normal	0.97	-1.96	H1
Normal	0.95	-1.69	H2
Normal	0.96	-1.80	H3
Normal	0.92	-1.43	H4

Table (4) Collinearity Measurement

Serial	Independent variables	Tolerance	Magnification
1	The role of Islamic Finance in Supporting Small Projects and Social and Economic Development	0,628	1,592
2	The LegAL Regulations Standards which are Committed by North Africa Bank	0,328	3,048
3	Sharia Supervisory Board's role and its Formation Mechanism and Obstacles on its Work	0,248	4,032
4	The Diversity of Finances Suitable for Small and non-Profit Projects	0,185	4,405

Table (5) Durbin–Watson statistic test

Serial	Independent Variables	Durbin–Watson
1	The Role of Islamic Finance in Supporting Small Projects and Social and Economic Development	1.00
2	The Legal Regulations and Standards which is committed by North Africa Bank	0.032
3	Sharia Supervisory Board's Role and its formation mechanism and obstacles on its work	0.075
4	The diversity of finances suitable for small and non-profit projects	0177

Table (6) Descriptive Statistics of Hypothesis H1

Serial	Independent variables	Mean	Std. Deviation
1	The Islamic banking finance of small projects even develop banking business in Libya.	4.29	1.108
2	The aim of the bank financing for small projects using Islamic financing is to achieve diversify its sources of income and increase the national output.	4.00	.520
3	The goal of the bank is to offer Islamic financing to small projects and to provide job opportunities for young people, which contribute to advance social life forward.	4.08	1.344
4	The Bank funded small projects to Islamic finance due to their role in economic and social development process.	4.52	.611
5	The Islamic finance of the bank achieves its role in highlighting the advantages of small projects in the field of production and services that make it essential to its existence for large projects.	4.13	.841
6	The bank provides Islamic finance for small projects in order to contribute to solve poverty and unemployment problems due to its cost advantages.	4.33	.976
7	The bank provides Islamic finance for small projects in orders to care about the social aspect of the owners of small projects.	4.16	1.135
8	The aim of the bank is to offer Islamic financing for small projects to achieve justice by the geographical areas.	1.96	1.208
9	The aim of the bank is to offer Islamic financing for small projects is based on a religious motive	4.25	.881
10	The bank provides Islamic finance in order to contribute to the development of the national economy of Libya.	3.39	1.452

Table (7) Descriptive Statistics of Hypothesis H2

Serial	Independent variables	Mean	Std. Deviation
1	Disciplined bank assesses the customer literary reputation, credibility, honesty and ethics enjoyed by the client, and his mastery of the work, when granting Islamic financing to small businesses.	2.13	1.331
2	Disciplined Bank standard of financial soundness "of capital - guarantees	2.11	1.148

	durability and safety to repay," when granting Islamic financing to small businesses.		
3	Disciplined Bank of inputs and outputs, financial and commercial transactions are small in the project to collect Halal, when granting Islamic financing to small businesses.	3.42	1.290
4	Disciplined bank standard warranty on infringement and negligence rather than a guarantor on the profit or loss, when awarding Islamic financing to small businesses.	1.48	.628
5	Disciplined Bank standard of full operation of capital and standard balance in project financing has formula post capital as one of the factors of production and the standard of production target.	1.32	.483
6	Disciplined Bank standard of commitment to the priorities of the necessities and widgets and improvements, when granting Islamic financing to small businesses.	2.07	1.253
7	Disciplined bank targeting the human race and employment and the standard of combating poverty and improving the distribution of income and wealth.	1.46	.529
8	Disciplined Bank standard to minimize the damage caused by the establishment of the project, and take care of the interests of neighborhoods and generations to come, when granting Islamic financing.	2.42	2.969
9	Bank officer disciplined preservation of the capital and protect it from the risks when Islamic finance small projects	1.50	.632
10	Disciplined bank calendar and follow-up and supervision during implementation and operation, when granting Islamic financing to small businesses.	1.76	.757
11	Bank of disciplined financial and accounting control for small projects bank financing services.	1.46	.529
12	Disciplined Bank to prepare an economic and legitimacy for all small projects feasibility studies.	1.30	.521

Table (8) Descriptive Statistics of Hypothesis H3

Serial	Independent variables	Mean	Std. Deviation
1	Sharia Supervisory Board of the bank to have an effective mechanism to control and monitor banking activities, review the procedures and operations of microfinance operations, and checking the safety of their application in terms of legitimacy of Islam.	1.43	.554
2	Sharia Supervisory Board of the bank follow-up the implementation of fatwas and the legitimacy of the views in order to stop any errors that might occur in the bank during microfinance.	1.65	.553
3	Sharia Supervisory Board of the bank cooperate with the management of the bank in increasing the efficiency of microfinance operations and plans.	1.72	.682
4	Sharia Supervisory Board of the bank applies methods to ensure review system and internal controls in terms both legitimate and banking on microfinance operations.	1.58	.505
5	The legitimate auditor follow-up the implementation of the decisions and recommendations of the Sharia Supervisory Board as well as the legitimate observer of the bank.	1.56	.799
6	Sharia Supervisory Board is completely independent intellectual and organizational and there is no pressure from the management of the bank practiced by them to allow some financial activities.	2.36	1.332
7	Sharia Supervisory Board is facing difficulty in finding acceptable alternatives from the religious perspective and achieve development that achieves the purposes of Islamic law.	2.61	1.493
8	Sharia Supervisory Board is involved in the selection of professionals to ensure familiarity with legal aspects related to financing of small projects.	4.06	1.050
9	The members of the Sharia Supervisory Board have certain qualifications and specializations in their work so that to enable them managing the finance of small projects finance of related operations efficiently.	4.22	.859
10	Sharia Supervisory Board the bank is continuing to follow-up the control and conduct analysis in the bank as well as show solving problems associated with Islamic finance of small projects, and finding ways to overcome them.	3.07	1.427

Table (9): Descriptive Statistics of Hypothesis H4

Serial	Independent variables	Mean	Std. Deviation
1	The bank relies on Murabaha because it is less risky than other profit formulas.	3.99	0.048
2	The importance of diversity of appropriate methods of financing small projects by the bank in order to achieve its objectives on the long term.	4.04	0.069
3	Microfinance formulas that are consistent with the provisions of the Islamic Sharia, which contribute effectively to the achievement of economic and social development in the country.	4.15	0.051
4	The reason for weak Islamic finance in the bank is because the Libyan	3.81	0.061

	environment characterized by weak administrative and political stability and security.		
5	Currently there is a low funding and absence of strategy, plans and clear objectives in Islamic finance for small projects.	3.41	0.056
6	The reason for low Islamic finance is mainly because no variety of approaches are available to analyze the risks faced by microfinance formulas.	3.82	0.058
7	The diversification of Islamic financing approaches for small projects is not limited to contract for the sale of Murabaha through buying only. It includes a method of speculative participation and forward sales and sell Istisna and Ijara ended with ownership.	3.87	0.01
8	The best is to control Islamic finance procedures adopted in financing policy.	3.97	0.052
9	The Bank of North Africa should prepare manual procedures to grant financing to small projects including grant funding to customers and evaluate the safeguards provided by customer participation Sharia Supervisory Board in its preparation of procedures.	4.22	0.086
10	The members in the Sharia Supervisory Board should have strong knowledge in legitimacy of Islamic banking, banking experience, and legitimacy ingredient.	3.65	0.088
11	One of the members in Shariah Supervisory Board should be legitimate scholars so that to be a specialist in the field of Islamic financial institutions and has a familiarity with the jurisprudence of transactions oversees as well as the activities of companies of small business owners and could monitor them to ensure compliance with the provisions of Islamic Sharia.	4.14	1.046

Table (9) Multiple Linear Regression

X	Independent Variable	R	R ²	F	Sig
X2	The legitimate and regulations standards which are committed by North Africa Bank	0,602	0.36	40.84	0.00
X3	Sharia Supervisory Board's role and its formation mechanism and obstacles on its work	0.670	0.44	29,77	0.00
X4	The diversity of finances suitable for small and non-profit projects	0,589	0,363	57,6	0.000

ضعف التمويل الإسلامي للمشروعات الصغيرة في ليبيا "دراسة حالة مصرف شمال إفريقيا"
عبدالرحيم بن أحمد، نعيمة إسماعيل الدعيكي، محمد صبري هارون

الخلاصة :

تهدف الدراسة لمعرفة أسباب ضعف التمويل الإسلامي للمشروعات الصغيرة في مصرف شمال إفريقيا، من خلال دراسة واقع الإجراءات التمويلية المتبعة في التمويل الإسلامي، و سياسة المصرف التمويلية ومعاييرته الإسلامية حيث وزعت استبانة لعدد (400) موظف، المستهدفين من عينة الدراسة بالمصرف، وأظهرت النتائج تحليل الانحدار واختبار، أن القصور في منح التمويل الإسلامي للمشروعات الصغيرة مرتبطة ارتباط وثيق بتطبيق المعايير والضوابط الشرعية التي يلتزم بها مصرف شمال إفريقيا، ومرتبطة ارتباط وثيق بحقيقة هيئة الرقابة الشرعية وسلطاتها ودورها وإمكانياتها، وبتنوع صيغ التمويل الملائمة للمشروعات الصغيرة غير المرابحة، وتري الباحثة أن الأسباب ترجع للإجراءات التمويلية التي يتبعها المصرف، والإجراءات التمويلية هي عبارة عن قوانين وسياسات تنظم العمليات التمويلية في المصرف وتحدد أساليب تتبع هذه الإجراءات وإنجازها، وتكون مرجع للعاملين وصلاحياتهم في المصرف، وكيفية الاستخدام الأمثل للأموال وتعزز سمعة المصرف. الكلمات الإفتاحية: السوق ، الشرعية ، القوانين المالية ، الموظفين ، الانحدار

Abdul Rahim Ahmad. "Weakness of Islamic Finance on Libyan Small Projects: North Africa Bank as a Study Case." IOSR Journal of Economics and Finance (IOSR-JEF) , vol. 10, no. 4, 2019, pp. 65-74.