

Analysis of Economic Growth and Financial Structure of Participation Banks, Islamic Views and Agenda: Case of Turkey¹

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Abstract

Finance sector holds special importance for the healthy growth of economies; therefore, minimization of the problems in the operation of the finance sector leads to improved welfare whereas problems in the sector negatively affect many other sectors, leaving the economy vulnerable to undesirable economic crises. Some developing Islamic countries implement interest-free banking or participation bank model whereas some others like Turkey rely on an economic model governed by the rules of the liberal capitalist economic theory. The participation banks which operate to address the concerns of the religious people over interest are viewed as important tools of Islamic finance. The adherence by these institutions in their financial activities to the Islamic rules and standards is being questioned by the people whereas the experts generally uphold that their activities are consistent with the Islamic precepts and rules. Since the strong implementation of the regulating measures vis-à-vis the finance sector subsequent to the financial crisis in 2001 in Turkey, a high economic growth rate has been attained in the last decade thanks to the financial stability policies. Despite that the vast majority of the people observe their religious practices, the share of the participation banks in the finance sector is relatively low due to the domination of the liberal economy and its rules. This study compares the participation banks in Turkey with the financial institutions in other Islamic countries and further analyzes whether their activities are consistent with the Islamic law. The research also empirically tests the period between 1990 and 2010 focusing on how the participation banks have been influenced by the domestic economic growth.

JEL Codes: E41, E43, E49

Key Words: Islamic finance, participation banks, economic growth, Turkey

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1. Introduction

The world economy has been rapidly globalized since post-WWII. Improved social welfare leads the nations to integrate with the global economy and to increase the volume of their foreign trade in order to attain healthy economic growth. The growth of many countries integrated with the modern liberal economic system depends upon many factors including the smooth operation of the financial system. The countries experiencing problems in the finance sector will have to face many economic and political crises that could have grave repercussions. For instance, the financial crises in 2000 and 2001 in Turkey have led to serious political and economic change that affected the fate of the country in the coming years. On global scale, the global financial crisis that erupted in the US in 2007 led to serious problems in the world. The global economy has not fully recovered from the global crisis that started in 2007; and the crisis is still expected to influence many other political developments.

Islamic faith is not all about mystical rituals and prayers; instead, it covers all aspects of life. It focuses on the human being and offers practices in every field of life. Finance and economy are important parts of daily life; for this reason, it is inevitable for Islam to have a say on these matters as well. Even though there are some commonalities between the capitalist economic theory and Islamic economics, it could be basically said that the two are separate models.

Islamic countries, referred to as third world countries in the present time, have played significant roles in global economy in the past (Ahmad K 2000). 73 pct of the global production was held in the present-time third world countries in 1750 whereas only 23.3 pct of this production was assumed by Europe-US and Russia. In 1900, the overall situation dramatically changed in favour of the Western states; Europe-US and Russia held 85.6 pct of the global production whereas third world countries' share remained at 11 pct (Kennedy, 1987). The interest system is the major factor in this dramatic change in the modern economic model (Ahmad K, 2000). Sadly, the positions of the Islamic countries in international trade are mostly determined by their ability to export raw materials including oil and its derivatives. The Islamic countries have successfully implemented an interest-free system over centuries where they have been dominant in global economy. The ongonig problems in global economy could be attributed to the inability to perceive an interest-free economy by the liberalism-based economic development programs (Ahmad K, 2000). The Islamic countries have lost their ability to assume greater production, leading to weakness to have their unique economic model based on Islamic precepts.

The customers seeking to participate in economic activities by preserving their religious identity have encountered serious problems while using their monies in the modern economic mechanisms and systems. A number of measures have been taken in Islamic world to ensure that the savings are joined in the economic system; however, it seems fairly difficult to create an interest-free funding system under the liberal economic rules. A number of initiatives have been started to address the problems of the Muslim people; however, these attempts have failed. Islamic banking has been developed since second half of the 20th century as a solution to these problems. Islamic banking has improved since then, spreading in many Islamic countries. Even though the activities of Islamic banking institutions raise some doubts in Islamic countries, it is a fact that they have been successful in collecting funds and attainment of high growth rates. The primary doubts on these banks are whether they are consistent with the Islamic law.

Number of studies in the literature focusing on this matter, particularly on the development banking in Turkey, is relatively small. This study reviews the consistency of these institutions with the Islamic methods and precepts and compares the three major participation banks in Turkey to identify their place and significance in the national economy. The study further analyses the impact of these institutions upon growth rates over the last decade in Turkey by reliance on the data between 2003 and 2012.

2. Literature Review And Hypotheses

2.1 Finance and participation banking under Islam

Depending on the demands of the pious people as well as investors and finance figures who uphold Islamic precepts, interest in Islamic financial institutions becomes visible. As of 2010, the total amount of funds and assets held in Islamic financial institutions has increased by 15 pct to \$700 billion in 70 countries, attracting growing attention (Khan, 2010). The growing interest in the Islamic financial institutions in recent years should not be attributed to the religious sensitivities alone; researches done in such countries as Sudan and Turkey show that the interest in these institutions is not relevant to religious needs and sensitivities only (Haron and Ahmad, 2000; Erol and El-Bdour, 1989). The primary motive for the emergence of such institutions is based on the need of the fund-holders to invest their monies in reliable options and the eagerness of the governments and the entrepreneurs to attract these investments and funds for use in real economy and public investments.

The most important argument in the Islamic economic thought is interest-free economic system. In general terms, this system is based on the idea of collection of the savings and monies for investment in reliance on an interest-free mechanism and the sharing of the profit and loss through partnerships between economic actors of the market. Because of the partnership in profit and loss between economic actors in the market, they develop stronger relationship; for this reason, public interest and macro benefits should be considered in economic decisions. As a result, this contributes to social peace and prosperity (Kafh, 2004). Interest is strictly forbidden in Islamic faith. Islamic scholars hold that this ban is based on the idea that interest is unfair income and that it leads to laziness and lack of solidarity. Interest was also discouraged because it makes the rich even richer (Aypek, 1988; Darcin, 2007). Of course, the validity of the evidence presented under the current liberal economic thought is controversial. It has been observed over the past years that interest-based financial institutions have caused serious economic crises and instability and threatened the peace and coherence of the society.

The modern conventional banks observe that the Muslims in non-Muslim and their homeland countries avoid depositing their monies and funds in interest-based institutions. For this reason, in an attempt to respond to the financial needs of the Muslims, Citibank, HSBC, JP Morgan, Deutsche Bank and American Express as well as other leading conventional banks attempt to develop a number of Islamic financial instruments (Haron and Ahmad, 2000). Despite that the consistency of the financial products and interest-free banking applications by the conventional banks with the Islamic law still remains controversial; these banks still offer such services. In an attempt to address doubts held by the religious people, the Islamic finance institutions seek to issue fatwas⁵ and promote establishment of Sharia Boards.⁶ In consideration of these priorities, Islamic financial institutions feel that they need to work closely with the Islamic law experts (Martan, 1999).

Amid ongoing pursuits of the Muslim economists, Islamic lawyers and politicians towards interest-free finance institutions, the efforts for a solution in predominantly Muslim areas and countries have intensified since 1950s. The initial efforts including Mit Ghamr Local saving Bank established in a small town of Egypt in 1963 and Islamic Development Bank founded in Malaysia in 1981 are viewed as the forerunners of this pattern in modern age (Kafh, 2004; Haron and Ahmad, 2000).

⁵A fatwa is Islamic ruling about an unknown problem and issued by a recognized religious authority in Islam. The people who pronounce these rulings are expected to be knowledgeable, and base their rulings in knowledge and wisdom; therefore need to supply the evidence from Islamic sources for their opinions. It is not uncommon for scholars to come to different conclusions regarding the same issue.

⁶Certifies the Islamic financial products as being Sharia-compliant. It thereby reviews the related contracts and provides an opinion about whether those agreements would be permissible under Islamic law.

A number of Islamic finance institutions had to end their activities in Egypt in 1967 (Kafh, 2004: 18). These institutions only partially addressed the concerns and expectations of the religious people. In an attempt to respond to the demand after the elimination of these institutions, the Egyptian government endorsed the opening of Nasser Social Bank in 1967 as an official bank.

The bank was authorized to collect zakat (alms) monies. Due to oil embargo in 1973, oil prices increased significantly; due to the increase in the prices and the accumulation of savings, Dubai Islamic Bank was created to use the funds and Islamic Development Bank was established to distribute these funds (Kafh, 2004). In 1974, establishment of Islamic Development Banks was allowed in Saudi Arabia, Algeria and Somalia provided that they would perform their activities in compliance with Islamic law. A similar institution was set up in Malaysia to address the issues of the Malay people seeking to finance their Hajj.⁷ Today, the financial needs of Muslims are diverse. The need for fund of the Muslims who ask financial source to perform their religious duties constitutes only a small portion in the operations of these institutions. The Islamic banks now perform to finance the investments and support national development.

2.2 Participation Banking in Turkey and Comparison with the Practices in the World

Even though participation banking or interest-free banking has made serious progress since 2000s, its share within the finance sector in Turkish economy is still relatively low. Islamic banks offers almost all traditional banking services along with facilitating domestic and international trades like many conventional banks (Haron & Ahmad, 2000). There are ongoing discussions on whether the activities of these banks are consistent with the Islamic precepts and rules; there are different views on this matter. The theoretical background of Islamic finance is still evolving.

The first Islamic finance institution in Turkey is The Faisal Finance House of Turkey, established in the late 1980s. Islamic scholars have supported such initiatives; particularly the Independent Association of Industrialists and Businessmen (MUSIAD) extended support for these institutions; as a result, they have freely operated throughout late 1998 (Kafh, 2004: 21). However, depending on the political developments in the aftermath, these institutions have been put under scrutiny by the governments. Currently, there are four participation banks in Turkey. It is observed that they are positively affected by the developments in the domestic economy as a result of the stability programs implemented since the 2001 financial crisis.

2.3 Discussions on Consistency of the Participation Banking In Turkey with Islam

Whether Islamic finance is consistent with the Islamic precepts is controversial. There are clashing views held by Islamic scholars and experts. The funds and the services of these institutions are usually more expensive than the funds and services of the conventional banks in the world. For instance, those who receive mortgage loan from these institutions in the US and UK have to bear at least 25 basis point of cost (Khan, 2010). The participation banks use the funds they collect in different fields. For this reason, it is not proper to analyze the religious compatibility with reference to a single field. There are many conflicting views on this matter in the world. El Hawary et al (2004) and Khan (2010) argue that the fourfold taxonomy violate religious precepts whereas Ahmad (1993) and Yousef (2004) uphold that the practices of participation banks are not in breach of Islamic law. The discussions in Turkey are being held along the similar axis.

The participation banks were introduced as private financial institutions; however, their name was converted to participation bank by the law no 5411 adopted in 2006. By this law, the activities of the participation banks were made similar to those of the conventional banks.

⁷A pillar of Islam, the pilgrimage according to certain rituals to Makkah, and the house of Allah.

Under the law, the participation banks were also allowed to be involved in commercial activities, a right denied to conventional banks.

With some minor exceptions, the law approximates the participation banks to the conventional banks (Bayındır A., 2007). There are surprising similarities between the profit rates of the participation banks and the interest rates of the conventional banks given that the first types of banks are supposed to operate on profit and loss sharing principle. The participation banks employ more expensive funds and offer less amount of profit share; for this reason, it may be concluded that they are less efficient than the conventional banks. There are controversies among Islamic scholars on the consistency of the activities of participation banks with Islamic law. Despite that they are founded to address some concerns of the Muslims who try to avoid interest-based financial instruments, some of the activities of these banks raise some doubts (Bayındır S., 2005). In Islamic law, there are two types of partnerships: labor-capital and capital-capital.⁸ It is necessary to seek public interest in the profit out of these partnerships. For instance, it is not proper to use funds for the trade of alcohol or drug.

There are ongoing criticisms that participation banks import most of their activities from conventional banks in Turkey. One of the major justifications for the participation banks is the assumption that they contribute directly to real economy because they have to use the funds they collect based on a system of partnership. However, the validation of this assumption is difficult from these three respects in Turkey:

- Turkey has been one of the countries that received debts with the highest interest rate in the world up until 2007
- Turkey's energy costs are extremely high
- Doubts on the profitability in potential investments in the economy due to the complex taxation legislation and unattractive tax rates.

Another difference between the participation banks and the conventional banks is the recognition of the right of involvement in commercial activities. Experts argue that the participation banks have to use this option in their funding activities; however, they rarely use this option (Bayındır A., 2007). This raises criticisms that the contribution of participation banks to the real economy remains limited.

Islamic scholars including Bayındır A. (2007) summarize the functions of participation banks subsequent to the introduction of law no 5411 as follows: "A participation bank is a bank that shares the profits out of interest-based and commercial activities with its customers who provide interest-free funds." The status of the participation banks particularly after the introduction of the law in 2006 has become a matter of controversy among Islamic scholars. Experts including Bayındır A (2007), Bayındır S. (2005) and Gur (2005) argue that after the adoption of this bill, the participation banks are not consistent with Islamic precepts and laws.

Conversely, Karaman (2011), Donduren (2008) and Aktepe (2010) argue that the participation banking system in Turkey is one of the best in the world, adding that their activities are consistent with Islamic law. It should be noted that some of the contending scholars who argue that there is no clash between the activities of these banks and the Islamic law offer advising services to these banks. This is viewed as an example of conflict of interest by the people.

This study reserves room for some positive and negative views on the participation banks in Turkey. These banks are considered as the Islamic financial institutions of Turkey because they employ a method appealing to the people who hold religious sensitivities.

⁸The term refers to financial capital.

The authors of this paper are no experts on Islamic law or Islamic commercial law; for this reason, the recognition of the participation banks as Islamic financial institutions in this study does not prove that they comply with the primary precepts of Islam or that they are run in accordance with the Islamic rules. The issue is very complicated that even Islamic scholars have no agreement on.

For this reason, it should be underlined that the assumptions in this study and the practices of these institutions do not justify the religious aspect and dimension of this matter.

2.4 The Macro-Economic Performance of Turkish Economy Between 1990 and 2010

The stable growth of finance sector is strongly relevant to the developments in national economy. Turkish domestic economy has made significant progress since the decisions taken on Jan 24, 1980 and integrated with the global economy. It has done extensive works to resolve the chronic economic problems it has struggled with for many years. For this reason, the 2000s could be considered milestone for the Turkish economy. However, it is sad to say that the same stability and progress has not been achieved in the 1990s. Due to coalition governments in 1990s, Turkey had to deal with serious economic problems including political instability, high inflation rate, unemployment, insufficient public and private sector investments, budget deficit and low economic growth rate.

These problems sometimes caused serious crises in 1994, 1998-99, 2000 and 2001. The rule of weak coalition governments has led to serious problems due to populist policies and practices. Poor performance in privatization led to low productivity in public corporations and losses in their balances. These losses are compensated by the state budget. In the end, the budget expenses went up. These and other similar populist practices led to serious economic problems.

The 1990s are remembered as a lost period due to economic problems whereas the finance sector has also been influenced by the economic troubles across the country. The overnight loan rate skyrocketed to 210 pct in the financial crisis in Nov 2000 (Uygur, 2001). In the days to come, the foreign currency reserves in Central Bank have declined by 5.5 billion USD. This led to significant changes in the targeted inflation rate. In the end, this caused an overall distrust with the monetary policies and a subsequent financial crisis. The primary reasons for the financial crisis include lack of trust, panic and instability (Uygur, 2001). Turkey has concluded 16 deals with the IMF up to 2001; it is one of the countries that use largest amount of funds from the IMF. The deals with the IMF did not offer lasting solutions to the economic problems. Despite the standby agreements, the problems persisted. Political stability was attained in the aftermath of the elections in 2002; this ensured integrated approaches to the persistent economic problems (Uygur, 2001). The financial crisis in 2001 was a milestone for political and economic change in Turkey. The parties in the coalition government in 2001 were defeated in the 2002 elections. The new government formed after these elections revised the populist policies implemented in the 1990s to ensure economic stability and growth.

Up to 2000s, weak coalition governments have adopted and implemented populist policies in order to ensure their survival. As a result of these policies, public expenditures have increased and this deteriorated the overall economic situation in the country. The standby agreements and other measures to address problems failed. Some of these programs have been ignored by the coalition governments whereas some others have only been partially implemented. In fact, the IMF deals and measures have also failed in Brazil, Russia, Mexico and Thailand, raising serious criticisms to the effectiveness of the IMF. Still, the IMF support to an economic program served as source of confidence for the market players. After the financial crisis in 2001, this confidence was gone and the people no longer believed in the strength and applicability of economic stability measures and programs. General elections were held to rebuild the confidence in markets. Political stability attained after the 2002 elections led to strong and reliable policies and measures which raised confidence among the market players in the mid term.

The political administration introduced an action plan for implementation in the short run to deal with inflation, budget deficit, and low employment rate.

The stability program has been implemented decisively; this state of decisiveness led to stable growth rate and alleviation of the budget deficit problems. Public expenditures were controlled and this led to an increase in the amount of resources allotted to investments. Many public investments have been completed after the introduction of stability program.

Despite that no serious progress has been made in the distribution of income on a fairly manner, a relative progress has been achieved in overall growth and welfare. The proper implementation of the program led to decline in chronic inflation rate; the resolution of the chronic inflation rate problem also contributed to the solution of other macroeconomic issues. The volume of foreign trade has significantly increased from \$25 billion in 2000s to \$135 billion in 2007. The economic crisis in the world affected the developed countries. The US and EU countries have remained under the influence of the crisis for a long time, leading to decline in the trade volume of developing countries. The EU is the largest trade partner of Turkey; for this reason, it is inevitable that Turkey will also be influenced by the economic crisis in the EU. Despite efforts to diversify the export markets, the macroeconomic situation has been affected by the crisis in Turkey. For this reason, developing countries like Turkey have to review their short and mid term economic planning and programs. The growth rate in domestic economy which has been around 10 pct over the past decade has been revised to 3.4 this year in Turkey. The growth rate has been estimated to be 4 pct over the future three years.

This is relatively low compared to the growth rates during the period between 2003 and 2007. But still the Turkish economy is growing; and the participation banks are increasing their shares within this growing economy.

3. Methodology and Data Collection

3.1. Research Goal

The goal of this study is to examine the compatibility of the participation banks in Turkey with the Islamic law and review their performance between 2003 and 2011. The research also empirically tests the period between 2003 and 2011 focusing on how the participation banks have been influenced by the domestic economic growth.

3.2. Data Collection

The statistical data used was collected mainly through internet sources from the Turkish governments' official statistical webpages such as TurkStat (External trade USD; Cost components of the gross domestic product, current prices), The Participation Banks Association of Turkey (Total deposits 2003:Q1-2011:Q4 ; Total profit payments 2003:Q1-2011:Q4; Total number of employees 2003:Q1-2011:Q4; Total number of branches 2003:Q1-2011:Q4), R.T. Prime Ministry State Planning Organization (Information society statistics of Turkey 2010, 9th Development Plan, 8th Development Plan), The World Bank Data Catalog and macroeconomic data from United Nations Country Profile (GDP Index at current prices; GDP Implicit deflators USD; Final consumption expenditure). The central bank of Republic of Turkey (Real GDP 2003:Q1-2011:Q4). The data of three participation banks is combined in this study because it is not possible to retrieve such data for each different bank. Some data that TurkStat and The Participation Banks Association of Turkey issued have been excluded from the model since they are in irregular order.

3.3.1 The Model

Regression analysis is run to identify relationship between two or more variables and make estimations and predictions on the matter by reliance on this relationship. It is possible to observe many casual relations in the nature. In order to explain the linkage between two variables (simple regression) or more variables (multiple regressions) in this analysis method, a mathematical model is used; this model is called as regression model (Sahinler and Gorgulu, 2006).

The simple regression model used in this study is as follows:

$$Y = \alpha + \beta X + \varepsilon$$

In this model, Y is dependent variable which is assumed to have a certain level of error; X is independent variable that is assumed to be error-free. α is fixed and is the value of Y when X=0; β is regression coefficient that represents the amount of change in Y when X changes by 1 unit. ε is error term that is assumed to display normal distribution whose average is zero and variance is σ^2 . This assumption is needed for the significance controls of the coefficients. To this end, the variables and values used in this study are as follows:

Y= Real GDP,

x_1 = Total deposit of participation banks,

x_2 = Total profit payment of participation banks,

x_3 = Total number of employees of participation banks,

x_4 = Total number of branches of participation banks,

Table 1. Overall Regression Accuracy

<i>Regression Statistics</i>	
<i>Multiple R</i>	0.87745187
<i>R Square</i>	0.769921784
<i>Adjusted R Square</i>	0.740234272
<i>Standard Error</i>	1747731.464
<i>Observations</i>	36

R Square conveys about the regression line approximates the real data. In other words this number represents how much of the output variable's variance is explained by the input variables' variance. 74% of the output variables *Adjusted R Square* is quoted most often when explaining the accuracy of the regression equation and more conservative the *R Square*. *Adjusted R Square* increases only when the new input variable makes the Regression equation more accurate.

Table 2. Anova Test Results

<i>ANOVA</i>					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
<i>Regression</i>	4	3.16871E+14	7.92177E+13	25.93419721	1.66263E-09
<i>Residual</i>	31	9.46915E+13	3.05457E+12		
<i>Total</i>	35	4.11562E+14			

Anova test is a generic reference to transactions and proceses on a group of models used to evaluate the impact of some variables upon a variable by reliance on the method of dissecting the observed variance into different parts. Such models analyze the division of observed variance into impact parts. In other words, ANOVA test whether there is difference between main mass averages.

Smaller number of *significance F* represents that greater probability of regression output is not by chance.

Table 3. Reliability of the Regressions Y-Intercept, Coefficients and P-Value

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
<i>Intercept</i>	16223044.22	1540289.378	10.53246517	9.15131E-12
<i>x1</i>	0.076133703	0.129954598	0.585848471	0.562218735
<i>x2</i>	4.269614136	1.32193387	3.2298243	0.002928421
<i>x3</i>	-2133.359779	758.9141299	-2.811068729	0.008483553
<i>x4</i>	56858.95497	15668.40894	3.628891434	0.001012451

The *P-Values* of each of these provide the likelihood that they are real results and did not occur by chance. The lower the *P-Value*, the higher the likelihood that coefficient or *Y-Intercept* is valid.

Conclusion

This paper investigated two issues; first, focused on participating banks financial operations' compliance to Islamic law. And; secondly, the empirical relation between Turkey's macroeconomic economic growth performance and participation banks role in the last decade. The consistency of participation banks with the Islamic law is important for religious customers and saving holders; for this reason, there is a vivid ongoing discussion among Islamic scholars on this matter in nearly 70 Islamic countries. It is hard to say that there is a general agreement.

Participation bank was first introduced in Egypt in 1950 in the world and in 1980s in Turkey. Many scholars uphold that the status of the participation banks before the introduction of the law no 5441 was less controversial. These scholars argue that after the adoption of this law, the participation banks have over the time become more similar to the conventional banks in their methods and operations. Despite that they are allowed to engage in commercial activities and to employ a method consistent with the Islamic law, in reality, these banks rarely rely on this method; for this reason, some scholars argue that these banks fail to fulfil the expectations of the customers. The participation banks use their funds in a diverse set of areas; but this makes the whole issue more complicated in terms of consistency with Islamic law. Those who argue that the activities of these banks are consistent with the Islamic law underline that there is no inconsistency in these banks.

The Turkish economy has made significant progress over the last decade and resolved many chronic problems through a remarkable growth rate. Turkey is stable with a growing economy whereas many developed countries in the world are struggling with economic problems. The government has revised the expected growth rates over the future three years; under this revision, the expected rates would become visibly less than the average growth rate over the last decade. The expected growth rate in the EU countries, the most important trade partners of Turkey, is negative; the economic crisis that started in 2007 still remains in the EU. There is no expectation that these problems would be resolved in the near future. The participation banks have been positively influenced by the remarkable growth over the last decade in Turkey. The share of the participation banks in finance sector is growing steadily. The funds used by the participation banks are usually more expensive than the funds of the conventional banks. But still, they are appealing to even non-religious people in the sector. There is no expectation of crisis in Turkish economy over the near future. Despite regional political developments, the trade volume still increases. Once the political problems in the region are resolved, it is estimated that domestic economy will become even more stable. This will inevitably make positive contribution to the participation banks depending on administrative measures towards efficiency.

Even though the participation banks experienced a lack of trust in 2001 when İhlas Finans went to bankrupt, they are expanding their markets. The possibility of change of government or political instability in near future in Turkey is extremely minimum.

This positive affects the overall economy; for this reason, it is estimated that the participation banks will maximize their profits and further expand the fields of their activities.

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