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A Group of Banking Services in Islamic Banks: A Sharia and Economic Study

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Abstract

The banking sector is one of the most important economic sectors in all countries. It represents the backbone of economic life, as it acts as a mediator between savers and investors and provides them with many banking services to meet the requirements of the economic process. This study aimed to define the concept of financial services provided by Islamic banks, their characteristics, and their most key features, while addressing the level of quality of banking services and the extent to which they meet the desires of customers. This study was divided into two sections: Section One: The concept, characteristics, and features of banking services. Section Two: Banking services provided by Islamic banks.

Keywords: Services, Banks, Islam, Sharia, Economics.

1. Introduction

In our contemporary world, banks play a key role in investment operations and have an effective impact on the development and management of the economy at various levels and fields. Banking services are considered one of the most important and most important banking activities in this industry. Their impact does not stop at the level of the bank only but extends beyond it to directly impact customers and the impressions they form about the services provided by these banks.

Diversity in banking services and keeping pace with technological and cognitive development in providing banking services have become an advantage of banking activity. The customer's feeling of satisfaction with the quality of services provided to him with the availability of some basic and secondary services, whether during official working hours or after bank working hours through various automated services, leads to gaining customers while gaining precedence in the field of banking services. If we look at the nature of the banking service that the customer seeks to obtain, we see that he seeks to obtain the best quality service with high quality in the way this service is provided.

The content of banking services is characterised by the predominance of intangible elements over tangible elements. These two groups of elements are embodied in two basic dimensions: the utilitarian dimension and the characteristic dimension (Raad Sarn, 2007: p. 272).

The first dimension is the set of direct material benefits that the customer seeks to obtain through his purchase of the banking service.

The second dimension is represented by the set of characteristics and features that characterize the direct utilitarian content of the service. If the first dimension is related to the customer himself, the second dimension is related to the banking service and expresses its level of quality and raises it to the level of the customer's expectations and perceptions.

Banking services in banks in general are the main interface for those dealing with the bank, and an important policy for attracting new customers and maintaining current customers, as it is the gateway to dealing with the bank's various activities.

The importance of banking services is since the revenues generated from them are low-risk revenues. The Islamic bank also provides all the banking services provided by the traditional bank, except for banking services that conflict with the provisions of Islamic law, which use interest rates to develop those services (Najah Abdel-Alim Abu Al-Futuh, 2014: p. 42).

Banking services increase the employment of funds because there are services that the bank provides to the customer that ultimately led to granting this customer credit (Hassan Hosni, 1986: p. 61).

"The Islamic bank performs all banking services with the aim of serving its clients and facilitating transactions related to their business affairs... In return for these services, the Islamic bank or finance house receives a fee that is called in banking custom a commission. This fee - in its opinion - is a lawful and legitimate income, given that the lease itself is legitimate and the jurists have determined its rules and conditions" (Gharib al-Jamal, 1978: pp. 59-60).

This research aims to identify the characteristics and dimensions of banking services quality and highlight the importance and role of these services in achieving profitability for Islamic banks and achieving the highest customer satisfaction.

This study seeks to clarify the nature of banking services provided in Islamic banks, and whether high-quality banking services can be provided.

2. Chapter One: The Concept, Characteristics and Advantages of Banking Services

First: The concept of banking services

A: Definition of service in general:

It is difficult to give a specific and comprehensive definition of services, as they have been known by a set of definitions that, although different, sometimes share one or more meanings. Among these definitions are:

We begin with the American Marketing Association (AMA) definition of services as: “The activities and benefits that the seller achieves for the buyer through the things provided to him or associated with the goods sold and in a way that achieves his satisfaction” (Thamer Yasser Al-Bakri, 2005: p. 20).

Service was also defined as: “All activities and processes in which the intangible aspect is more evident than the tangible aspect and which generate benefits and satisfactions that can be sold” (Naji Maala and Raif Tawfiq, Third Edition, 2005: p. 160).

The two previous definitions limit the concept of service to activities that are linked to a physical product, even if to a small extent. This means excluding services that are not linked at all to this product, in addition to not addressing the issue of service ownership.

A service can be defined as: an intangible activity that aims to achieve customer satisfaction, may or may not be linked to a physical product, and does not lead to a transfer of ownership.

B: Definition of banking services

After addressing the definition of service in general, we can now give a concept to banking service as a special form of service, and the concept of banking service is close to the concept of service in general.

Banking services are defined as: “A set of actions, activities, or performance provided by one party to another. These activities are considered intangible and do not result in the transfer of ownership of anything. The provision of services may or may not be linked to a tangible material product” (Muhammad Muhammad Abdul Hadi Al-Ruwais, 2002: p. 62).

It is also expressed as “a set of operations with a utilitarian content characterized by the predominance of intangible elements over tangible elements, which are perceived by individuals or institutions through their connotations and utilitarian values that constitute a source for satisfying their current and future financial and credit needs and at the same time constitute a source of profitability for the bank, through a reciprocal relationship between the two parties” (Rafa Lahlooh, Reham Zain El-Din, 2016: p. 7).

Accordingly, the researcher can define banking services as:

A set of services provided by banks to their customers, which depend on an activity or a set of activities that are intangible in essence, aiming to satisfy the needs and desires of customers, and may or may not be linked to a tangible product, and do not result in a transfer of ownership, and achieve benefit for both parties.

Second: Characteristics of banking services:

Banking services are characterised by a set of characteristics, some of which are related to their nature as a service, and some of which are related to the nature of banking activity that makes banking services different and distinct from other services. From here, we can define these characteristics as follows:

1- Services are intangible:

Benefits in general and banking services in particular are characterised by being intangible, which is reflected in the way services are promoted and distributed. In the virtual situation, services meet needs and desires of a general nature. The benefits that can be obtained through banking services are not tangible in an independent material and existential way, even if they are perceptible by human senses (Rafiq Younis Al-Masry, 1998: p. 36).

2- Determine a special identity for the bank:

It means that the services provided by banks are almost similar or identical, and that the customer, in choosing the bank with which he will deal, will depend on the geographical proximity or the comfort or convenience provided by that bank. Accordingly, the bank will seek to establish a distinct identity by paying attention to its location, reputation, and the efficiency of its employees, while increasing advertising efforts and sometimes innovating new products to confront the intensity of competition and to attract more customers (Ahmed Mahmoud Ahmed 2001: pp. 45-46).

3- Geographical spread:

This feature is of great importance, considering that banking services by their nature require contact between the provider and the beneficiary, which means that the normal distribution channels are not useful, and in order for banks to achieve the desired success, they must be able to reach their current or potential customers, which means that they must have an integrated network of branches that provide banking services to the largest number of customers in their areas, by covering their needs whether at the local level or at the international level (Monique Zollinger & Eric Lamarque, P. 29). 4- Multiplicity and diversity of banking services:

Banking services are also characterised by their multiplicity and diversity, given that banks are obliged to provide a wide range of services in order to be able to meet diverse needs such as financing and credit needs and other banking services (Ahmed Mahmoud Ahmed, 2001: p. 47).

5- Affected by demand fluctuations:

The banking sector is one of the economic sectors that witness wide fluctuations in demand for its services, and the banking sector is quickly affected by economic variables (Monique Zollinger & Eric Lamarque, Op. Cit., P. 29).

6- Balancing growth and risks:

It means that there must be a kind of balance between growth and expansion in providing banking services and the risks associated with that expansion, considering that the bank is an institution that practices its activity based on mutual trust between the two parties. This characteristic appears clearly in Islamic banks, which are more exposed than others to risks, especially in formulas that depend on the principle of sharing in profit and loss, such as speculation and participation (Ahmed Mahmoud Ahmed, 2001: p. 48).

7- Linkage to the state's economic and monetary policy:

Banks are more intricately linked than other institutions to the economic policy of the state, as each one of them is affected by the other. Based on the economic situation of the state, the central bank makes a set of decisions and uses a set of methods and tools such as exchange rates, interest rates, the credit market, liquidity, and reserve ratios, etc.; to influence the policies of banks directly or indirectly. Islamic banks are affected by these decisions more than others, due to the specificity of their work, and the fact that many decisions and procedures do not conform to the policies followed in Islamic banks (Mohamed Zidan, 2005: p. 68, Nadine Tournois, 1989, p. 73).

8- Banking Services Courtyard:

Banking services are characterized by rapid extinction because the intended benefit is lost as soon as it is produced for the benefit of the customer who consumes it immediately, and it disappears with the passage of time. Therefore, benefits do not accept physical storage (Naji Maala, 1994: p. 53).

Third: Quality of banking services:

The process of defining the quality of banking service is a difficult process compared to the quality of goods, considering that the perceived quality in banking service differs from the quality in tangible goods that depend on certain standards. As for banking service, the customer's evaluation of the quality of service is based on the quality of the benefits he obtains from the service, the way the bank employees deal with the customer, in addition to confidentiality, privacy, accuracy of information, and speed in providing banking service. From here, it becomes clear that there is difficulty in finding a specific definition of banking service, due to the intangible nature of banking services.

1- The concept of service quality:

Despite the many attempts made to define the quality of banking services, writers have not reached a unified definition of the concept of service quality. However, most of them based their definitions on the customer's evaluation as the main source for evaluating the quality of service by comparing his expectations of the service with the actual performance, so their definitions were remarkably close.

The European Organization for Quality Control (EOQC) defined it as: "The total set of features and characteristics that affect the ability of a product or service to meet specific needs" (Lectures of the First Training Course on Standardization and Quality Control, 1981: p. 246).

It was also defined as: searching for the needs and desires of bank customers from various sources of information, working to meet them within the bank's resources and capabilities, following up on the development of those needs, and providing feedback in the event of a defect or error when meeting those needs (Rasmiya Ahmed Amin Abu Musa, 2000: p. 34).

It was also defined as "the bank's ability to respond to or exceed customers' expectations and requirements. Through quality, banks seek to support their competitive ability by providing excellent service that enhances the bank's position and status in the target market" (Omar Ali Babiker Al-Tahir, Nizar bin Abdullah, 2019: p. 83).

2- Dimensions of banking service quality

The quality of banking services depends on the needs and expectations of customers. If a service is provided that meets or exceeds the needs of customers, the service is said to be of high quality (Ahmed Mohamed Abu Bakr Makkawi, 2001: p. 22).

Service quality is also a measure of the degree to which the service level meets customer expectations. The quality that the customer perceives of the service is the difference between the customer's expectations of the quality dimensions and the actual performance that reflects the extent to which these dimensions are available.

Providing the service with the quality that customers want on an ongoing basis is a basic goal for the bank and achieves positive benefits such as increased profits, growth, continuity in the market and the ability to compete (Breesh Abdel Qader: p. 258).

1. The famous gap model presented by (Parasuraman) in 1985 included many types of quality, which we show as follows (Awad Badir Al-Haddad, 1990).

2. Expected quality: which represents the customer's expectations for the level of service quality, and depends on the customer's needs, experiences, previous experiments, and contact with others.

3. Perceived quality: which represents the extent to which the bank is aware of the needs and expectations of customers and provides banking services according to the specifications that the customer has perceived to be at the level of his ambition.

4. Promoted quality: This refers to information about the service, its features and what the bank has pledged to provide, which has been promoted through advertising, personal promotion, or publications.

5. Actual service provided to the customer: This means providing the service to the customers according to the specifications set by the bank, which depends on the skill and good training of the employees. The service may differ in the same bank from one employee to another.

6. Perceived service: It means the customer's appreciation of the actual service performance, which depends on the extent of his expectations.

The quality of banking services is a measure of the degree to which the level of service provided to customers meets their expectations. In other words, providing a service of excellent quality means that the actual level of quality matches the customers' expectations regarding the dimensions of service quality and the actual level of performance.

Section Two: Banking Services in Islamic Banks:

Islamic banks, like other banks, provide a range of banking services, through which they aim to attract customers and meet their desires, thus taking an important step in the field of competition with their traditional counterparts. We explain these services as follows:

First: Accepting bank "deposit" accounts, which are divided into:

1- Current deposits “current accounts” or demand deposits:

They are: “The amounts that their owners deposit in banks with the intention that they be readily available for circulation and withdrawal at the moment of need, as they are returned upon request, without any prior notification of any kind” (Ali Jamal al-Din Awad, 1981: p. 17).

Islamic banks open these accounts for people who only want to save their money, or who want to obtain banking services related to commercial transactions, payment, or transfer services; to dispense with carrying cash in daily cash transactions.

The bank does not charge any interest or returns to the owners of these accounts, and they remain at the disposal of their owners, who can resort to them whenever they wish and without prior notice. This type is considered to have the lowest percentage compared to other types (Ayed Fadl Al-Shaarawy, 2007: p. 175, and Ali Jamal Al-Din Awad: p. 17).

The origin of this deposit is to serve clients whose businesses require dealing with checks, such as various economic and service businesses, or to settle their financial obligations and perform them in a quick and guaranteed manner, while maintaining and preserving liquidity in a safe place (Mahmoud Hassan Sawan, 2001: p. 120, and Ali Al-Baroudi, 2001: p. 273).

In application of the jurisprudential rule of “al-kharaj bi-l-daman”, the bank has the right to benefit from these deposits, because the guarantor of something has the right to obtain the benefits or revenues generated from it, and if a loss occurs, the bank bears it, and the profits are considered the right of the shareholders (Shawqi Bu Raqaba, Hajar Zaraqi, 2015: p. 39, Alaa El-Din Zaatari, 2006: p. 117).

2- Investment deposits “Investment accounts”:

“An agreement between the bank and the customer, whereby the latter deposits an amount of money with the bank, which he may not withdraw or withdraw part of before an agreed-upon date. In return, the depositor receives a return “interest or profit” on a periodic basis or obtains it at the end of the deposit period” (Nazim Nouri Al-Shammari, 1988: p. 126, Hassan Abdullah Al-Amin, 1983: p. 212).

They are deposits that the client entrusts to the Islamic bank in order to invest and employ them with the intention of profit and growth for a specific period in the form of a Mudarabah contract, where the client is the owner of the money and the bank is the Mudarabah, and the Islamic bank does not guarantee the principal of the deposit or the return, and the jurisprudential rule applied in this type is the rule of “gain and loss”, so the client obtains the profit “gain” and bears the loss “loss” if it occurs (Mahmoud Hussein Al-Wadi, et al., 2010: p. 197).

These deposits are the most important source that can be used for investment and employment in areas that achieve profitability while avoiding liquidity risks. They are invested in return for a percentage of the profit that the bank obtains. The percentage is also determined in advance in the contract. It is a common and known share of the profit that is not specified in a specific amount. This percentage is considered the return on the bank’s work as a speculator in money (Sadiq Rashid Al Shamri, 2009: p. 144, Muhammad Jalal Suleiman, 1996: p. 23).

It is worth noting that the concept of deposit does not apply precisely to designated investment accounts, and that the Islamic bank invests these deposits on the guarantee of their owners under a Mudarabah contract, and this is permissible according to Islamic law in Islamic transactions. The depositor has the right to participate in the profits achieved, because his ownership of the deposit continues, while the bank obtains a share of the net return on the designated investment account, in return for its management of those funds (Mahmoud Hassan Sawan: p. 123).

Investment deposits differ from current deposits in that the former are intended for profit and growth, unlike the latter, which are for the purposes of preservation and settlement of payments (Nazim Nouri Al-Shammari, p. 156).

They are called accounts or deposits, and the meaning is the same. The investment account is the common name in Islamic banks, while in traditional banks they are called “term accounts,” and the meaning of both is the same, except that they differ in the nature of the relationship between the bank and the customer (Ahmed Al-Hasani, 1420 AH: pp. 81-83, and Muhammad Jalal Suleiman: p. 24).

Investment deposits are divided into two parts:

A- Deposit with the bank’s authorization:

It is where the depositor authorizes the bank to invest his money in any of the projects that the latter deems appropriate, and this account is for different terms, and the owner of the deposit may not withdraw it or withdraw part of it before the end of the specified term, and thus this type takes on the ruling of legitimate speculation (Fadi Muhammad Al-Rifai, 2004 AD: p. 102).

That is why they are called participation accounts or speculation accounts.

“Islamic banks often mix the money of investment account holders with the money of owners of equity in the bank, and these are entitled to two profits, one as a speculator, and the other as owners of money in the speculation” (Abdul Sattar Abu Ghuddah, 2009: 3/10).

B- Deposit without authorization:

Islamic banks have developed another system for deposits, whereby the depositor allocates the areas of investment of his deposit to a specific investment project, or a specific sector, whether industrial, commercial, agricultural, service, or other. That is, the depositor chooses a project from the Islamic bank’s projects and invests his money in it, whether he specifies the period or not.

In this context, the fate of his deposit is linked to the fate of the investment basket of the project, sector, or country in which the deposit was allocated for investment, and the bank may take a fee, such as a common percentage of the deposit’s profits or a fixed fee on the basis of agency for a fee.

Accordingly, the allocated deposit is linked in terms of its duration to the duration of the project, but there is nothing preventing the application of the idea of successive participation to the allocated basket, as depositors can enter after the start of the project and exit it before liquidation, while always participating in the final result of the project, whether profit or loss (Mahmoud Irsheid, 2015: p. 226, Rafiq Al-Masry, 2001: p. 190).

3- Savings deposits “savings” “savings accounts”:

“It is the money deposited with the bank for the purpose of saving it for the time of need. Banks open savings accounts and provide their owners with ledgers to record their withdrawals and deposits” (Ayed Fadl Al-Shaarawy, 2007: p. 168).

Saving is of great importance in economic development, therefore Islamic banks are keen to encourage saving and attract savers by accepting this type of customer deposits. Islamic banks provide incentives to savers by achieving returns on the saved money according to the Mudharabah contract with them, while preserving the right of depositors to withdraw from their deposits whenever they wish.

These deposits are also called savings funds, and they have a dual nature, as they share with current accounts the possibility of withdrawal from them whenever the depositor wishes, unlike investment accounts, which the bank is not obligated to return except when the due date comes (Muhammad Ahmad Siraj, 1989: p. 91, and Hassan Al-Amin: p. 210).

This service is provided primarily to people with low incomes who wish to invest the money they have left over from their immediate needs, but their wealth is small, and they may need it at any time despite its smallness (Nazim Nouri Al-Shammari: p. 26).

Savings deposits are of two types:

A- Savings deposits with authorization to invest: This type is entitled to a share of the profit, and the return on profit or loss is calculated on the lowest monthly balance, and the customer has the right to deposit or withdraw at any time he wishes, as it combines the characteristics of the on-demand deposit and the characteristics of the investment deposit (Alaa El-Din Zaatari: p. 118).

Since this type is not linked to a specific period, the bank does not invest all the amounts deposited in it, which means that the liquidity standard is high, and its investment is in short terms, and therefore the returns resulting from it are low, based on the rule: the more liquidity there is and the shorter the investment term, the less the opportunities for profitability (Muhammad al-Sadr, 1403 AH: p. 64, Hassan Youssef Daoud, 1996 AD: pp. 15-18).

B- Savings deposits without authorization to invest: “This type does not deserve a return even if the deposit period is long because it is not subject to investment by the Islamic bank” (Shawki Bu Raqaba and others: p. 43). No profits or interest are calculated for this type for the customer because its purpose is merely saving without investment. Banks may set certain privileges for the owners of these deposits, such as priority in lending from the bank, or in obtaining some social or banking services and the like (Muhammad Abd al-Mun’im Abu Zaid, 1417 AH: p. 71, Abdullah bin Muhammad al-Tayyar, 1414 AH: p. 261).

This type does not differ from current deposits, neither nor in rulings, except that it is more stable than them in banks (Awf Mahmoud Al-Kafrawi, 1986: p. 137, Abdul Razzaq Rahim Al-Haiti, 1998: p. 270). Likewise, the first type does not differ from investment deposits, neither in its nature nor in its characteristics, except for some technical procedures that do not affect the essence of the subject or its legal ruling. Therefore, many researchers have included this type in investment deposits (Munir Hindi, 1996: p. 152).

4- Investment certificates:

It is one of the sources of funds in Islamic banks, and it is the legitimate alternative to investment certificates and bonds. Funds may be mobilized for investment by issuing negotiable instruments with Sharia controls, which are offered for subscription in the stock market. Each instrument represents a common share in the capital of a speculation operation in which the bank is a speculator, and a speculative percentage is determined for it and recorded in the prospectus for issuing these instruments.

Speculation may be absolute in all the bank's investments, or it may be restricted to a specific project for which the bank wishes to provide the necessary financing, so it issues investment certificates for this project and offers them for public subscription. This is determined by the type of certificate, and the distribution of profits from investment certificates is governed by the "profit versus loss" rule. In both cases, a portion of the return can be distributed under the account at periodic intervals - usually quarterly - (Najah Abu al-Futuh: p. 46, Alaa al-Din Zaatari: p. 120).

5- Islamic savings books:

Islamic savings books are one of the types of savings deposits in Islamic banks. They are money that their owners put in the bank for the purpose of saving. The customer may withdraw and deposit at any time. The owners of these funds authorize the bank to invest them, and a percentage of the profits is determined for them when they are achieved, which is distributed annually. A periodic return can also be disbursed from under the return account, with the settlement taking place at the end of the year (Najah Abu al-Futuh: p. 46).

6- Certificates of Deposit:

Certificates of deposit are one of the sources of medium-term funds in Islamic banks. These certificates are issued in various categories to suit the different levels of depositors' income, and the term of the certificate ranges from one to three years (Najah Abu al-Futuh: p. 47, and Alaa al-Din Zaatari: p. 122).

Second: Bank transfers:

The year has passed, and it passes a year and a change. The thing has passed if a complete year has passed over it. A house is a changing place if it has undergone changes. The year is like change. It is said: they passed away from it a change and a change. The change is a real source from the verb hawwalt (Al-Azhari, 2001: p. 96, Ibn Faris, 1979: 2/121, Ibn Manzur 1414 AH: 11/188).

In terminology: "Transferring a debt from one person to another" (Dubyan bin Muhammad al-Dubyan, 1432 AH: p. 469), and in this sense it differs from the transfer carried out by banks.

Bank transfers mean: the process of transferring money, or account balances from one bank account to another, by simply entering entries into the two accounts. The transfer may take place between two accounts in one bank, or from one bank to another, or from one country to another, and what follows from that is the conversion of the local currency into a foreign currency, or the conversion of a foreign currency into another foreign currency (Mustafa Kamal Tayel, 1988: pp. 125-126, and Muhammad Uthman Shabir, 2007: p. 233, and Abdul Karim Muhammad Ismail, 2009: p. 241).

The Encyclopedia of Islamic Banks defined it as: “An order issued by one bank to another, or to a branch of the same bank, to pay a specific amount to a specific person based on the request of its customers” (The Scientific Encyclopedia of Islamic Banks, 1982: 1/37).

Types of bank transfers:

1- Internal transfers: This is the process of a bank transferring money from one place to another within the country’s borders based on the request of its customers, provided that the person requesting the transfer deposits the amount to be transferred with the bank, or has a current account in the bank that covers the amount to be transferred, so that the bank can transfer it to the person specified by the customer.

The bank’s return from the internal transfer process is limited to its commission and the fee for transferring the amount sent, and internal transfers are governed by the agency’s rule of performance with or without a fee (Mustafa Kamal Tayel: pp. 125-126).

“The transfer is made by sending a notification from the bank to the transferee bank via mail, telephone, fax, telex, or by bank check” (Muhammad Othman Shabir: p. 233).

2- External transfers: It is the process of transferring money from one country to another, based on the customer’s request, whether this transfer is to pay the price of goods, repay a debt, or invest abroad. The customer must deposit the amount to be transferred or have a current account that covers the transfer. The bank receives a commission for this, in addition to the transfer expenses and the exchange rate difference, provided that the exchange is made in a contract meeting, or through accounting entries. Once an agreement is reached with the transfer requester and the amount is received from him, the bank makes the accounting entries related to the transfer process. This transfer can also be made with traveler’s checks, letters of guarantee, and credit cards (Mahmoud Irsheid: p. 233, Mustafa Kamal Tayel: pp. 126-130).

Third: Collection and discounting of commercial papers

Commercial papers are instruments that do not have the characteristics of money. However, it has become customary to accept them as a means of payment instead of money, because they represent a fixed monetary right, due for payment upon sight or after a brief period. Their types are checks, bills of exchange, and promissory notes (Mustafa Kamal Tayel: pp. 118-119).

It is defined as: “Checks drawn up in specific forms, negotiable through commercial channels, representing a cash right, due for payment upon sight, or after a short period, and customarily accepting them as a means of payment that completely replaces money” (Abdul Karim Muhammad Ismail: p. 280).

The bank sends a notice to the debtor a few days before the due date of the commercial paper, stating the number of the commercial paper, its due date, and its value. After obtaining its value, it records it in the creditor's account after deducting the expenses (commission).

The essence of the collection process is that the customer requests the bank to collect his rights in commercial papers. The customer endorses the paper by proxy, so the bank demands the debtor in the paper whose value is required to be collected on behalf of the customer.

This process is considered an agency for a fee, as the client authorizes the bank to collect his debt in return for a specific fee. If the contracting parties do not stipulate the fee in the agency, then the prevailing custom is applied (Muhammad Othman Shabir: pp. 244-245, Mahmoud Al-Kilani, 1992 AD: p. 306).

Some of them considered it a form of hiring, "meaning that the bank works as a general employee for the client and others for a known wage, and hiring is permissible according to Islamic law, so it is not liable unless it transgresses or falls short, so its hand is a hand of trust except in the case of negligence and transgression, in which case it is a hand of guarantee" (Muhammad bin Salem bin Abdullah Bakhdar, 2013: p. 120).

Discounting of commercial papers: It is a banking process whereby the holder of the commercial paper transfers its ownership by endorsement to the bank before the due date, in return for obtaining its value minus a certain amount representing interest on the value mentioned in the paper for the period between the discount date and the due date, in addition to a special commission that the bank receives in return for the service it provides, and collection expenses that the bank receives if the commercial paper is paid in a place other than the place where it is located. The interest rate at which the paper is discounted is called the "discount rate."

The content of the "discount" is that the client has a commercial paper in his hand that is due for payment after two months, so he endorses it as an endorsement transferring ownership in return for the bank paying him its value minus a sum of money, and the bank collects it after that and at the appointed time (Abdul Razzaq Al-Haiti: p. 318, Ali Ahmed Al-Salous, 1986 AD: p. 124, Ali Ahmed Al-Salous, 1983 AD: pp. 75, 42).

"The bank is not permitted to discount bills of exchange, as traditional banks do, because this is a form of usury that is forbidden by Islamic law" (Ahmad Suleiman Khasawneh, 2008: p. 75).

The alternative is to consider the "discount" process as a good loan without taking anything more than what it pays under what is called commission, interest, or fee. Rather, the bank charges the customer the actual expenses that it spent to collect the value of the commercial paper (Ali Al-Salous: p. 124). Commercial papers are of various types, which are:

1- Bill of exchange:

"A written instrument in a form specified by law that includes an order from a person called the drawer, to another person called the drawee, to pay a specific amount of money on a specific or determinable date, to the order of a third person, the beneficiary" (Muhammad Hussein Abbas, 1971: pp. 6-7).

A bill of exchange is a commercial paper that includes three parties (Muhammad Uthman Shabir: p. 241, and Abdullah Muhammad Al-Saeedi, 2000 AD: 1/563):

First: The drawer: He is the issuer of the bill of exchange and the one who orders payment.

Second: The drawee: He is the one obligated to pay the specified amount to the bearer of the bill of exchange.

Third: The beneficiary: is the holder of the bill of exchange who is entitled to receive the amount at the specified time.

2- Promissory note:

"A written instrument in a form specified by law, which includes the obligation of a specific person called the issuer to pay a specific amount on a specific date, or which can be specified to the permission or order of another person called the beneficiary" (Muhammad Hussein Abbas: p. 10).

A promissory note is a commercial paper that includes two parties (Muhammad Othman Shabir: p. 242):

First: The debtor who pledged to pay the specified amount on a specific date.

Second: The creditor, who is the holder of the bond, is entitled to the amount.

3- Check:

It is taken from the instrument, which is a document for money or the like, and the check is "a document written according to formal conditions established by custom; it includes an order from the drawer to the drawee, who is usually a bank, to pay the beneficiary or to his order, or the bearer of the instrument a specific amount of money upon sight" (Alaa El-Din Zaatari, 2008: p. 404).

The difference between a check and a bill of exchange:

- The check must be paid immediately, while the bill of exchange has a due date for payment (Ahmed Hassan, 2007: p. 308, Alaa El-Din Zaatari: p. 405).
- "The issuance of a check requires that the person who issued it has a balance in the bank, while this is not a condition for the issuance of a bill of exchange" (Muhammad Uthman Shabir: p. 244).
- A check is drawn on a bank, while a bill of exchange is drawn on any debtor (Muhammad bin Salem bin Abdullah Bakhdar: p. 111).
- There is no mention of interest in the check, but the interest is stated in the bill of exchange or promissory note (Fawzi Muhammad Sami, 1994: 2/294).

Fourth: Subscription and custody of securities:

Before their establishment, joint-stock companies resort to banks to manage the subscription process or offer their shares to the public, with the aim of promoting and advertising these companies, and out of the companies' keenness to gain clients from these banks, in addition to facilitating the subscription process for the public (Baraa A. M., et al, 2024: 22). The securities units in the banks also keep these papers in return for a certain fee.

Fifth: Buying and selling securities (stocks and bonds):

Securities: "are the instruments issued by companies or countries, such as stocks and bonds, which can be traded on the stock market" (Muhammad Othman Shabir: p. 196).

Sixth: Buying and selling foreign currencies:

Islamic banks buy and sell foreign currencies, providing exchange and monetary exchange services. Their goal is to organize the management and investment of these assets, which provides their clients with a sufficient amount of local and foreign currency to meet the clients' needs, and with the goal of obtaining a profit (commission), which is permissible according to Sharia, provided that the exchange takes place, whether hand to hand or by book entry (Muhammad bin Salem Bakhdar: p. 100, Ghassan Qalaawi, 1998: p. 188).

"Dealing in foreign currencies in buying and selling must be based on the spot price, not the forward price, as the bank requires similarity and exchange in the same session when the type is the same and exchange in the same session when it is different, and stipulating a delay in exchange contracts is not permissible" (Harbi Muhammad Ariqat, et al., 2010, p. 239).

The condition of exchange in the sale of usurious items, whether the type is the same or different, is based on the hadith of Ubadah ibn al-Samit, may God be pleased with him, on the authority of the Messenger of God, may God bless him and grant him peace, who said: "Gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates, and salt for salt, like for like, equal for equal, hand to hand. If these types differ, then sell them however you wish - if it is hand to hand" (Muslim ibn al-Hajjaj: 3/1211), (No.: 1587).

Seventh: Renting iron boxes:

The bank prepares iron safes to store important documents, confidential documents, valuables, and money, in return for a small annual fee. They are in the form of drawers, each of which has a specific number, and are of varied sizes to suit the needs of customers. These safes are in fortified and fully armed rooms underground in the bank building. These safes are equipped in a way that prevents the risk of theft, robbery, and fire. Each safe has two keys, one of which is given to the customer and the other is kept with the bank management after being placed in a cloth envelope, sealed with red wax, and signed by the customer on its four sides. It is only used in the event of the customer's key being lost. The owner of the box has the right to enter during official working hours and benefit from this service, and to bring in and take out whatever he wants in complete secrecy.

This service provides the customer with a guarantee of the safety of his belongings in the safe and enables the bank to attract new customers. The bank receives a fee for renting the safes, as this contract is considered a lease contract (Harbi Araikat, Dr. Saeed Aql, p. 245, and others).

In recent decades, the world has witnessed a major revolution in the field of technology, which has had a significant impact on the provision of banking services in banks in general and Islamic banks in particular. Considering that Islamic banks are an active part of societies, they have competed to make many internal changes that allow them to provide an environment that is compatible with the aspirations of their customers to provide them with the best services.

One of the most important reasons for the success of financial institutions in the world in general is their good analysis of the environment with all its requirements. They prepare the necessary studies to keep pace with the current and expected market requirements, which leads to increased effectiveness of banks in meeting the needs of their customers and developing the banks' profitability.

Here, Islamic banks must strive to fulfill their obligations to their customers by focusing on policies that provide customers with new and integrated banking services that meet all their needs. Banks must also hold courses to develop the level of their employees to improve their position in the market and increase their competitiveness.

3. Conclusions

1. Islamic banks provide distinguished banking services and are qualified to compete with their conventional counterparts in all fields.

2. Improving the quality of banking service leads to an increase in the perceived quality of service, which leads to reduced costs and continued customer dealings with the bank.

3. The adoption of service quality by Islamic banking administrations as a strategy to increase competition and excellence leads to increased development and improvement of services provided to customers, which leads to increased trust and banks retaining their customers for extended periods.

4. Banking administrations must constantly work on developing the technology used in providing services, because technology and trained human elements work to improve the dimensions of the quality of the service provided.

5. Working on measuring the quality of service on a regular basis, using different measurement methods such as personal interviews and questionnaires, with the aim of providing the bank's management with indicators of the extent of development in the level of quality of services provided from the customers' point of view.

4. Recommendations:

a. Bank managements must adopt future plans to improve and develop the quality of banking services.

b. Working on developing employees' skills to enhance their ability to quickly respond to customer requests, meet their needs, and answer their inquiries accurately and quickly.

c. Bank managements must pay attention to the criteria that customers use to evaluate the quality of banking services, to ensure that their needs are met and to ensure competition with their counterparts.

d. Bank administrations must pay attention to the material aspects of providing comfort inside the bank and using modern devices and others so that this is one of the factors that attract customers.

e. The bank must be keen to inform the customer of the specific time for completing the service, to gain his trust and ensure his continuity with the bank.

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