Islamic Banking: More Financial Inclusion for Arab States?

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1 Islamic shares of commercial banking deposits

	1st yr	1986	c1997	2007	2011	2013
Bahrain	1979	6.7%	9.8%	11.5%	46%	32.4%
Kuwait	1977	18.0%	16.2%	24.4%	31%	47.3%
Oman	2013					2.0%
Qatar	1982	10.4%	18.1%	13.2%		26.0%
Saudi Arabia	1988		11.5%	13.7%	35%	48.9*
UAE	1975	3.2%	7.9%	16.1%	17.0%	24.7%

#2   Islamic shares of commercial banking deposits

	1st yr	1986	c1997	2007	2011	2013	2013
Algeria	**1991**		0.8%		1.6%		
Egypt	**1977**	9.7%	8.1%		9.7%	10.3%	10.3%
Iraq	**1992**				25.0%		25.0%
Jordan	**1978**	7.0%	8.9%		11.3%	11.3%	11.4%
Lebanon	**1991**		0.1%			0.4%	0.4%
Sudan	**1977**	17.0%	27.9%	100.0%	100.0%	100.0%	100.0%
Tunisia	**1983**	0.2%	0.6%			2.7%	3.3%
Yemen	**1996**		4%	41.8%	31.9%	32.6%	42.1%

#3 Islamic shares of commercial banking deposits

	1st yr	c1997	2007	2011	2013	2013
Bangladesh	**1983**			65%		20.0%
Brunei*	**1991**			37.1%	39.1%	41.0%
Indonesia	**1992**	0.1%	1.9%	4.1%	4.6%	5.0%
Kazakhstan	**2013**					0.1%
Malaysia	**1983**	1.6%	14.9%	21.1%	22.3%	22.7%
Nigeria	**2011**					0.4%
Pakistan	**1997**			9%		10.3%

#4   Regressions of Bank Accounts per pop 15yrs+

Islamic mkt share		-4.605	-20.5	-10.69
years of Islamic banking	-0.621*			
religious reason no bank	-133.7**	-108.97*	-134*	-142.9**
GNI per capita	0.001***	0.001**	0*	0.001**
Money in banks	71.36***		55.9**	
Branches per 100,000				0.744
Private sec credit/GDP		0.342***		
Adjusted R-squared	0.66	0.66	0.6	0.496
N=	29	32	29	31

* p<.05; ** p<.01   ***p<.001

#5a Financial Surfaces and GDP of Arab states

billions USD 2013	GDP	M2	Bank deposits	Islamic share	Islamic deposits	GDP/Isl deposits
Bahrain	$32.9	$24.3	$23.1	32.35%	$7.5	4.4
Kuwait	$175.8	$114.3	$109.1	47.30%	$51.6	3.4
Oman	$79.7	$31.1	$27.3	2.00%	$0.5	145.9
Qatar	$203.2	$126.0	$122.3	26.00%	$31.8	6.4
Saudi Arabia	$748.4	$419.1	$379.6	48.90%	$185.6	4.0
UAE	$402.3	$245.4	$234.3	24.70%	$57.9	7.0

#5b

billions USD 2013	GDP	M2	Bank deposits	Islamic share	Islamic deposits	GDP/Islam deposits
Algeria	$210.2	$132.4	$96.0	1.64%	$1.6	**133.2**
Egypt	$272.0	$214.9	$174.2	10.34%	$18.0	15.1
Iraq	$229.3	$75.7	$40.3	25.00%	$10.1	22.8
Jordan	$33.7	$41.8	$36.4	11.40%	$4.1	8.1
Lebanon	$44.4	$110.9	$105.4	0.40%	$0.4	105.2
Palestine	$11.3	$1.8		8.40%.		
Sudan	$66.6	$14.0	$9.7	100.00%	$9.7	6.9
Tunisia	$47.0	$31.5	$26.9	3.60%	$1.0	**48.6**
Yemen	$36.0	$14.0	$9.0	42.10%	$3.8	9.5

#6   Arab Barometer Survey – second wave

Interest is	haram		never banks	
	2011	N=	2011	N=
Algeria	86.30%	980	51.60%	854
Egypt	72.30%	1126	33.50%	1086
Iraq	80.00%	1059	60.10%	939
Jordan	87.20%	1130	47.10%	1109
Lebanon	68.90%	1202	27.40%	1115
Palestine	85.50%	1152	61.30%	1115
Saudi Arabia	76.70%	1077	63.60%	992
Sudan	64.20%	1299	41.60%	1224
Tunisia	85.10%	957	42.40%	817
Yemen	76.80%	1037	54.10%	938
Average	78.30%	11019	47.80%	10189

#7 Logistic regression of Interest Rejection – Algeria

	B	S.E.	Wald	df	Sig.	Exp(B)	correlations
Urban	0.187	0.342	0.298	1	0.585	1.205	0.065
Age	0.006	0.015	0.162	1	0.688	1.006	.074*
Female	-0.277	0.36	0.59	1	0.442	0.758	-.077*
Education	0.192	0.096	3.996	1	0.046	1.212	0.011
Income$100s	-0.068	0.046	2.206	1	0.137	0.934	-0.042
Unemployed	0.437	0.313	1.946	1	0.163	1.547	-.072*
Married	0.292	0.385	0.575	1	0.448	1.339	-0.006
Religiosity	1.073	0.285	14.161	1	0	2.923	.272**
Trips West	-0.453	0.175	6.699	1	0.01	0.636	-.164**
Interest in politics	0.426	0.202	4.451	1	0.035	1.531	-0.002
Secularism	0.032	0.271	0.014	1	0.906	1.033	-0.029
Hardline Islam	-0.233	0.352	0.439	1	0.508	0.792	.161**
Family values	0.39	0.293	1.769	1	0.184	1.477	.201**
Distrust of state	-0.91	0.217	17.61	1	0	0.402	-.130**
Constant	-1.975	1.542	1.64	1	0.2	0.139	

"Religiosity" defined as average score
on a four point scale ranging from always to rarely whether the respondent
- prayed,
- fasted during Ramadan or Lent,
- watched or listened to religious programs on TV or radio,
- attended religious classes in mosque or church,
- attended Friday or Sunday prayer services,
- listened to or read the Quran or Bible, and read religious books.

The highest scores awarded those who engaged the most in these activities. Alpha (coefficient of reliability) = 0.78

"Distrust of State Institutions"

=average score on 4 point scale of trust in

- the government (cabinet)
- the judiciary (courts),
- The security services (police),
- and the armed forces (army)

The mean was constructed with a coefficient of reliability, Alpha = .837.

"Secularism" = average score of

1) Religious leaders (imams, preachers, priests) should not interfere in voters' decisions in elections;
2) Religious practices are private and should be separated from social and political life;
3) Religious associations and institutions (excluding political parties) should not influence voters' decisions in elections;
4) Mosques and churches should not be used for election campaigning.

Coefficient of reliability Alpha = 0.69

#11   **"Hardline Islam" = average score of favoring**

1) a parliamentary system in which only Islamist parties compete in parliamentary elections;
2) a system governed by Islamic law without elections or political parties;
3) agreeing that the government and Shura Council should enact penal laws in accordance with Islamic law;
4) that your country is better off if religious people hold public positions in the state;
5) that religious leaders (imams, preachers, priests) should have influence over government decisions;
6) that in a Muslim country, non-Muslims should enjoy less political rights than Muslims;
7) that when a person changes his/her religion he/she should be penalized with death.

Alpha (coefficient of reliability)=.773

#12   **"Family values" = average score, Alpha=0.803**

Agreeing that

1) University education for males is more important than university education for females;
2) In general, men are better at political leadership than women;

And disagreeing that

1) A woman can become the prime minister or president of a Muslim state;
2) A married woman can work outside the home;
3) Men and women should have equal work opportunities;
4) It is permissible for a woman to travel abroad by herself;
5) A woman should obtain her inheritance (she should not be denied her inheritance);
6) Women's share of inheritance should be equal to that of men;
7) Women can assume judicial positions;
8) Women can become ministers

#13   Logistic Regression of Interest Rejection – Saudi Arabia

	B	S.E.	Wald	df	Sig.	Exp(B)	correlations
Urban	-0.23	0.384	0.36	1	0.549	0.794	-0.049
Age	0.032	0.01	10.932	1	0.001	1.033	.101**
Female	0.06	0.247	0.059	1	0.808	1.062	0.001
Education	0.026	0.071	0.133	1	0.715	1.026	0.044
Income$100s	0.02	0.006	11.298	1	0.001	1.02	.127**
Unemployed	0.075	0.226	0.112	1	0.738	1.078	-0.025
Married	-0.22	0.254	0.739	1	0.39	0.804	0.018
Religiosity	0.771	0.204	14.278	1	0	2.163	0.012
Trips West	0.045	0.091	0.238	1	0.626	1.046	0.015
Interest in politics	-0.42	0.098	18.597	1	0	0.656	-.210**
Secularism	-0.26	0.158	2.633	1	0.105	0.774	0.056
Hardline Islam	-0.78	0.177	19.492	1	0	0.459	-.173**
Family values	-0.37	0.208	3.201	1	0.074	0.689	-.155**
Distrust of state	0.023	0.16	0.021	1	0.884	1.024	.065*
Constant	1.131	1.304	0.751	1	0.386	3.098	

#14 Logistic Regression of Interest Rejection – Tunisia

	B	S.E.	Wald	df	Sig.	Exp(B)	correlates
Urban	-0.22	0.196	1.293	1	0.255	0.8	-0.049
Age	0.004	0.009	0.22	1	0.639	1.004	0.054
Female	0.228	0.198	1.331	1	0.249	1.256	-0.021
Education	-0.05	0.068	0.52	1	0.471	0.952	-0.021
Income$100s	-0.01	0.014	0.7	1	0.403	0.988	-0.052
Unemployed	**-0.53**	**0.178**	**8.945**	**1**	**0.003**	**0.588**	**-0.065**
Married	-0.1	0.235	0.171	1	0.679	0.908	0.034
Religiosity	**0.317**	**0.118**	**7.269**	**1**	**0.007**	**1.373**	**.136****
Trips West	-0.02	0.112	0.018	1	0.894	0.985	-0.032
Interest in politics	-0.04	0.107	0.135	1	0.714	0.961	0.013
Secularism	0.03	0.157	0.038	1	0.846	1.031	-0.015
Hardline Islam	-0.09	0.198	0.208	1	0.649	0.914	0.007
Family values	0.22	0.213	1.061	1	0.303	1.246	.091**
Distrust of state	**0.312**	**0.121**	**6.632**	**1**	**0.01**	**1.366**	**0.043**
Constant	-1.6	1.156	1.918	1	0.166	0.202	

#15 Logistic Regression of Interest Rejection – Egypt

	B	S.E.	Wald	df	Sig.	Exp(B)	Correlations
Urban	**0.501**	**0.154**	**10.573**	**1**	**0.001**	**1.651**	**.134****
Age	-0.008	0.006	1.854	1	0.173	0.992	-0.04
Female	0.054	0.202	0.071	1	0.79	1.055	0.026
Education	-0.05	0.047	1.151	1	0.283	0.951	0.047
Income$100s	0.067	0.045	2.272	1	0.132	1.07	.068*
Unemployed	0.011	0.186	0.003	1	0.954	1.011	0.009
Married	0.057	0.197	0.084	1	0.772	1.059	0.008
Christian	**-1.828**	**0.637**	**8.24**	**1**	**0.004**	**0.161**	**-.099****
Religiosity	0.284	0.166	2.928	1	0.087	1.328	.062*
Trips West	**-0.874**	**0.257**	**11.555**	**1**	**0.001**	**0.417**	**-.118****
Interest in politics	**0.216**	**0.102**	**4.502**	**1**	**0.034**	**1.241**	**.074***
Secularism	-0.178	0.136	1.724	1	0.189	0.837	-0.027
Hardline Islam	0.029	0.162	0.033	1	0.857	1.03	0
Family values	-0.158	0.166	0.905	1	0.342	0.854	-0.006
Distrust of state	**0.425**	**0.136**	**9.822**	**1**	**0.002**	**1.53**	**.151****
Constant	0.674	1.339	0.254	1	0.615	1.962	

#16   Logistic Regression of Interest Rejection – Iraq

	B	S.E.	Wald	df	Sig.	Exp(B)
Urban	-0.003	0.182	0	1	0.986	0.997
Age	0.001	0.007	0.02	1	0.888	1.001
Female	-0.044	0.184	0.057	1	0.811	0.957
Education	-0.05	0.058	0.739	1	0.39	0.951
Income$100s	0.023	0.015	2.282	1	0.131	1.023
Unemployed	-0.224	0.197	1.293	1	0.256	0.799
Married	0.092	0.207	0.2	1	0.655	1.097
Christian	-1.156	1.442	0.642	1	0.423	0.315
Religiosity	-0.324	0.157	4.272	1	0.039	0.723
Religiosity-Shi'ite	-0.191	0.085	5.042	1	0.025	0.826
Trips West	-0.216	0.18	1.438	1	0.231	0.806
Interest in Politics	-0.544	0.117	21.645	1	0	0.581
Secularism	0.225	0.144	2.454	1	0.117	1.253
Hardline Islam	-0.379	0.219	3	1	0.083	0.684
Hardline Sunni	0.695	0.219	10.103	1	0.001	2.004
Family values	0.685	0.182	14.192	1	0	1.984
Distrust of state	0.27	0.138	3.824	1	0.051	1.31
Sunni Distrust	-0.337	0.178	3.593	1	0.058	0.714
Constant	2.177	1.796	1.471	1	0.225	8.823

#17 Logistic Regressions of Interest Rejection -Levant

	Jordan		Lebanon		Palestine	
	Exp(B)	Sig.	Exp(B)	Sig.	Exp(B)	Sig.
Urban	1.049	0.786	1.471	0.391	1.369	0.034
Age	1.008	0.202	0.995	0.553	1.02	0.004
Female	0.727	0.063	1.5	0.037	1.347	0.113
Education	1.114	0.054	0.917	0.173	1.092	0.125
Income$100s	0.993	0.566	0.985	0.222	0.996	0.715
Unemployed	0.964	0.827	1.096	0.622	0.661	0.026
Married	0.923	0.608	1.087	0.69	0.74	0.132
Christian	0.535	0.194	0.169	0.000	0.299	0.077
Religiosity	1.403	0.003	1.278	0.021	1.382	0.008
Trips West	0.954	0.538	0.86	0.131	0.799	0.026
Interest in politics	1.007	0.931	1.053	0.558	0.996	0.962
Secularism	0.901	0.39	1.318	0.106	1.014	0.92
Hardline Islam	0.854	0.242	1.055	0.804	1.716	0.000
Family values	2.251	0.000	1.271	0.17	1.965	0.000
Distrust of state	1.06	0.586	1.182	0.128	1.021	0.789
Constant	0.138	0.044	0.223	0.232	0.071	0.018

#18 Other Logistic Regressions of Interest Rejection:

	Sudan		Yemen	
	Exp(B)	Sig.	Exp(B)	Sig.
Urban	1.518	0.029	1.232	0.255
Age	1.018	0.096	1.006	0.605
Female	0.628	0.028	1.551	0.03
Education	1.333	0.000	1.158	0.02
Income$100s	0.973	0.269	0.976	0.376
Unemployed	1.21	0.428	0.794	0.291
Married	1.422	0.183	1.32	0.207
Religiosity	1	0.998	1.115	0.533
Trips West	0.822	0.1	0.914	0.66
Interest in politics	0.996	0.973	1.226	0.042
Secularism	1.002	0.99	1.035	0.826
Hardline Islam	1.136	0.496	1.838	0.002
Family values	1.628	0.02	1.533	0.036
Distrust of state	1.209	0.122	1.491	0.001
Constant	0.024	0.005	0.003	0.000