

The Hypothesis of a Non Threatening Finance for a Sustainable Smes Development in EU

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Abstract

This paper aims to address the hypothesis of the expansion of Islamic Finance rhetoric to support the development of SMEs. The analysis focused on the definition of PMES and the problems that limit its function in European societies, especially conventional financial instruments that present a permanent challenge. Taking into account the cultural specificities and legal provisions that characterize the countries of the European Union, the paper tries to present the model of participative finance highlighting the key elements that will allow the exploitation of the potential of halal capital.

Keywords: finance, investment, instruments, debt, entrepreneurship, participative, Halal, ethics.

Introduction

SMEs play a vital and strategic role in economic growth and social inclusion in creating jobs and providing a fiscal revenues (taxes for the State) and other payments made on each transaction, production or consumption. It is the most lively sector that always helps to lift countries out of their crises especially when it is well organized and rightly operated. European investment fund, shown that In2017, investment in European SMEs increased by 29% compared to 2016 with 71.7 billion Euros, Venture capital investments for innovative companies jumped 34% (billion euros). [European small business finance Outlook, june 2018]. Even though, most officials and professionals interested in this category of businesses recognize that still SMEs face persistent difficulties to access to private and public financing. Among the reasons that make financing an eternal dilemma for SMEs excluding the majority of them to benefit from bank financing is firstly the weak self-financial capacity, high risk, inadequate collateral, and strong asymmetry of information.

Generalny European SMEs evolve differently according to their activities and to the regulation in the countries where they are established however, a consensus building groups the major problems of SMEs according to the following catalog:

Tough competition (loyal and disloyal): a problem known by more than 50% of SMEs in the 15 countries which comprise 71% of SMEs in the EU.

Weak purchasing power of citizens: globale new management system where deregulation (Job market and wages), imposed a systematic decline of purchasing power for all european classes (the middle class has almost disappeared).

Complexity of legislation and regulation: the legal Framework related to SMEs in the EU is a traditional challenge that never ceases, still in France, Italy, Latvia, Poland, Slovakia and Romania, SMEs claim more transparency and unified legislation

Lack of qualified personnel: the asymmetry between education and the labor market remains a threat to the liver and the initiative of both entrepreneur and investor.

Taxes on production, consumption and on work costs: this dead end is shared by 55% of European SMEs with countries that feel more concerned by this problem, such as Austria, Belgium, France, Italy, Malta, Slovakia or Spain.

Access to financing: it is the more concrete problem faced by SMEs business, and is shared by 70% of SMEs in EU, (Greece (61%), Cyprus (62%), Italy (50%) or Spain (50%) [EU- SMEs 2013/2014].

Summarizing the previous findings, banks requirements are not met by most SMEs businesses, consequently the necessary investment could be satisfied somerimes by informal financing means. Entrepreneurs often fund their start-ups using their own savings or family savings. However, the contribution of this traditional and limited financing often is not enough to create an effective company that can withstand tough competition conditions in a broad market. SMEs are thus caught in the trap of informal practices and remain small craft workshops [El-Chaarani H., 2014].

The impact of global regulatory and finance on the SMEs concept and dimenssion

Certainly globalization has established a neo-order (political, legal and economic) reshaping the boundaries between the perception of what is special, local and what is common. The new dimension of these conceptions has a direct impact on the concept of sovereignty of States and the tasks entrusted to their sovereign institutions. The role of the State and institutions concerned with the public interest has been limited to create a favorable climate and regulation to serve special groups that controlling politics and economy by virtue of their control on the financial industries [Jayasuriya, Kanishka ,1999].

Legal dimension of SMEs in Europe

With regard to the dimenssion of the SMEs, the definition offered by the first article in the Annex of EU Commission Recommendation defining micro, small and medium-sized enterprises (notified under document number C(2003) 1422) establishes that:

1. *The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.*
2. *Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.*
3. *Within the SME category, a microenterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.*

Compared to the previous law, the trend of the new definition of 2003 entered into force in 2005 tends to enlarge the concept of SMEs introducing three categories of SMEs using three creteria of distinction (Turnover, balance sheet, Staff head account).

In the third article of the same law we dispose on an additional categorization of enterprises considering staff numbers and financial amounts.

Autonomous enterprises

it neither participates in other enterprises nor other enterprises participate in it.

it can holde less than 25% of the capital or voting rights in other enterprises and, other enterprises can hold less 25% of the capital or voting rights in it.

it is not a partner or linked to another enterprise.

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In exceptions of what is forwarded the enterprises can be considered autonomous and cancels the effect of the threshold of 25% owning not more than 50% also when the partnership is realized with (if not linked):

- *Public investment corporations, venture capital companies and business angels,*
- *Universities and non-profit research centres.*
- *Institutional investors, including regional development funds.*

- *Autonomous local authorities with an annual budget of less than 10 million euro and fewer than 5,000 inhabitants* [SME definition -2004].

- Partner enterprises

Up to the second paragraph of the third article, Annex to European Commission recommendation (2003/361/EC), this is the case of all enterprises which are not linked, when the upstream enterprise holds, solely or jointly with one or more linked enterprises, not less than 25 % of the capital or voting rights of the downstream enterprise. So when establishing the SME status, it is imperative to consider also the share of the partner or partners related to the staff headcount and financial contribution. Nevertheless, this rule is not applied to public bodies controlling, jointly or individually, the capital of the partnership. This precaution is to avoid the abuses which can result from privileges recognized to the public bodies either for their financing or their administration and also to remove cases of illegal competition that can result from public financial aid. Nonetheless the provision of this rule does not include public bodies above mentioned (universities or autonomous local authorities) when investing in a SME between 25%, but no more than 50% this enterprise without it losing its SME status [Ibid].

Linked enterprises

Linked enterprise means that the company firstly must fulfill all the legal required elements for SMEs cataloged in the second article in the European Commission recommendation (2003/361/EC) EU. Secondly it must take one from the aspects enumerated in the third paragraph of the third article from the above mentioned recommendation:

To control the majority of the sharer voting rights in another enterprise;

To be entitled to dispose on appointing, removing majority of the administrators, managers and, supervisors of a given company;

A contract or provision of the constituting act that allows one enterprise to dominate another;

Also when an enterprises, shareholder or member of another, controls alone, according to an agreement with other partners or members of that enterprise, the majority of voting rights in that enterprise.

From a legal point of view, this definition fixed SMEs according to criteria useful for large business and less functional for SMEs. In fact, the challenges raised by the global SMEs management model exceed their possibilities when providing SMEs with favorable terms for global companies and market. These constraints lead to the loss of the specificities of SMEs and negatively affect its social and economic functions [Torres O., 2001]. Simultaneously such measures consequently expanded the tax base exploitable for the Politicians, created a broad market for the financial industry and, caused a contraction in citizen's purchasing power.

SMEs financing means

Traditionally, to finance their activities, the companies use their own resources, or they resort to the credit banks getting into the labyrinth of the indebtedness, in other cases they resort to an actionary participation (non-financial source funding) against a remuneration which lightens the revenues with unsustainable dividends for the shareholders. In these cases, financial intermediaries submit the obtaining of credit to risks and guarantees, which make the interest rates of credits and intermediation very high and, sometimes the credit itself becomes inaccessible [Boutillier M., 2002].

In other case the SMEs benefit from public support, in fact the European Commission proposed around 200 programs to finance SMEs and start-ups via the Structural and Investment Funds.

Only that the public funds are not sustainable and answer decisions of selection not always reasonable, on the other hand, public aid is still subject to controls that limit the margin of maneuvering of SMEs.

New management challenges for SMEs financing

a- Conflict between managers and shareholders (*agency problems*)

Conflicts between managers and shareholders, classically known as "*agency costs*", emerged from several specificities of the modernized enterprises signed by the separation of the functions of the two groups. In the situation when the unique

valid means of evaluation is only the final return (effectiveness), each of the two belligerents fights for his interests, even if it is at the expense of the other. This conflict comes from different source such as the control on equity and the debt, returns for Shareholders and, risks assessment. Generally this ambiguous circumstance is about the control exercised by the proprietor on his property (company), and about the large technical competences recognized to the managers in the global management model. The accumulation of these factors consequently weaken the functioning of the enterprise and menace its life [Dehry A., 1998].

Managers, where appropriate, act according to their interest instead of this of the shareholders maximizing their privileges and benefits. They frequently tend to increase the investments to optimize their status in the establishment and strengthen their well-being and notoriety.

In some cases, prudence is more likely to be observed on the part of shareholders and the manager is more enthusiastic to risk more. In other situation, managers prefer profitable investments in the short term opposing the appreciation of shareholders [Michael C., 1976].

b -The inability of conventional finance to respond to market needs (conditions of credit / liquidity, ...)

After the decline resulting from the 2008 crisis and, according to official instances, in 2017, large companies continued to benefit from a better financial situation and lower bank loan refusal rates than SMEs, 1% vs. 6%, [E C - 2017]. A clear disadvantageous situation compared to large companies in terms of debt financing. According to OECD in its 2018 report, the asymmetric information, agency problems, including high transaction costs, and the opacity of SMEs limit their access to credit. Access to debt financing is more problematic for companies with a higher risk return profile, such as innovative and growth-oriented companies, which business models can rely on intangible assets. and which earnings prospects are often difficult to predict [OECD - 2018"].

Traditionally debt finance generates moderate returns for lenders and is therefore appropriate for low and moderate risk profiles. It typically sustains the ordinary activity and short term needs of SMEs, generally characterized by stable cash flow, modest growth, tested business models, and access to collateral or guarantees.

c - Indebtedness crisis

It is unwise to tie the problem of indebtedness in Europe, only to 2008 crisis, officially it is recognized that it is the consequence generated by the introduction of a single currency. The adoption of a single currency means that disproportionate changes in the labor costs of one country over another can no longer be corrected by the exchange rate. On the other hand the pathologies linked to banks regulation, derevenue public finances, erroneous statistics, corruption, speculative development deviated the EU's efforts from its objectives limiting its effectiveness [Jeanneret A., 2015].

d - Market liquidity

The global financial industry is constantly imposing its paradigms that even so-called "*developped countries*" are facing high risks when introducing these new radical changes.

The European Council and Parliament struggling to attract new issuers, presented in May 2018 a proposal, where companies rated in the SMEs Stock Market could benefit from easier access to finance. Statistics show an average of 478 per year in 2006-2007, and only 218 between 2009 and 2017, on the EU's multilateral trading systems for SMEs [EU - 2017]. Either the decision of SMEs to be listed on the stock market or the investors reaction to their financial instruments are determined by two factors: the first is the high cost of compliance to be listed on the stock markets the second is the lack of liquidity in these markets [SW- 2018].

Alternative

finance

Alternative financing instruments offer opportunities to meet the financing needs for SMEs.

According to the report of Cambridge Centre for Alternative Finance, European online alternative finance market in 2016 a Turnover of 7.7 billion with a growth average of 41 %

[Cambridge Centre for Alternative Finance- 2017]. However, the potential of such instruments is still underdeveloped in most countries due to supply and demand constraints. Capital market instruments for SMEs are often linked to tight financial markets characterized by a lack of liquidity, a small number of participants and, limited exit options for investors. The main

constataion is that a such alternative has no decisive impact, the micro-credits, business angels, venture capitalists and crowdfunding Cannot change the fate of SMEs with a lower credit ability [les PME - Mexico City 2018].

Examining the Alternative of a Win win financial paradigm

In business, particularly in management and economics, we use the adjectival phrase: "win-win" to describe some situation, transaction or a business relationship that is favorable to each of the parties. It is a system which strategy and rules are agreed and designed in such a way that guarantees and increases rationally everyone's benefits. It consists in uniting the respective efforts to achieve the desired objectives according to the rule of sharing proportionally risks and benefits. In finance specialists also use the formula "win-win", in different areas and configuration especially when matching supply and demand for funds, promoting a new loan or other financial service. [Kouvelis P., 2012]; [Keeny R. L., 2005].

Despite the ideal presented by this theory, it is severely critized because, the outcome of the concept of "win-win" is illusory, it conveys a mistaken idea about the behavior of the investor and the intermediary that tend to maximize their gains at the expense of customers. Practice shows that, the losers is always the consumer as for the case of interbank agreements that make customers the first victim to pay the consequences of the concessions made by the partners.

Alternative to the Alternative, *responsible finance: neither usurious nor speculative*

First question that arises when hearing a such rhetoric is related to the existence of a such finance: *can this finance model really exist?*

It is a reaction that reflects the hopelessness of entrepreneurs in Europe that who groan under the bankers abuses and intermediaries pressure. Once they are informed about this alternative, their hope dissolves and again one more time return to be closed in hopelessness without bothering to find out more. Standards dominating prevent them from thinking when talking about Islamic finance as alternative. Yet at the level of large companies and sovereign funds the problem seems to be over, in fact the last decades testify that Islamic Finance Industry, initiated its golden age in Europe. Its contemporary aspect presents it as attracting opportunity for those who make the effort to get acquainted about the large horizon it offers. It is a system that has a regulatory and organizational framework encompassing all aspects of human life in its complex relationships with the environment, resources, production, distribution and the enjoyment of wealth [Cafouri A.H., 2000].

Deciding this title for this paper required firstly careful and deep reflection due to the characteristics of Islamic finance theory secondly required an accurate analysis to the behavior deriving from the practices in the global market:

Specificity of the regulatory and concepts of Islamic finance goes beyond the principles of the functioning and goals settled by the conventional financial system,

the negation of the "scarcity resources theory" and the different impostation of the common interest in Islamic economics which counteract the things established in conventional finance,

investment and financing must be representations of a real economy,

transactions involving usury, excessive uncertainty, gambling, harmful activities to society are strictly prohibited,

financial returns are generated on the base of risk sharing,

suspected alliance between the conventional financial industry and the capital originally from the Islamic petrodollars countries that annihilate the effects the principles of Islamic Finance.

The thought that deals with the Islamic finance starts, in most cases from constants cultural standards established without ever equitably considering the goals of such a system,

Global financial industry shows Islamic finance as a new gate toward successful investment and also as a liquidity reserve that could ensure the stability of speculative banks. The asset of Islamic finance may outweigh \$3.5 trillion by 2021 considering the global scale, more than 35 countries are approaching Islamic finance regulation in 2015 [Thompson Reuters - 2016].

Evedently it is noted an expansion of the Islamic banking, more and more countries are trying to approach this system or more exactly try to take advantage of the liquidity resources guaranteed by the countries of the petrodollars. Except that

this rapprochement is at the expense of the key features of Islamic finance predefined. The orientation of international financial instances is to subject Islamic finance to the standards of conventional finance to control its evolution, consequently, it is emptied of its soul which welds the human to the economic. [Edaich S., 2017].

Islamic banks are required to improve their practices with regard to the insurability of investment accounts, deposit guarantees regulation, management of liquidity risks and the adequacy of instruments. We are witnessing a process of acculturation that tends to impose international governance and prudential standards to Islamic banks under the pretext of integration process [IMF - 2017].

In principle, products and services offered by Islamic banks, everywhere, should not abrogate the rules and principles that are the basis of its regulation to avoid the risk of damaging its identity. However practices shown considerable variation which makes this system a duplication of the conventional one, which means that profitability and return are the unique key drivers guiding this evolutive finance [Abu Umar F. , 2014].

The advance of Islamic finance is becoming more and more concrete offering services in more than 60 countries, even more interesting is that the clients are not exclusively Muslims, therefore it conquered the recognition of the International Monetary Fund as important instrument to strengthen financial inclusion. On May, 2018 the Boards of IMF Directors approved a proposal for the use of the Fundamental Principles for the Regulation of Islamic Finance issued by the Islamic Financial Stability Board and developed with the participation of the Secretariat of the Basel Committee on Banking Control [Alexakis C., 2018].

It is the first time when officially we heard about integrating the texts of Islamic financial law to the international laws. Obviously this transformation raises doubts however it's a step on the path of integration sustaining stability on a global market.

In Europe the situation is complicated and not clear, excepting the sovereign funds and the speculative securities in the stock exchange, it is very difficult to obtain accurate informations on the relationship between individuals, households and business on the one hand and the Islamic finance on the other. To forge a clear vision on the situation we have to consider separately different legislation and practices in each country [Al-Nouri M., 2009]. Generally the status of Islamic finance in the old continent is addicted to historico-political legacy despite the breakthrough of petrodollar rent coming from the Middle East (first beneficiary remains UK because of its colonial past).

The hypotheses of profit-loss sharing model

The evidence is that SMEs face enormous problems to satisfy its financial needs, to meet the conditions laid down by banks, SMEs are subject to a complex evaluation removing risks from banks side to SMEs side. This process includes techniques such as: *relationship lending*, *scoring*, *information asymmetry*, that are more precautionary measures rather than methods of evaluation. This attitude from banks expresses a lack of trust towards the entrepreneurship caused by insufficient guarantees. It is a behavior denying responsibility towards the community which is exploited by the same banks to make profits.

In the case of *Venture Capital* the SMEs face another row of technical barriers such as: *adverse selection* and *moral hazard* which require the introduction of additional control and collateral instruments such as *convertible securities* [Bascha A., 2001]. Or such as the *syndication of investment* and the staging of capital infusion [Gompers P. A. , 1995].

In the case of Equity financing, SMEs are forced to share the profits with equity holders and could lose control, or worse yet, they could lose the ownership of the businesses. Taking into account the impact of all these barriers, blocking the access of SMEs to finance, the supporters of Islamic finance sustain that the Islamic participative model could represent a real alternative to conventional finance to save SMEs from these drastic measures.

Theoric postulation of participative model

The postulation of Islamic financial system imposes that investment and financing must work according to human being principles commonly recognized such as fairness, risk sharing, fair redistribution of wealth. Simultaneously this system recognizes the real economy as unique instrument to create growth excluding speculation and hazard factors that expose societies to prejudices and destabilization. The essence of this model is that both parties share the risks and benefits

associated to entrepreneurial activities and that remains fundamental instruments for instruments like *Mudaraba*, *Murabaha*, *Musharaka*, *Salam* and *Ijara* [Kayed R., 2012].

Unlike the more traditional forms of debt-based financing, SMEs loans based on participative financing seems to be adapted to the current needs of SMEs. It is an approach offering decisive competitive advantages increasing growth reducing monitoring costs, providing opportunities based on the holding of collateral, settling effective management, and limiting the impact of information asymmetries [Shaban, M., 2016].

According to Islamic financing rhetoric, the producer offering his product to the consumer or to the dealer then after receives payment is financing the consumer and the dealer; the worker who offers his or her services and hours of work to recover wage at the end of each month is continuously financing his employer; the bank according a loan to a SME for the purchase of new machinery or for another goal is undertaking a financial act [Edach s., 2016].

Instruments of the participative alternative

Unanimously Islamic Finance is defined as a system providing goods (in cash or in kind) to individuals and business that can be reinvest in compliance with shari'a technical standards and regulation to achieve economic and social development [Zayd al. M., 2011].

The main instruments of this system are grouped into two categories:

Participatory Instruments: are intended as a partnership between the provider of funds (Bank, organization, individuals) and the client (SME, individual, ...), to finance a licit real economic activity, based on the principle of sharing loss and profit. It is a process where growth is strictly related to social inclusion and development considerations. Consequently Islamic banks in financial intermediation must observe this determinations to distinguish themselves from the standards applied by conventional banks in similar financing. Applying such purposefulness financing activity results in one hypothese reflected in the situation of a person or business devoid of capital to invest tries to find external financing (venture capital) in the form of partnership based on sharing profits and losses. The main instruments of a such category are "*mudaraba*" and "*musharaka*" institutions:

Al-Mudaraba (capital risk): an agreement between the capital provider and entrepreneur on the base of profits and losses sharing in accordance up to the terms of the *mudaraba* agreement, except when the losses result from the entrepreneur's misconduct as in case of negligence or breach of contracted terms. It is an investment partnership in which Islamic bank acts first as agent "*mudarib*", which role is to realize profits for the investor. Or the bank acts as capital provider "*rabb al-mal*", and when the project generates losses, the bank assumes these losses.

Al-Mudaraba takes one of the two forms: *al-mudaraba al-muqayyada*, that is restricted by any condition imposed by the provider of capital [Abdel-Majid al. A., 2010].

al-mudaraba al-mutlaqa: that is unrestricted and the entrepreneur can undertake whatever business he intends.

Al-Musharaka (participation in a joint venture or co-property): is an agreement settling a participation in a joint venture or co-property between the financier (bank) and the client which terms of profit and loss-sharing are agreed and predefined by mutual consent according to the proportion of the respective contribution of each coshareholder in the supply of capital. *Al.musharaka* cases are grouped in three categories.

Al-musharaka al-mufawada: the case when all stakeholders have the same initial contribution, the same privileges, and assume the same share of profits and losses.

Musharakat al-'inan: the case when the initial contribution of partners is different consequently their rights and share in the benefit and loss are proportional to their participation.

Al-musharaka al-mutanaqisa: it is the case when one partners' stake is gradually acquired by the other partners. Conditions of such acquisition correspond economically to the repayment of principal capital and interest to the lender.

Non participatory instruments based on indebtedness

The instruments based on indebtedness matches complex categories including interest-free loan, beneficial loan or benevolent loan which reward is provided in the hereafter. These instruments are based on faith rather than on profit consideration, for this reason they are excluded from the interest of the banks. Then we have a second set of instruments encompassing the debt (loan), and the sales debt in which payment precedes the delivery of the object as in the cases of *Salam* (commodity) and *Istisna'* contracts.

Al-Salam (bay' al-salam): is a sale with deferred delivery in which the price is paid immediately for a thing, which is not available. It is was a practice (not recommended) to meet the needs of farmers waiting the harvest to pay the credit [Muhammad M.Z..., 2007].

Ijara or ijara wa iqtina' (financial lease): is a transaction by lease with the option to purchase the asset later. Generally it takes one of the two forms: *usufruct* of property, or capital assets, (*manfa'at al-'ayn*) [Schacht J., 1982]; *usufruct* of labor and service, (*manfa'at al-'amal*) [Idris H., 2012].

Al-Istisna': an agreement providing liquidity for factories and artisans, more matching with industrial activity. *Al-istisna'* in specific situation requires three parties: the buyer, the bank and the manufacturer, this contract in this situation requires two contracts (*istisna' al-muwazi*), the first one joins the requiring the manufactured product, the bank financing the project; the second contract binding the bank and the manufacturer [Bel-Khair A., 2008].

Al-Murabaha (cost-plus financing): is a sale setting the cost and profit for the item, known and agreed upon between the buyer and the seller. It is the situation when the financier and seller expressly add to the cost incurred on purchase of the asset some determined profit on the buyer assuming deterioration in the item until its delivery [Tail M., 1999].

Innovative strategies to target the SME market Creating friendly environment

Studies do not approach Islamic finance without mentioning the risks generally known to conventional finance and those that only affect Islamic finance. Only the risks of the Islamic finance, once the legal framework and the economic provisions are respected, remain minimal in the confrontation of the risks known to the conventional system. The root of the problem lies in the egocentricity of culture and tradition of conventional finance, which feels threatened by a model of finance closer to the human being and do not recognize the geographical barriers.

To create a friendly environment, Islamic finance industry must review its marketing policy and not only communicate through channels shared with conventional finance. The vast majority of SMEs in Europe are completely unaware of this financial system, the unique connotation they dispose on is the confusion of this model with a rigorous religion and practices against freedom and human rights.

To target the SME market in Europe, the participative alternative must first find the political solution (legal status, taxes,...) to establish itself independently in the market and then protect itself from the contamination that could result from the neighborhood with usurious and speculative practices. In fact, the conventional banks that open windows for Islamic finance or the so-called "*Halla*" products banks operating in Europe apply the same demands of guarantees and the same requirements of profitability of the services they offer as for conventional banks.

Conclusion:

Present analysis is an attempt to highlight the real barriers that limit the exploitation of a huge capital that could be offered by "*Hala*" finance to SMEs in Europe. It is not necessary to distort this system subjecting it to the regulation dictated by the financial concerns. It is enough to give it a space where this system can express itself and come into contact with the clients and customers. Considering the exact meaning of alternative and innovation, participatory finance can add value to the real economy and save SMEs from the agony to which it is condemned in the labyrinth of conventional finance towards sustainable development.

Doubts about the origin of "*halal*" capital (Terrorism capital), made that these resources are always analyzed from a security point of view. However, a remark so important in this context, which deserves the same interest, it is also a matter of security and ethics that these funds do not come from the abuses of the people in power who rob their people to make themselves even richer abroad.

It is officially recognized that debt financing limits the horizon of entrepreneurial perspective because it is more a mean of wealth transfer than an instrument creating richness.

Deduction made, it must be known and propagated is that one is not obliged to embrace Islam to exploit and use halal capital.

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