

Sight on Financial Crises Comparative Study between Islamic Economy and Postal Economy (2008 Crises Standard)

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Abstract

This study intended to identify the global financial crises by identifying the major causes followed by describing the developed effect on economic systems and conclude the methods to overcome and predict such situations. The researcher used the descriptive approach which explains the problem of the research topic to achieve its goals through a survey-based analytical study of related documents, books, research article, followed by showing the theoretical background of financial crises. The research reached detailed results, where the overall conclusion states that the postural economy is based on usury and al gharar (buying something with total ignorance regarding the bargain), and usury, which is strictly prohibited in the Islamic economy and trading. In addition, the Islamic religion forbids everything that might lead to wrongfully usurping people's money. Still, the Islamic religion grants all kinds of investment based on profits gained with the fair loss prediction bases.

Keywords: Financial Crises, Postural Economy, Islamic Economy

1. Introduction

The economical financial crises are well observed and repeatedly occur due to many factors. One of the main triggers for such crisis is the postural economy status which has the usury – base mechanism. Such a mechanism can affect in a scourge levels the economy in the upcoming future as Allah states in this verse: "Allah will deprive usury of all blessing, but will give increase for deeds if charity: For He loved not creatures ungrateful and wicked" (Quran, Surat Al-Bakara, verse 276).

In a quick review for this kind of economy, we find that it suffered from several economic crises, such as the crisis of the Great Depression that occurred in 1929, which led to the collapse of the U.S. stock market and high rates of unemployment, poverty and bankruptcy of many banks ... etc., then Asian countries experienced the 1997 financial crisis that began in Thailand and affected neighboring countries, then the global financial crisis began in the U.S. in 2008, which International Monetary Fund (IMF) Managing Director Dominique Strauss-Kahn described as the collapse as the most serious crisis faced by the financial markets since the Great Depression in 1929 (Mustafa Hosni, the global financial crisis, 2009, p1) and this crisis is still affecting the world even began to threaten bankruptcy of some countries such as Greece and Portugal, and he expressed his fear that this crisis will expand to other European countries.

In this study, there will be a great focus on the crisis being the latest in a history of financial crises and the impact of the worst and the most violent on the world economy.

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And such crises were not far of the expectations of the postural economists, but issued several warnings by some of them, and warned that the postural economy will face similar crisis. Some of these warnings, what was issued by Ben Bernanke, Chairman of U.S. Federal Reserve of the deterioration of the U.S. economy, where he said: " The economic situation has become worse and might get even worse," he added, saying: "One of the areas of risk the possibility of deterioration of the labor market or the real estate market is larger than what is expected, will inevitably lead to strict borrowing conditions (<http://www.aleqt.com>).

If governments took their precautions in the current era and paid attention to the threat of financial crises and their effects after they were highly affected by its consequences. The Islamic economy put preventive measures before treatment measures to avoid such crises and their devastating effects on the economy. Surely this reflects the importance of this study, so it has been divided into several major sections, where the causes of financial crises and their effects were investigated, and finally the claims of both: the postural and the Islamic economies as solutions to this crisis, leading to the results of this study, which showed that the most important of the main reasons for this crisis and earlier crises that this economy is based on usury, and that usury is forbidden in Islamic religion.

1.1. Problem of the study

Based on what we have mentioned at the forefront of this study, we can formulate the problem of the study through following questions:

1. What are the causes of the financial crisis?
2. What are the effects of this crisis?
3. What are the solutions posed by Islamic and postural economies to this crisis?

1.2. Objectives of the study

This study seeks to achieve the following objectives:

1. Identify the reasons for the financial crisis.
2. Knowledge of the effects of this crisis.
3. Identify the solutions posed by both the Islamic and postural economies to this crisis.

1.3. Previous studies

1. Research (Wady and Others 2009) : the importance of this research steams from show the importance of the Islamic disciplines , which contribute the economic and financial stability through a set of values and morals , such ad the honesty and solidarity . These disciplines ensure the stability of transactions of all dealer . In addition , the transaction in Islamic law based on the participants and on the prohibition of lying and gambling .. etc. At the end of this research , the researchers reach to the results , and the most important of these results is necessity to establish disciplines to control of markets , and necessity for government intervention in all aspects of economic and become dependence on market economics .

2. Research (Saho 2010) : the purpose of the research show the crises from concept , types and the reasons starting from the hypothesis that this crisis has a negative repercussions on the world economy . The researcher reached to a several conclusions and most important of these conclusions is that the collapse of US economy was due to the imbalance in prices as a result of the sale of large quantities of physical as sets . In addition , the financial crises have a several negative effects including the deflation and the growing rates of deflation .

3. Research (Abdu_Alatif 2011) : the study aimed to find out the most important variables that led to the appearance of global economic problem which affected on the world in 2008 , through diagnosis the economic and social motives to this crisis , and identifying and defining the most important negative effects that affected on the economies of the world . The researcher reached to the group of results , and the most important of these results is the crisis of 2008 was not new to the capitalism , but it's more difficult that affected on the financial markets in all countries of the world which is unprecedented since the crisis in 1929 where 120 financial institutions went bankrupt , and the most famous institutions is Lehman Bardar .

4. Research (Abu Alhoul 2012). The research intended to explain the global financial crisis and define its various structures. The main focus of this research was to provide a clear description of the global financial crisis , where the researcher presented the potential solution to overcome such crisis by replying on Islamic financial theme. Solutions such as banking supervision system activation, as well as prevent unacceptable transactions such as Riba , Gharar and Debet ere further tackled in this research.

5. Research (Kasaba 2012): the purpose of this research is to know the reasons for the mortgage illusion that starting from the following assumptions: this crisis caused by the mistakes of some financial institutions and not the nature of the capitalism, and can find solutions to this crisis . At the end of this research , the researcher reached to a group of results and the most important of these result is that the financial crisis resulting from giving up to the market mechanism to correct itself and the process of create credit money from the traditional banks are one of the main causes of the global financial crisis .

6. Research (Alradi' 2014) : this study attempted to define the global financial crises and knowing its causes and its social effects, and find solution to them and know the most important global financial crises. The researcher has reached to a group of results and the most important of this result is the high rate of unemployment and poverty in all countries of the world including the industrialized countries. The frequent financial crises reflect what the capitalism economy suffers from problems. This crisis led to return the government economies role and increase its role to prepare plans for the rescue and return of the idea of Keynes the motivation of effective investment and consumer demand.

1.4. Study Methodology

The researcher used the descriptive method that describes the problem in question to achieve his objectives, through the study of documents, books and research related to the research to show the theoretical background of the financial crisis, especially the published across the web, because of the novelty of the subject.

2. The first topic:

The causes of the financial crisis: Before rushing into the causes of the most important research of the financial crisis, we must address the definition of the crisis in the language and terminology, as follows: Crisis in the language: is the intensity of drought and a barren year (Ibn Manzour, Lisan al-Arab,p16), and the definition of the crisis in the convention, there is no specific meaning to it, it is one of the simplest definition for it: a sharp and sudden disturbance in some economic balances, followed by a collapse in the number of financial institutions and then extends to other sectors (Abdul Hamid, stumbled bank Debt and Global Financial banking Crisis, p. 189). In another definition for one of the researchers: the crisis affecting the financial markets and the credit markets in particular countries, and may spread to turn into a regional crisis or a global crisis. Through the above definitions it is clear to us that the most prominent features of the financial crisis is the imbalance between imports and expenses of financial institutions, so that these institutions cannot meet its obligations, leading to its collapse, and this collapse expands to regional and global markets (Abdul Razzaq, What the Meaning of the Crisis,p19). It is clear from the definition that both liquidity and insolvency problems are common features or manifestations of financial crisis. It can be also observed that both liquidity and insolvency crisis are differentiated. To distinguish between both definitions, it's critical to understand that first case (liquidity crisis), the well not be capable of meeting any immediate obligations to its creditors. This applies even if the current value of the bank assets is positive ;such a situation might result in pushing the bank to be incapable of funding the immediate requests to withdraw depositors at given moment knowing that is not the case in anther time. However, for insolvency scenario, the situation is even more serious.In this circumstances, the bank's liabilities will exceed the present value of assets, and the bank is virtually bankrupt. Further phenomena besides insolvency and liquidity can influence the financial crisis. Some manifestations are due to external factors while others are more related to internal factors .Most studies indicated a combination of these factor such as and not limited to ;the deterioration of international exchange rates ;the sharp rise in the US dollar interest rates; the performance decline in of the global economy; internal fiscal deficit , the devaluation of the currency , and the East Asian crisis as in 1990-99 which placed money markets at the core of attention. The various symptoms that have been gathered over this research using various related studies of financial crisis can be reviewed in the following:

1. Deceleration or slowing economic growth rates.

2. Structural characteristics (the direction of foreign capital to escape abroad) and the risk increases when a large pare the credits is addresses to the privet sector.
3. Incorporeal risks (bank administrative over-lending without adequate collateral) which lead to uncertainties and risks increment.
4. The incomplete or incorrect exchanged information during the crisis occurrence leads to executing the wrong decisions by both investors and bankers, which is usually the common behavior where everybody copies others

decisions in such circumstances (herd or school behavior).Such behavior can further expand the crisis and increasing losses, especially when investors liquidate their assets.

5. The structure of foreign capitals flow is a critical element .As short-term flows increase, the economy tends to be more expose to a banking crisis.
6. External shocks play an important role. The rise in real interest rates to a deterioration in exchange rates and a decline in the value of exports.
7. Real exchange rates may not be properly oriented.
8. The fleeing of capitals abroad, the increase in actual interest rates leads to a direct increase in the balance of non-recoverable debts. Also, the collapse of assets prices and the followed process of dollarization which even further complicate the problem.
9. The local currency collapse which leads to both deterioration of the banks and the increasing losses, which push banks toward insolvency and the emergence of even more complicated banking crises.

However, the existence of some (not all) of these systems can lead to the conclusion that the financial and banking systems may be vulnerable to financial crisis.

Table(1)Losses of financial crises in some countries

NUMBER	COUNTRY	PERIOD	Loss of GDP%
1	Spain	77-85	17
2	Finland	91-93	8
3	Sweden	91-92	6
4	Norway	87-89	4
5	United States	84-91	3
6	Mexico	94-95	12-15
7	Brazil	94-96	4-10

Source: I M F, World Economics

By tracking the development of these crises, and following the sources and related literature studies; we can observe that there certain repeated patterns and causes associated with these crises .The understanding of such aspects can contribute to the earl prediction of their occurrence. This aspects include:

- (A) The impact of financial crises on developing countries more severe and extreme may reach a large-scale infrastructure destruction of the national economy.
- (B) A specific country can suffer from both types of crises that occur concurrently. Such occurrence can speed-up the crises, where 12 coexisting cases have been recorded since 1975.
- (C) It was also noted that the banks crises are more likely to occur before any currency crises by a year or tow. Moreover, when the opposite occurs where the currency crises occur first, we find that the period was also a year or tow before any banks crises.

3. The causes of the financial crisis

The experiences of financial crises that have occurred in the world imply that its diseases are similar, even if different causes and consequences, they arise from bad banking practices or the bad effects of economic policies and in many cases, because of the two mentioned causes together. We refer to the most important causes of the financial crises, especially the recent financial crisis; the 2008 crisis.

Firstly, the expansion of mortgage lending: The real estate market in America is one of the largest sources of lending, we note that the dream of the American citizen is to get a house, live in it with his family, so he buys the house from the bank debt against the mortgage of this house, and we refer here to the U.S. financial institutions which expanded to grant housing loans largely to a large number of people with the weak sense solvency of their ability to repay loans is low, which affects their ability to repay those loans, and the result affected financial institutions that granted loans , and then they were not being able to fulfill their obligations and so they collapsed. For example, it has been estimated that mortgage losses were estimated at 300 billion U.S. dollars in the United States alone, and about 550 billion U.S. dollars in the rest of the world (Nasir al-Din, Global Economic Crisis). In addition, it has been marketing real estate for low-income people in a way that its terms seem easy but contracts have been drafted as a trap (SHabra, the global financial crisis , p 31)

which included contracts clauses that make repayments rise with the length of the loan, and when the inability to pay a one-time occurred, the benefits are taken three times for month which is not paid.

Years that preceded this crisis witnessed a lenient remarkable terms of credit, and a trend to rising real estate prices, which encouraged many citizens to borrow to finance the purchase of their own homes, and in light of the high prices of these properties to take many of them in borrowing against the value that has not been paid and had to rely on these loans are mainly on the value of the property, which is increasing constantly in the market value to guarantee the loan (Farid, Mortgages and the Global Financial Crisis, p 29).

Second, the securitization of loans : is the process of converting assets to securitized negotiable (Sinokrot, Securitization as a Financing and Investment, p 35) as a financial process that allows converting bank loans to be securitized which are accessible traded in the financial markets, through an independent entity legally of a particular kind, and often the bank issued these loans leave entity that especially holds finance this gain by issuing securities in the financial markets, and investors who buy these securities receive in exchange for the access resulting from loans, allowing the securitization of banks that shift the risk of the loan. and the financial client's abandon credit issued will be able to complete their operations with private funds and that makes securitization goes into a broad movement to the decline in the medium and the increasing recourse to the stock market (Abdul Razak, the Global Financial Crisis , p 337) .

During the years 2006-2007 the interest rates rose unexpectedly which has led to an increase in low-income obligations rising burden of the loans they have made, in addition to the loan which is the value of real estate to guarantee it, many refused to pay because of the extra interests and so property prices began falling dramatically (Miqdad, the Financial Crisis and its expected effects on Palestine). To handle this situation the banks and real estate companies sold debt of citizens in the form of bonds for investors to guarantee real estate, who in turn, after aggravating the problem for insurance companies that created the crisis as an opportunity to profit by ensuring the real estate if refrained limited income for repayment so the insurance companies have begun to take the insurance premiums on the bonds from these investors.

Hence the mortgage lending banks sold this debt to companies inside and outside the United States, and the companies that bought the debt issued letters of guarantee for these companies based on these loans and these debts are changed into shares bought and sold on the stock exchange.

These shares began to gamble with credit itself , which is a cornerstone of the U.S. economy, and turned the betting on the debt to a major source of profit , and so these bonds are re- sold and produced in the parallel market several times as long as there are those who bought these bonds which means that the traded mortgages are again in the market without censorship or controls, and as a result it has widened the real estate bond market, to be until the end of 2007, amounted to more than a trillion dollars of debt and real estate ranged between 5-6 trillion dollar; one-third of United States Gross Domestic Product (U.S. GDP) (Baroody, Tsunami Mortgage to where and when, p 5).

4. The second topic

The effects of the financial crisis: this crisis caused many bad effects on the economy, not in the United States but spread to the rest of the world, as predicted by many analysts that this crisis will be expanded to be permeated the world as a whole, and perhaps the most prominent excreted by the crisis of bad effects include:

Falling stock index Wall Street America by 7.1% and this decline has affected most of the world's stock exchanges such as Frankfurt Stock Exchange index, which fell by 8.8% and the Paris Stock Exchange to 5.4%, and 3.8% to Madrid, and the Tokyo Stock Exchange to 5.1 %, and the Stock Exchange Riyadh to Beirut and 9.45 to 4.3% (www. aljazeera.net).

The financial crisis has led to a scarcity of liquidity to global markets, so central banks have taken several policies to stimulate demand, including the expansion of pumping large amounts of cash in banks and reached 4 trillion dollars as of December 2008(Abdul Razak, the Global Financial Crisis , p 329) , has also taken a policy of reducing interest rates, for example, the Federal Bank in the United States reduced the rate from 2.5% to 2 % and then to 1.5% though it was at the beginning of the crisis to 4.25% as the European Central Bank cut its benchmark interest rate from 4.5% to 3.75% (www.iefpedia.com).

The crisis also led to a rise in the unemployment rate registered its highest level in 16 years in the United States, where the average stood at 7.7%, as this crisis has led to a rise in the unemployment rate in Canada to 2.7%, in addition to sacking about 129 thousand employers (<http://www.elaph.com>).

Not only did the impact of the crisis on the United States but reached its influence to Europe, for example in Britain, the National Institute of Economic and Social Research announced that the economy shrank by 1.7% reducing the level of economic activity by 3.3% from its peak in April 2008, and this falling rate is considered to be the fastest in 25 years ago (<http://news.syriarose.com>).

5. The third topic

Solutions for the postural economy for the crisis: there were diversified solutions and policies addressed for this crisis, some solutions were at the level of a single state, and others were at the international level (such as the meeting of the major industrialized countries, and the euro zone summit, and the summit of the Group of Twenty), and these procedures at a single state are as follows: (Baroody, previous reference, p 21 and later on):

A. In the United States a financial rescue plan has been prepared Among the most important items of the plan allocation of \$ 250 billion \$ to buy the assets of high-risk first stage, with the possibility of raising this amount to 350 billion \$ at the request of the U.S. president, also included a plan to raise the rate of guarantees granted by the depositors of 100 000 \$ to \$ 250 000 for a year, in addition to the plan that included tax breaks for businesses and the middle class valued at \$ 100 billion , also included a plan to protect taxpayers as well as protectionist policies in the field of mortgage ... etc.

B. Britain has been buying a number of shares of banks and thus became the largest shareholder in these banks, and forced banks to reduce the proportion of the exaggerated rewards given to managers, as was a plan to rescue British banks by financing an equivalent of 450 billion U.S. dollars of government funds, while in France it was the impact of the crisis less than America because of restrictions set by the investment banks, and also the impact of the crisis on Germany was at least due to follow policies more financially independent from Britain and America, however, it has devised a plan to finance \$ 549 billion into its banks (Qantagji, Controls of the Islamic Economy in Addressing the Global Financial Crisis,p85).

These are examples of facing of the financial crisis on the level of individual countries, but facing of the crisis on the international level, included: A. Meeting of the finance ministers of the seven major industrialized countries, which was held in Tokyo, contractors from which to work on restoring stability to the financial markets and support global growth, which called for a reduction of the short selling for more than a month (Qantagji, Controls of the Islamic Economy, the previous reference, p 17). B .In America the U.S. government has put a financial plan to save the banking sector to purchase the assets of non-existent \$ 700 billion mortgage- linked in order to ensure better protection of savings and real property belonging to the taxpayer (Qantagji, Controls of the Islamic Economy, the previous reference, p 88). C. Twenty nations summit, which was held on 15/11 /2008, the most important decisions were: Full supervision and control of banks and financial companies and to ensure that their entry into risky operations such as high as mortgage loans, and also asked the ministers of the seven nations to prepare a list of the financial companies whose collapsing could expose the global economy to significant risk with the extreme necessity to help these companies.

6. The fourth topic

Islamic economy solutions to financial crises: before mentioning the claims of the Islamic economy solutions to the financial crisis, it is necessary to highlight some of the words of the postural economy theorists about Islamic economy:

A. In an editorial for Challenges magazine, " Bovis Vincent " the chief editor wrote a topic entitled "The Pope or the Koran, saying : " I think we need more in this crisis to read the Koran instead of the Bible to understand what's going on for us and banks because if the decision makers and organizers of our banks followed reportedly the Koran and the teachings of the provisions and applied them, the situation wouldn't get worse and miserable as it is because money does not give birth to the money" (<http://www.indexsignal.com>).

B. Professor of Economics, pastry Olivier, at the University of Paris, believed that the French government's decision to lift the restrictions and legislative tax that prevent the issuance of Islamic bonds in the country implies its desire to attract part of what he called the enormous savings for Muslim businessmen who are keen to invest their

money in a way taking into account the requirements of Islamic law (Bin Ali, Abdullah, the financial crisis forces France to adopt Islamic transactions).

Having cited some utterances of postural legislators who call for the application brought by the Islamic Economics on their economies, we supply some solutions brought by Islamic economics. A lot of people in this world wonder what are the impact of the global financial crisis on Islamic financial institutions such as banks and investment firms and the role of finance and what it implies. The answer to this question implies that the responses of Islamic economics scholars and experts of Islamic financial institutions on financial events and global banking as a reaction, but should highlight the concepts and rules of economic and financial system to the people and the statement of his authority and its applications, and to emphasize that such crisis was due to the absence of the application of the concepts, principles and systems. The financial system and the Islamic economic and financial institutions are based on a set of rules that achieve a prevention, security and stability, compared with the postural systems based on the system of interest and financial derivatives and the most important of these rules include:

1. The financial system and the Islamic economic are based on an integrated set of values , ideals and morals such as honesty, credibility, transparency and evidence, facilitation and cooperation, integration and solidarity. There is no Islamic economy without morality and the like, and it implies a set of safeguards that verify safety and security and stability for all dealers, and at the same time depriving the Islamic Sharia financial and economic transactions that are based on lies, gambling, fraud, ambiguity and monopoly, exploitation, greed and injustice and eat people's wealth unlawfully, Allah says:(When he turns his back, His aim everywhere is to spread mischief through the earth. and destroy crops and cattle. But Allah loved not mischief. When it is said to him, "Fear Allah., He is led by arrogance to (more) crime. Enough for him is Hell;-An evil bed indeed (To lie on)! And there is the type of man who gives his life to earn the pleasure of Allah. And Allah is full of kindness to (His) devotees (Quran, Surat Al-Bakara ,verse 205-207). The commitment to the values of faith and moral is considered as a worship and obedience to Allah who will reward the Muslim and adjust his behavior, whether a producer or a consumer, a seller or a buyer, and in the case of the boom and bust in the case of stability or in the case of crisis, Allah says: (Allah doth enlarge, or grant by (strict) measure, the sustenance (which He gives) to whom so He pleased. (The worldly) rejoice in the life of this world: But the life of this world is but little comfort in the Hereafter) (Quran, Surat Al-Raid ,verse26), this vision calls for human labor for the Hereafter, and this discipline is not a matter of man's theory, but applied in Islamic history and even as a result of this application Islam spread widely in the countries of East Asia because of good behavior for a Muslim trader.

2. The financial system and the Islamic economic are based on the participation in the profit and loss according to the base of profits and losses sharing, profits and are losses are distributed to all parties of the investment operations, and not on one side, such as usury, therefore, the interaction should be real between owners of the money, business owners, experienced people and work owners according to clear standards of justice and right to make the effort which surely will reduce the impact of any crisis where there is not always a winner team or a loser team but sharing in the process of the profit and loss. The Islamic religion has initiated many formats investment which are based on Sharia , such as: (speculative participation, Murabaha , and production of goods (Istisna'a) , and other tools of different investments)(Speculation is that the type of company that has the capital of a party, and the pursuit of work and another party, and the company consists of two shares and onwards so as not to share featuring one from the other, and the Murabaha which is selling what it has, including his own, and while Istisna'a which is a contract bought for money in case something which would do well to make the seller committed to presenting materials made of his own description of the specific price and specific characteristics, for more details see (Arshid, Mahmoud Abdel-Karim, the overall transactions and operations of Islamic banks,2007, pp. 31-154), which is based on the base of profits and losses sharing and focus on the real economy and keep him out of the dangers of betting and trading money .

Moreover, the Islamic religion has forbidden of all forms of Islamic law-based investment finance loan interest rate, which is one of the main causes of the current global financial crisis and the past (Sweilem, financial crises in the light of Islamic Economics, 2012, p 26).

3. Transactions in Islamic law must be based on the exchange of real goods and services so that the intended seller of selling the product and catch the price, and have inadvertently buyer pay for Item to gain it and in that case dealing, and when it may not be dealing in usury allowed, and you are not allowed to sell what you don't have, no gain what you can't gain ... etc. Also Islamic law prohibits selling price with the postponement of the cost, which is being handled by the so-called derivatives, and this section was forbidden by Islamic law when dealing in bonds and derivatives (Samhan, Hussein and others, Investment Management in Islamic banks, 2012, p190 and beyond). This was discovered recently by postural economists that the causes of the contemporary global financial crisis is because the system of the financial derivatives because they do not lead to real economic development, but rather is a means of money creation that causes inflation and rising prices, it also caused the rapid collapse of the financial institutions that deal with such this system (Sweilem, financial crises in the light of Islamic Economics, 2012, p 37-38).
4. Islamic law has denied all formats and forms of debt, such as debt sale: discount commercial paper and discount postponed checks payment system also forbidden the rescheduling of debt with raising interest rate. The Messenger of Allah, Mohammad, forbade selling Alkali for Alkali (selling debt for debt) and this is what postural economy scientists recognized that the reasons for the financial crisis is because of some contemporary brokerage firms which traded in debt which led to the ignition of the crisis and this is what happened on the ground (Sweilem, financial crises in the light of Islamic Economics, 2012, p 43) .
5. The financial and economic system are based on the Islamic principle of easing the conditions of payment for the borrower who cannot repay the debt for reasons beyond his control, Allah says (If the debtor is in a difficulty, grant him time till it is easy for him to repay. But if ye remit it by way of charity that is best for you if ye only knew) (Quran, Surat Al-Bakara , verse 208).

This is what turns out to postural economists that the causes of the crises is when the debtor stopped paying the creditor and so the creditor tended to raise interest rates, or rotate the loan interest rate higher or implementation of a mortgage on the debtor who is dispersed and expelled (Sweilem financial crises in the light of Islamic Economics, 2012, p43-96), also they showed no mercy or protection which leads to social and humanitarian crises caused many of the psychological, social, political, economic problems and otherwise.

The follower of the Islamic financial market notes first: That Islamic banks are in fact less affected by the crises than traditional banks because they do not buy any securities based on debt (interest). They are isolated from the impact of bad debt and the shift in influence from traditional institutions that have collapsed . In addition, the mortgage system in the Arab countries, especially in the gulf, is different in terms of its foundations and applications and the extent to which the state interferes with the American system . Which makes the phenomenon of the rebound of the property of the bank and its rapid cracking is not found in the Gulf states. But we should also note that the Islamic banks that have dealt with traditional banks to hold Murabaha in international goods carry billions of dollars in their budgets to traditional and global traditional. Banks that deal with Tawarruq with their customers and credit card holders based on debt consolidation through Tawarruq also carry in their budgets a lot of debt to customers at risk. Due to the collapse of their investments in local and global financial markets. These revolving debts are also purely financial accumulations away from the real market for two reasons: First, the financing of Tawarruq is based of many debts without real movement of good (because they are unintentional).

The second it that Tawarruq works by accumulating layers of debt, one on top the other, in the way of the inverted pyramid. This makes the debts of Islamic banks more stable than those of traditional banks and makes the financial crises in the Gulf an imported crisis in most respects. They are imported by the drop in global investment prices of local banks and imported by the deflation of the local real estate market in Dubai especially from the global market, and imported in terms of falling oil prices. It is more importable for Islamic banks and is also imported from local and regional traditional banks. On the other hand, Islamic banks that have invested heavily in the global stock markets have also been affected by the collapse of the latter and their customers have been affected and they have also lost large amounts in equity funds... nothing that these funds were successful in moving away from traditional financial and other stock sectors most affected by the crisis. It is true that the Islamic banks principles and principles have acted as a preventative measure without distorting their basic structure. However, the repercussions of this crisis have affected Islamic banking and have affected them, although not directly and seriously. However, many indicators confirm the arrival of the bubbles of this financial crisis to be justified by Islamic banks among these indicators and manifestations:

- The decline in the indicators of global stock exchanges, which affects the investments of these banks in the stock exchange, either directly or through investment funds (Dow Jones Islamic in recent months a few points, while other Dow Jones lost more than a third of its value...) www.algazira.net.12.01.2009.
- The crisis limits the ability of Islamic banks to grant credit as a result of the crisis of confidence experienced by the banking sector in the world, which weakens their ability to manage the liquidity available to them, which negatively affects the growth to profits.
- The financial portfolios of mortgage financial have ballooned, so there is a warning of a real estate crisis threatening Islamic banks due to the global recession, which will in turn be reflected in banks, results.www.aawast.com//print.asp?did=498114
- The Islamic Sukuk market, one of the most active in the Islamic financial industry, is declining, albeit in the form of a decline in profits and growth rather than in the value of assets, as in traditional banks. However, these effects remain limited, given the severe damage to the traditional financial sector that has led to a radical change in the laws and principles underlying the capitalist economy subject to market laws. (Etawy.2009,p19)

6. Results

The postural economic system is based on the number of sales transactions which are forbidden in Islamic religion by the sale of debt and selling what you do not have to deal in derivatives and usury, which is the basis for the destruction of this system. Usury is forbidden in the Islamic religion as it is forbidden in all religious laws, and Sharia forbids everything that leads to eat people's wealth unlawfully from fraud, deception, monopoly and gamble ... etc. The Islamic Sharia left all the doors open to the posts and the interaction of capital while working within the framework of profits and losses sharing. In a quick and concise summary, we can say that compliance with the controls of Islamic economy is the only treatment and solution to financial crises, which is capable of finding appropriate solutions to what ails the human problems, and Allah Almighty says in the Holy Quran: (Get ye down, both of you, all together, from the Garden, with enmity one to another: but if, as is sure, there comes to you Guidance from Me, whosoever follows My Guidance, will not lose his way, nor fall into misery But whosoever turns away from My Message, verily for him is a life narrowed down, and We shall raise him up blind on the Day of Judgment) (Quran, Surat Taha, verse 123-124).

7. References

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