

The reality and analysis of foreign investment banking entry patterns in the Arab countries: requirements for presence and reflection after the year (2005)

By

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Abstract

Increased Importance streams Investments foreign received on me appearance units banking to me the countries developing Ago Eighteenth century and the century ninth ten And the to me today this to become From Sources the basic for finance outer And therefore so search Aim to basically to me knowledge Banking foreign investment patterns, As well as with Determine reasons Presence and reflection that effect On the cusp of economic progress.

most important What reach mechanism researcher, Entry many From Banking foreign investments of various types to Arab countries this From side, And from side else I showed consequences search that banks foreign contributed in generation chances a job and present Lots From Services Banking, as there are many repercussions that directly affected the work and entry of foreign banking investment.

Keywords: foreign and national banks - patterns - reflections.

Introduction

Prepare banks foreign From most important Tools Finance in the countries Arabic to move wheel progress Economic Sima That that heading its economy Toward Economie market, when to her From Importance in role that you play it That banks As well as About that it Prepare one means that are used to generate chances a job, and limit From phenomenon The unemployment, And from then Stimulate the growth for the economy national.

Importance search

lie Importance search in role that play it banks foreign in Transfer Of experience and boost The competition banking and find chances a job and re rotate Heads money, and possibility Benefit Of which in the work banking when owns it From experiences Ultra, as such derives search its importance From knowledge patterns banks foreign and importance knowledge most important Existential and reflexive factors.

Problem the Study

suffer Lots From banks local From Ill the performance banking And the hardness financial Than effect in the form of negative on me progress the growth Economic, and in Light

problem search then there questions Can that raised in this Context Seek researcher the answer about her From During search, Which as follows:

- 1- What is meant? with banks foreign?
- 2- What she styles the main that get up on him?
- 3- Have the laws and instructions issued by the Central Bank contributed to attracting foreign investments?

Goals the study

In Light problem search, then search Aim to basically to me knowledge Patterns of foreign investment banking entry into Arab countries, as well as knowledge of the reasons for presence and reflection.

Hypothesis the study

To bypass problems that included problem search, Lost go ahead search From hypothesis say:

- 1 Diversity of patterns of entry of foreign banking investment into Arab countries.
- 2 That to rise Number banks foreign to her Effect positive on me generation chances the work.

What is foreign banking investment?

Submitted series crises in economies emerging and developing During 90s from the last century, which stretched From America Latin to me Asia, incentive big for countries affected From crises To open its markets local Before banks foreign, And that in the form of Basic to re capitalization its systems banking besieged on me though From Differences in Degree and scope Share it Across Regions and countries, Lost grow Presence banks foreign in the form of big in all fields in countries markets emerging and countries developing (Sasedaran, 2014).

As foreign banking investment is defined as allocating part of the funds to be invested in assets Financial for a period of time with the aim of obtaining cash flows in the future to meet the increase in the rate of inflation and to cover the risks associated with money flows, and investment What is an individual purchase of one or more assets, which is the purchase of more than one asset, which is called a portfolio investment (Saadi, 2016).

Foreign investment banking also consists of two parts, namely (Foreign direct investment banking And the Indirect banking foreign investment) The first is defined as: The foreign investor's possession of a percentage of the ownership of banks in the host country, so that the percentage is not less than (10%) of stock ownership.

Participation in the actual management of the organization) (Haider, 2015), Note that this type dates back to the nineties of the century twenty, as I witnessed those stages massive increase in foreign direct investment in general, And the It was largely driven by the increase in foreign direct investment in services, particularly in foreign investment bank indirect (Maria, 2003).

while it is known foreign investment banking indirect that: (Investment in commercial papers issued by local banks, whether owned by the public sector or owned by the private sector. Two sections either in a single type of commercial paper or in several types, which is

called the investment portfolio, which is defined as investing money in different commercial papers that achieve a return and within different levels of risk) (Youssef, 2014).

It is worth noting that literature International Depends Around the growth international for banks in the form of Basic on me theory Enterprise Multiple nationalities (MNE), which explain reason rise banks Multiple nationalities presenting Services Transactions From During presence direct instead of From Use market open, so Related literature banking International the biggest expanding Geographical for banks possibility move Toward structure more efficiency Thanks to improvements efficiency, which may be pile up in appearance costs less or Revenues higher, And then Indeed Allow expansion Geographical for banks growing in Markets New When is being the growth the local Limited a (on me way example, burg globalization banks Japanese in 80s from the twentieth century); to diversify Risks regional different to environments economic, And therefore reduction variance in earnings organizations, and exploit market local high internationally, so It seems that ease availability head Money provide bankers with advantage competitive big in markets Globalism (Marco & Lucia, 2001).

Types or patterns of entry of foreign banks to the host countries

can split Foreign investment banking into two categories two heads They are (first class entry The foreigner to the banking sector, through the purchase of securities and insurance, through investment in green fields or mergers and acquisitions, and the second category is represented in Entry Foreign banks by opening branches and representative offices (Hyun & Byung, 2004).

Features of the Arab banking sector After a year (2005)

make up The Arab banking sector is among more than 500 banks and financial institutions at the end of the year (2019) After the number of banking institutions was about (470) in (2005), noting that the basic components of the Arab banking sector are formed Most of them are conventional commercial banks, Islamic banks, as well as other specialized banks. In this context, it is noted that the largest number of Arab banks are located in Lebanon, about 63, and in the Emirates, about 52, in Bahrain (27) and in Egypt (39). (A gift, 2020) And Iraq (73) banks (-the bank central Iraqi, 2019).

The traditional commercial banks dominate the bulk of the total assets of the Arab banking sector, and in (2006) the number of banks also reached (470) banking institutions, distributed among (267) commercial banks, (45) Islamic banks, and (52) Most of these banks are concentrated in Lebanon (66), Bahrain (56), Egypt (54) and the UAE (42). It is noted that the majority of these banks are commercial banks that provide financing for long terms. relatively short (Box criticism Arabi, 2006).

Then the number of banks increased in the following year with simple changes in its components, the number of banks in the Arab countries reached about (500) banks, and the number of individual banks in each of Lebanon reached about (67) banks, and the Emirates about (42) banks, and Bahrain about (56) banks, and Egypt about (54) banks, and despite this diversity in the Arab banking sector, note that these banks dominate the total size of the banking sector in the Arab countries, as these banks maintained (81.5%) of the total Arab banking assets in the year (2007) (beauty, 2009) Then the banking sector maintained the same size for the end of the studied period.

Patterns of entry of foreign banking investment in the Arab countries: In this requirement, we address the most important patterns of foreign investment banking presence in some economies of Arab countries. In the beginning, it is okay to address the most prevalent

patterns, which were mentioned Some of them before, as the most pattern is the opening of new branches by the parent bank in the host countries, which is defined as (a type of foreign bank that is obligated to follow the regulations of each of the host country or host countries).(www-investopediacom.translate)The second type is the process of merging with a local bank, for example In Egypt, (15) small regional banks were merged in (1993) into one institution (the National Bank for Development)., as such Real estate banks were merged in (1999) and (Credit Foncier Egyptianien and Arab Land Bank) were merged with the name of the bank (Egyptian Arab Land Bank) (Alaa, 2001).

And the third type, which is among the most common patterns of foreign banks in global economies, is the acquisition or control of a local bank in the host country or countries, which is known as (the control of the share of any bank, whether through purchase or any other means, by any a person who is not affiliated with this bank) (**www-lawinsider-com**).

By following the law of foreign banks in most Arab countries, we note that the process of choosing the type of pattern for the foreign bank differs from one country to another according to the instructions issued by the monetary authorities. It should be noted in this regard that in (2005) a number of Arab countries witnessed Implementation of ambitious programs of privatization and banking merger in order to create strong banking entities that enjoy efficiency and progress in providing various banking services (Box criticism Arabi, 2006).

In the Emirates, we note through the provisions of Union Law No. (10) of (1980) banks in the United Arab Emirates are divided into two main categories, which are locally listed banks - which are licensed public joint stock companies and branches of foreign banks that have obtained licenses from the Central Bank to operate in The state is in accordance with the provisions of the aforementioned law, and historically, national banks are considered to have the largest national contribution, although foreign banks existed before the establishment of the monetary council in the Emirates, and therefore before the establishment of the central bank and the start of its operations, under these historical circumstances, the number of banks and their branches in the state increased And outside it very quickly, which caused inconsistency with the capacity of the local market, which led to the provocation of the monetary authority at the time to prevent the issuance of licenses to any new bank, in order to reduce the number of branches of any foreign bank to a maximum of eight branches in the year (2018)(**www-central bank**), this means that the pattern of foreign investment banking in the UAE is of the first type.

As for the patterns of foreign investment in Iraq, it can be clearly observed after the year (2003) due to the liberalization and the shift towards a market economy and the opening of the field for foreign investment. It allowed entry to the banking sector in the first two modes, opening foreign branches, and the second, banking merger (Salah, 2019), until it included the third type (acquisition), so the banking sector witnessed during the period (2005-2020) the entry of foreign banks to include the previous three types, and this is what we will show in detail in the third chapter.

In Algeria, we note that the prevailing pattern of foreign investment in Algeria is of the type of partnership pattern only, as The Algerian legislator imposed, through the Monetary and Loan Law, some special objective restrictions for accepting banking investment for foreign banks and financial institutions, as the national contribution must represent at least (51%) of the capital within the framework of the so-called partnership (partnership with capital between the investor the local investor and the foreign investor),
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as well as imposing some other restrictions in the face of the private investor, and accordingly the Algerian legislator has established partnership as the only method for the foreign banking investor (hums, 2021).

And last but not least, we note that the pattern of foreign banks in another Arab country, for example in Libya, was of the type of partnership as well, as foreign banks were allowed to enter during the year (2009). And by entering as strategic partners of local banks in order to benefit from the transfer of expertise and skills to the Libyan citizen, provided that the foreign participation rates do not exceed (49%), and that the bank's capital is not less than (70) million dollars (Box criticism Arabi, 2009). It is worth noting that the pattern of foreign investment in Libya before (2009) was of the first type (opening branches of foreign banks).

The hub Fifth Analysis of the reality of foreign banks in Arab countries

Some Arab countries witnessed a noticeable discrepancy between the rise and fall on both sides of the national and foreign banks, as we note that foreign banks occupy the forefront among the total banks of the majority of the Arab countries selected in the table (1), as the percentage of foreign banks in Bahrain, Saudi Arabia, Kuwait and Palestine was no less than (50%) of the total banking sector. 2010) (57) foreign banks compared to (50) national banks, and this is a good indicator from the Bahraini Central Law, which indicates that the environment for foreign investment in Bahraini banks is very high compared to the rest of the Arab countries, but from the side of the risks of foreign banking investment it is a dangerous indicator Very, because it is subject to risks and crises in the event of the withdrawal of foreign banks from the Bahraini national economy or from the side of control and acquisition, followed by Lebanon in terms of the number of foreign banks, which numbered about (54) foreign banks and (11) national banks, and then Kuwait was followed by (21) foreign banks and (10) national banks.

While Sudan was the least numbered in terms of the volume of foreign banks, which numbered (6) foreign banks, compared to)28) national banks, then the number of banks in Arab countries in general increased, bringing the total banks in the years (2014-2015) to (408) and (415), respectively, national and foreign banks. After it was in (2010) about (390), Bahrain also formed the first place in terms of the number of operating banks (national and foreign), which for both years amounted to about (103) banks distributed among (46) national banks and (57) foreign banks Straight.

Lebanon is followed by about (69) and (65) banks in operation, respectively, Iraq, with about (50) to about (59) banks, respectively, then Sudan with (37) and (38) banks, respectively.

As for the years (2018-2019), we note that the total number of banks in most Arab countries in the same table has taken the side of the continuous increase and some of the side of the decrease, reaching (419) and (418) banks, after it was about (421) in 2017, and the reason for this is due to the merger of some banks or due to the withdrawal of some foreign banks, as is the case in Bahrain and Lebanon.

Bahrain also ranked first, from about (56) to about (55) foreign banks, respectively, and (42) national banks for both years, respectively, while Palestine came in the least number of the total operating banks, about (14) banks distributed among foreign banks amounting to About (7) and national banks also (7) for both years, because the number of banks operating in them has not changed.

Schedule (1) Number of operating and foreign banks in some Arab countries for the period (2010-2019)

2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	the year	Country
97	98	101	103	103	103	104	103	106	107	Property Type	
55	56	58	57	57	57	57	57	58	57	operating banks	
56.7	57.1	57.4	55.3	55.3	55.3	54.8	55.3	54.7	53.2	foreign banks	the two seas
59	60	61	60	57	49	51	51	50	51	Relative importance	
38	38	39	37	34	26	28	28	27	28	operating banks	
64.4	63.3	63.9	61.6	59.6	53.0	54.9	54.9	54	54.9	foreign banks	UAE
25	26	25	24	23	23	23	23	23	21	Relative importance	
13	13	12	12	11	11	11	11	11	9	operating banks	
52	50	50	50	47.8	47.8	47.8	47.8	47.8	42.8	foreign banks	Saudi Arabia
30	30	30	30	30	30	30	29	28	28	Relative importance	
7	7	7	7	8	7	7	6	4	6	local banks	
23.3	23.3	23.3	23.3	26.6	23.3	23.3	20.7	14.2	21.4	foreign banks	Sudan
14	14	15th	15th	16	17	17	18	18	18	Relative importance	
7	7	8	8	9	10	10	10	10	10	operating banks	
50	50	53.3	53.3	56.2	58.8	58.8	55.5	55.5	55.5	foreign banks	Palestine
35	35	35	35	35	35	33	33	31	31	Relative importance	
23	23	23	23	23	23	22	22	21	21	operating banks	
65.7	65.7	65.7	65.7	65.7	65.7	66.6	66.6	67.7	67.7	foreign banks	Kuwait
59	59	59	61	65	69	70	66	66	65	Relative importance	
49	49	49	50	53	55	56	54	54	54	operating banks	
83.0	83.0	83.0	81.9	81.5	79.7	80	81.8	81.8	83.0	foreign banks	Lebanon
19	19	19	19	19	19	19	19	19	19	Relative importance	
7	7	7	7	7	7	7	7	7	7	operating banks	
36.8	36.8	36.8	36.8	36.8	36.8	36.8	36.8	36.8	36.8	foreign	Morocco
73	71	69	65	59	56	54	54	49	44	Relative importance	
18	18	19	19	18	18	12	12	10	7	operating banks	
24.6	25.3	27.5	29.2	30.5	32.1	22.2	22.2	20.4	15.9	foreign banks	Iraq
										Relative importance	

Source: Prepared by the researcher based on:

- The Central Bank of the Selected Arab Countries, Annual Reports, 2010-2019.
- Arab Monetary Fund - Heba Abdel Moneim and Karim Zaidi, Banking Competition.

The sixth axis: the requirements for the presence of foreign investment banking in the Arab countries:-The factors that encourage or restrict foreign investment in banking in Arab countries are many and varied, as they differ from one country to another, so we will address the most important of those factors as follows:-

First: The most important factors encouraging the presence of foreign banking investment in Arab countries: Many Arab countries have tended to enact laws and set more liberal and regulated procedures for foreign investment (direct and indirect), and to take measures regarding the treatment of foreign investors' entry to Arab countries, granting various incentives and providing The guarantees, in addition to the various international obligations that it sought to embody with regard to its protection and advancement by joining international and regional organizations in this regard, in addition to concluding bilateral and other multilateral agreements (Ammar, 2015). The most important factors that help or encourage the presence of foreign banking investment in Arab countries can be explained as follows:

- 1- Some Arab countries have conducted many encouraging factors in the presence of foreign investment in banking, such as allowing privatization and allowing the ownership of part of the shares of local banks and the opening of foreign branches, for example what the Libyan authorities did in (2006), through privatization processes and allowing foreign banks to own shares It reaches (50%) of local banks (2006), thus opening the way for foreign banking investment to open many foreign branches within the Libyan economy, in order to maintain the presence of foreign banks, and strengthen the national economy through external financing.
- 2- Followers of some Arab countries in adopting the pattern of banking merger with local banks in order to raise the efficiency of the banking sector in general and restructure public banks and encourage mergers between banks (whether local or foreign) for example, what happened in Egypt (Box criticism Arabi, 2007).
- 3- Price stability factors have a significant impact on the presence of foreign banking investment in the Arab countries. The volume of investments, especially loans granted by foreign banks, may be exposed to the risks of a decrease in purchasing power in the national economy, as assets with cash flows become weak when the inflation rate rises, and this strength Purchasing for those future cash flows decreases over time, in other words, if the host country is exposed to a wave of inflation after it was agreed between the donor bank and the client that the latter would obtain the loan to finance a particular project, it will result in a decrease in the purchasing power of the loan origin, and therefore will Banks granting loans are affected, due to the decrease in the purchasing power (monetary value) of money in local currency (www-usbank-com).

The seventh axis: the benefits and repercussions of foreign banking investment in some Arab countries after a year (2005):-Banking foreign investment flows in the Arab countries are increasing in importance day by day, as it has become one of the main tools in moving the wheel of the national economy and a major source of external financing, as it affects the gross domestic product directly or indirectly, as it can be summarized the most important benefits of foreign banking investment In the Arab countries and the extent of its impact on the national economy of the Arab countries after (2005) with the following points:

- 1- Contributes to foreign investment banking in Arab countriesgenerating new jobs and increasing job opportunities in the labor market, For example, in the year (2017-2018), the number of employees from foreign investment banking in all Arab countries in general reached (77149) and (117368), respectively.(Enterprise Arabic,2021, s),The foreign banking investment in the UAE achieved the largest volume of the total Arab countries individually, about (7311) and (5663), respectively, and is of relative importance from about (9.4%) to about (4.8%) (bank UAE central, 2018-2019).
- 2- Banking foreign investment in Arab countries enhances Competition with national banks, which pushes the latter to provide more services in the field of credit activity.
- 3- One of the benefits of banking foreign investment in Arab countries is that it is a good resource for financing the general budget, and therefore the increase in foreign banking investments increases tax revenues, which in turn contribute to feeding the state treasury, and then increases current government spending, stimulates demand and increases economic growth (Mohammed, 2014).

Conclusions

1. that hypotheses search nose The remembrance may be verification most of it ,and prove search that In some Arab countries, most types of foreign banks have been entered,

- although performance its banks foreign Is characterized by performing outstanding and patterns Miscellaneous and services high.
2. seem a job the system banking the alien in Arab countries Ago horn VIII ten and the ninth ten.
 3. that Number banks foreign in Arab countries are on the rise So Should Benefit Of which in moving wheel Economy national.
 4. has evolved sector banking for countries Arabic selected including During Duration thoughtful a plus And the diversification in Number units banking, so attract sector banking Arabi investments foreign directly on me appearance to merge And the acquisition And the on me appearance units existing, and on appearance units offices acting, addition to me has evolved Services banking represented by in Facilities fiduciary cash and pledge.
 5. witnessed Duration distance general (2005) breast many From laws And the Legislation that organize a job Investments foreign in the countries Arabic selected.
 6. and based on to me Conclusions mentioned above we reach to me that some banks foreign did not practice her role Effective in to support The competition banking or a plus size credit banking in Iraq From side and why contribute in development quality Services banking Introduction From During use for technology banking From side else, And with this Can say fixed part From hypothesis the study.

Recommendations

1. From the necessary that be Politics towards investment the alien banking part From Policies Economic the public for the state From Where styles banking or the size that Should investment In which distance Determine Objectives and strategy necessary.
2. necessity state banks thoughtful for strategies integrated fit in with size Challenges expected Sima Challenges Global isation and competition with banks International big and expected her entry The environment for countries selected Which Determine Target From behind Attract investment the alien banking instead of From that is being goal years abstract, And from then orientation to me investment qualitative and not quantitative.
3. necessity to improve the climate investment for countries thoughtful And the that because Archaeology positivity for investment the alien banking stop on me Bezel Availability The environment Economic And the Social And the political Convenience And the that About road Grant More From incentives and facilities And the Warranties and modify laws that cheer up Investor the alien banking on me Guidance his investments towards it the countries Arabic with taking look consideration Grant More From waivers lead to me a plus burdens Finance on me The state And the Subsequently impact negative on me The state.
4. should on me the countries selected the work on me Attract Investments foreign banking Globalism Sophisticated, From Yes to improve performance its banks local And the to improve Services Introduction And the become self ability on me meet requirements market different, and in the time Himself Benefit From an experience UAE Arabic United that she could Attract Investments foreign banking And the to provide the information that need it Investor and promotion to her.
5. necessity Attention to me Benefits and costs resulting About Entry investment the alien banking to me sector.
6. Call to me banks foreign in Arab countries to me direction Toward merger with some of them From Yes formation entities Finance big able on me to provide Services miscellaneous to the audience, and in the time Himself to provide Base data actual Inclusive available in sites Internet and several languages, Include Indications Finance and performance banking In addition to me Spread the information that facilitate

analysis That Investments, From Yes Attract Larger for investments foreign this From side, and more trust The audience towards That banks From side else.

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