

How to Cite:

Boubaya, A. (2025). Managing financing risks in Islamic Banks through Basel III Accords: An applied study on Qatar Islamic Bank (2013-2020). *International Journal of Economic Perspectives*, 19(3), 806–819. Retrieved from <https://ijeponline.org/index.php/journal/article/view/902>

Managing financing risks in Islamic Banks through Basel III Accords: An applied study on Qatar Islamic Bank (2013-2020)

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Abstract--This study aimed to know the possibility of applying the capital adequacy standard issued by Basel III in Islamic banks due to its great importance in managing financing risks, since financing risks are the greatest thing that can affect Islamic banks due to the diversity of their methods used in this field. To achieve the objectives of the study, the descriptive approach, the analytical approach and the case study approach were followed. The study concluded with a set of results, the most prominent of which is that the Islamic bank under study has adapted to the application of the capital adequacy standard according to Basel III to hedge against financing risks, which a large part of the total percentage is allocated to cover, although this standard is not suitable for the characteristics of these banks.

Keywords---Islamic banks, Capital adequacy ratio according to Basel III, Financing risks.

Introduction

The capital adequacy standard issued by the Basel III resolutions is the latest modern trend of the Basel Committee, which was established after the repercussions of the global financial crisis of 2008, after the emergence of weaknesses in the previous standard, which was characterized by the presence of adequacy ratios that were unable to cover the major effects left by the crisis at that time, which led to the necessary research to develop this standard and improve its financial ratios and make them more capable of hedging risks, which was evident in the Basel III standard issued in 2010 and effective in 2013, as it contains financial ratios that must be maintained higher than its predecessors

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Submitted: 08 January 2025, Revised: 02 March 2025, Accepted: 08 March 2025

with an improvement in the capital structure and risk weighting, in addition to creating new ratios such as financial leverage ratios and liquidity ratios.

Therefore, the Basel III capital adequacy standard has become more integrated and efficient, which has made it essential for application to various global banks. It has also become the most prominent directives and instructions of central banks in the field of risk management, especially risks related to financing activities that are witnessing a significant expansion by all banks, which has made it the most vulnerable and sensitive activity because it affects the financial side of the bank, as financing risks are the most severe risks compared to Other risks. It is known that conventional banks were affected by the financial crisis of 2008, due to the difference between conventional banking and Islamic banking, as the latter issues financial products that are significantly different from what exists in the conventional system, in addition to the aspects of financing and investment, and therefore the impact of Islamic banks was slight compared to conventional banks, which coincided with the formation of the capital adequacy standard according to Basel III according to the features of conventional banks as they are the most affected, which created a major problem for Islamic banks in applying this standard and adapting to it, especially after it was imposed by central banks on all banks without exception, in addition to the increasing volume of risks surrounding and related to Islamic banking, especially the financing and credit aspect.

Qatar Islamic Bank has witnessed a wide development in its financial and banking activities, especially investment and financing activities, which were characterized by great diversity, which made it obligated to apply the Basel III capital adequacy standard to confront various potential risks and avoid losses surrounding banking work.

Problem of the study

This research studied the following problem : **To what extent have Islamic banks been able to adapt to the capital adequacy standard issued by the Basel III Committee as one of the most important precautionary measures against financial risks ? And What is the position of Qatar Islamic Bank on this?**

Study hypotheses

To answer the previous problem, the following hypotheses can be put forward:

- Various Islamic banks, especially the leading ones, seek to implement the Basel III capital adequacy standard in order to gain a global character and develop their internal risk management system, considering that this standard is the most accepted and recognized in the global banking arena.
- Financial risks are considered the most difficult risks facing Islamic banks compared to other risks, as they affect the financial side of the bank in addition to their large size. Therefore, hedging against them requires allocating a larger financial volume to cover them in light of the volume allocated to other risks.

Importance of the study

This study derives its importance from a set of aspects. The first aspect is the importance of Basel III capital adequacy regulations as one of the most important precautionary and preventive measures against risks, especially financial risks. The second aspect is the importance of Islamic banks adapting to the Basel III capital adequacy standard. The third and final aspect is the importance of covering financial risks in Islamic banks based on the Basel III capital adequacy standard.

Study objectives

Through this study, we aim to achieve a number of objectives, the most prominent of which are:

- Knowing the extent of Islamic banks' adaptation to the application of the capital adequacy standard according to the Basel III Agreement.
- Knowing the extent of Qatar Islamic Bank's adaptation to the Basel III Accord requirements.
- Determining the capital adequacy ratios for covering financial risks in Qatar Islamic Bank.

Study Approach

To conduct this study and achieve the desired objectives, the descriptive method, the case study method and the analytical method were relied upon, by seeing the characteristics of the subject and what it needs. The descriptive method was used in the theoretical aspect with the aim of listing the basic ideas and concepts related to the subject, while the case study method and the analytical method were relied upon in the applied aspect, which is a case study of Qatar Islamic Bank.

2. Brief Overview Of Study Terms

A brief definition and presentation of the study terms, mainly Islamic banking, Islamic finance and capital adequacy standard according to Basel III regulations, can be given as follows:

2.1 Islamic Banks

Among the definitions of Islamic banks we mention the following:

2.1.1 First Definition : It is a financial institution that responds to the needs of Muslim clients. It works to collect savings from those with financial surpluses and employ them. It also provides various traditional banking services with the aim of maximizing profits, but it relies on the principles of Islamic Sharia in its work and practices in order to achieve returns of an Islamic nature (Najah Abdel-Alim , 2011).

2.1.2 Second Definition : An Islamic bank can be defined as a financial institution that provides various traditional and non-traditional banking services, including investment, savings, and others, using Islamic investment formulas with the aim of maximizing profits and providing social services in accordance with the principles of Islamic Sharia (Hamani & Rebahi , 2024).

2.2 Islamic Finance

2.2.1 First Definition : Islamic banking financing is defined as a system based on the principle of profit and loss, which is where the Islamic bank invests with the client by providing the necessary funds to finance his needs, instead of lending him sums of money that end with usurious interest. The two parties also agree to share the profits according to percentages that are discussed at the time of concluding the financing contract (Ashraf Muhammad , 2015).

2.2.2 Second Definition : Islamic banking finance can be defined as an activity through which Islamic banks provide funds to people seeking finance in a manner that is consistent with Islamic law, with the aim of maximizing and developing funds in addition to achieving socio-economic development (Abdul Halim , 2013).

2.3 Capital Adequacy Standard According To Basel III Regulations

2.3.1 Definition of capital adequacy standard according to Basel III : Capital adequacy has many definitions. Some define it as a certain percentage of capital that banks must maintain at a certain level of risk (Pushpkant & Masuma , 2017). It is also defined as the means by which banks measure their solvency and determine their ability to meet their obligations in a timely manner (Ashouri & Mahdi , 2019).

2.3.2 Capital Adequacy Standard Issued By Basel III: The most important decisions of the Basel III Agreement regarding the capital adequacy standard can be mentioned as follows:

- ✓ **Developing capital adequacy ratios:** The most important amendments and additions to the Basel III agreement regarding capital adequacy are as follows (Reimers, 2012, pp. 352-353):
 - Canceling Tier 3 in calculating the capital adequacy standard.
 - Raising the minimum ratio of common capital from 2% to 4.5% of total risk-weighted assets.
 - Raising the minimum capital for the first Tier from 4% to 6%.
 - The Basel Committee added 2.5% of capital conservation buffer to Common Equity to become 7%, And from there, the total core Tier 1 capital becomes 8.5%, Therefore, banks must maintain 10.5% of their total capital expressed in risk-weighted assets.
 - The Basel Committee has established an additional margin as a reserve to counter cyclical fluctuations at a rate of between 0 and 2.5% of risk-weighted assets.

And it can be clarified the most prominent amendments in the following table:

Table 1. Capital adequacy ratios according to the Basel III Accord

Statements	Owner's equity ratio	Tier 1 Ratio	Total Capital Ratio
Minimum Capital (1)	4.5%	6%	8%
Conservation Buffer (2)	2.5%	-	-
(1)+(2)	7%	8.5%	10.5%
Countercyclical buffer range	0%-2.5%		

Source: (Basel Committee on Banking Supervision, 2010, p. 64)

From the above, the capital adequacy equation according to Basel III can be deduced as follows:

$$\text{CAR} = \frac{\text{Tier 1 (Core capital + supporting capital)} + \text{tier 2}}{\text{Total risk – weighted assets}} \geq 10.5\%$$

(credit risk + market risk + operational risk)

The Basel Committee has developed a plan for banks to implement capital standards gradually, which we will explain in the following table:

Table 2. Timeline application of the proposed capital ratios issued by the Basel III agreement

Statements	2013	2014	2015	2016	2017	2018	2019
Minimum common equity capital ratio (1)	3.5%	4%	4.5%	4.5%	4.5%	4.5%	4.5%
Capital Conservation buffer (2)				0.625%	1.25%	1.875%	2.5%
(1)+(2)	3.5%	4%	4.5%	5.125%	5.75%	6.375%	7%
Tier 1	4.5%	5.5%	6%	6%	6%	6%	6%
Minimum total capital (3)	8%	8%	8%	8%	8%	8%	8%
(3)+(2)	8%	8%	8%	8.625%	9.25%	9.875%	10.5%

Source: (Basel Committee on Banking Supervision, 2010, p. 69)

✓ **Liquidity standard:** In its third agreement, the Basel Committee set standards for liquidity coverage, which are as follows:

- Liquidity Coverage Ratio (LCR): Its aim is to enable banks to confront the short-term liquidity crisis, and the Liquidity Coverage Ratio can be calculated as follows (Basel Committee on Banking Supervision, 2010, p. 3):

$$\text{LCR} = \frac{\text{High quality liquid assets}}{\text{Total net flows over 30 days}} \geq 100\%$$

- Net Stable Financing Ratio (NSFR): Its goal is to make banks practice their financing activities using their sources with continuous stability. The Net Stable Financing Ratio can be calculated as follows (Basel Committee on Banking Supervision, 2010, p. 25):

$$\text{NSFR} = \frac{\text{Stable financing available}}{\text{Stable financing required}} \geq 100\%$$

- Financial Leverage Ratio (LR): Financial leverage is defined as the ratio of assets on and off the balance sheet without introducing risks, so that the ratio must be greater or equal to 3%, and its goal is to reduce lending unless there is sufficient capital, and the equation of the financial leverage ratio is as follows (Basel Committee on Banking Supervision, 2014, p. 1):

$$LR = \frac{\text{First tier capital}}{\text{Total assets}} \geq 3\%$$

3. Applied study

As previously mentioned, this study will apply to Qatar Islamic Bank, and we will address the following points:

- Financing Indicators at Qatar Islamic Bank.
- Financing Risk Indicators at Qatar Islamic Bank.
- Financing Risk Management Mechanisms at Qatar Islamic Bank.
- Calculating Total Capital Adequacy Ratios at Qatar Islamic Bank According to Basel III.
- Financing Risk Coverage at Qatar Islamic Bank According to Basel III.

The period 2013-2020 was chosen to conduct the applied study as it is the period set by the Basel Committee in its third and final agreement to apply its capital adequacy ratios to all global banks.

3.1 Introduction to Qatar Islamic Bank

Bahrain Islamic Bank was established in 1979 in the State of Bahrain. It is a retail sector bank licensed by the Central Bank of Kuwait. Bahrain Islamic Bank is the first Islamic bank in the Kingdom of Bahrain and the fourth regionally. It represents a major support to the Bahraini national economy through its achieved indicators. It is also listed on the Bahrain Bourse. Among its most prominent indicators is its paid-up capital in 2019, which amounted to approximately 106 million Bahraini dinars, and its total assets for the same year amounted to 1,224 million Bahraini dinars. The bank also has 4 branches, 4 innovative financial complexes, and one digital branch. It also has 54 ATMs distributed locally. Kuwait International Bank is considered one of the leading Islamic banks in the field of Islamic finance and banking, as it provides various banking services according to the Islamic approach (Qatar Islamic Bank, 2025).

3.2 Financing Indicators at Qatar Islamic Bank

The financing statistics of Qatar Islamic Bank can be represented in the following table :

Table 3. Financing ratios in Qatar Islamic Bank during the period 2013-2020
(unit in thousand US dollars)

Statement	2013	2014	2015	2016	2017	2018	2019	2020
Financing Assets	12946845	16391521	24036084	26962514	27972440	28071937	31242402	32649661
Total Deposits	13832188	18293050	25136224	26200767	27754769	27629221	30656685	32395085
Financing Ratios	93.60%	89.60%	95.6%	102.9%	100.8%	101.6%	101.9%	101%

Source: Prepared by the author Himslef based on the annual reports of Qatar Islamic Bank (QIB, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020).

Through the previous table No (01) of financing ratios for Qatar Islamic Bank, and with regard to financing assets which are characterised by their large size, we note that the allocated volume is increasing at large rates in the bank throughout the period 2013-2020, and financing ratios are also continuously rising throughout the study period, which indicates the significant expansion of financing activity in Qatar Islamic Bank.

3.3 Financing Risk Indicators at Qatar Islamic Bank

Financing risks at Qatar Islamic Bank relate to credit risks arising directly from financial balances with banks including the Central Bank, financing assets, financial investments and other letters of guarantee, acceptances and documentary credits. Islamic financing risks at QIB during the period 2013-2020 can be identified in the following table :

Table 4. Qatar Islamic Bank's financing risks during the period 2013-2020
(Unit in US dollars)

Statement	2013	2014	2015	2016	2017	2018	2019	2020
Financing Assets	12946845	16391521	24036084	26962514	27972440	28071937	31242402	32649661
Maximum exposure to credit risk	22420683	29026749	38717403	41506796	43607770	44782929	48272327	51084740
Credit Risk	17722145	20024193	27016430	26887510	27862482	26871369	27705808	30537794
Financing Risk	8342865	11307742	16772023	17465932	17872540	16844172	17931516	19517543

Source: Prepared by the author Himslef based on the annual reports of Qatar Islamic Bank (QIB, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020).

The previous table No. (02) represents the financing risks of Qatar Islamic Bank for the period 2013-2020, after applying it to the total exposure to credit risks and credit risks in addition to the volume of financing granted in the bank. We note from the table that financing risks in Qatar Islamic Bank represent most of the credit risks in a range ranging from 63% to 72% throughout the period 2013-2020. We also note that financing risks increase in Qatar Islamic Bank the higher the volume of financing granted throughout the study period. The year 2020 is the highest year in terms of financing risks in terms of volume, amounting to 22,113,957 US dollars, which is a result of the volume of Islamic financing granted for the same year, amounting to 36,993,037 US dollars.

3.4 Financing Risk Management Mechanisms at Qatar Islamic Bank

The responsibility for managing financing risks at Qatar Islamic Bank rests with the Board of Directors, specifically at the level of the Audit and Risk Committee, in addition to other supporting committees whose goal is all to serve risk management.

To manage financing risks at Qatar Islamic Bank, the latter sets financing risk strategies within the framework of credit risks, which are mostly financing risks. Among the most prominent methods adopted by Qatar Islamic Bank to hedge and

manage this type of risk, we mention the following (Qatar Islamic Bank, Annual Report, 2023):

- Structuring and capping financing activities.
- Reviewing and assessing financing risks based on the structure and capping of financing activities before proceeding with granting financing.
- Approving the principle of diversification in financing and investment activities without focusing on financing a specific sector or parties.
- Continuously reviewing the extent of compliance with the approved exposure ceilings with respect to other parties, sectors and countries, and reviewing the ceilings in line with the risk management strategy and market trends.
- Setting up equivalent guarantees for the financing granted in terms of value and duration.
- Conducting a regular and permanent review of business units and financing policies by the internal and external audit departments.
- Conducting credit rating operations, whether at the internal level by using a statistical scale ranging from 1-10 in an ascending manner in parallel with the quality of financing, where the first degrees indicate that the financing is working, while the last degrees from 8 to 10 indicate troubled financing, or at the external level based on international credit rating agencies.
- Obtaining additional guarantees and credit enhancements from counterparties in accordance with approved credit study procedures.
- Carrying out rescheduling activities for financing assets, including new time arrangements and amendments based on indicators and standards estimated by the Board of Directors.
- Developing probabilistic estimates of future financing risks and taking an appropriate position on them, using statistical models.
- Implementing international agreements for hedging and risk management, most notably the Basel III agreement, which began to be implemented at the level of Qatar Islamic Bank starting in 2014 at the request of the Qatar Central Bank.
- Retaining ownership of the project until the customer pays off his debts due to the bank.

3.5 Total Capital Adequacy Ratios at Qatar Islamic Bank According to Basel III

Before calculating the capital adequacy ratios of the bank, it is important to address the instructions of the supervising central bank regarding the amendments made to the capital adequacy according to Basel III. The Central Bank of Qatar, which supervises the supervision of Qatar Islamic Bank, requires the calculation of capital adequacy according to Basel III regulations for all banks operating starting from 2015, where it stipulates that the minimum required capital should be greater than or equal to 12.5%, more than what is specified in the Basel III Agreement, in addition to Tier 1 capital being greater than 10.5% (QIB, 2016). The following table 5 represent the capital adequacy ratios of Qatar Islamic Bank according to the Basel III Agreement during the period 2013-2020:

Table 5. Capital ratios required to be maintained in Qatar Islamic Bank under Basel III requirements during the period 2013-2020 (unit in thousand US dollars)

Statement	Year	2013	2014	2015	2016	2017	2018	2019	2020
Property rights		1935537	2437528	3040651	3701109	3957731	4075475	4442758	4960439
Tier 1 capital		2825111	3125036	3948898	4684948	5074014	5189408	5552424	6070930
Tier 2 capital		7708	9403	103747	141240	120170	292202	357588	395413
Total capital		2832819	3134439	4052645	4826188	5194184	5481610	5910012	6466343
Credit risk		17722145	20024193	27016430	26887510	27862482	26871369	27705808	30537794
Operational risk		999561	1359651	1616393	1770860	2003292	2245555	2508940	2714011
Market risk		40230	66820	160955	205518	122038	100149	102198	85900
Total risk weighted		18761936	21450664	28793778	28863888	29987812	29217073	30316946	33337705
Property rights ratio		10.31%	11.36%	10.56%	12.82%	13.20%	13.95%	14.65%	14.88%
Tier 1 capital ratio		15.05%	14.57%	13.71%	16.23%	16.92%	17.76%	18.31%	18.21%
Capital adequacy ratio		15.10%	14.61%	14.07%	16.72%	17.32%	18.76%	19.49%	19.40%

Source: Prepared by the author Himslef based on the annual reports of Qatar Islamic Bank (QIB, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020).

After calculating the capital adequacy ratios according to the Basel III equation at Qatar Islamic Bank during the period of its application of the standard, we note that almost the same observations were recorded at Kuwait International Bank, where:

- The bank maintained ratios higher than those specified in the Basel III Agreement and also higher than those required by the Qatar Central Bank, i.e. greater than 7% and 8.5% respectively with regard to equity in the range of 10%-14%, and greater than 8.5% and 10.5% respectively with regard to Tier 1 capital in the range of 13%-18% and greater than 10.5% and 12.5% respectively with regard to the minimum total that must be maintained in the range of 14%-19%, throughout the period of application of the standard.
- Equity represents the highest or most of Tier 1 in the range of 10%-14% throughout the study period.
- The first tier represents more than 90% of the total minimum capital that must be maintained throughout the period 2014-2020 in the range of 13%-18%, which also indicates that the first tier is the main body for addressing the various risks surrounding the bank.
- All the aforementioned ratios have enjoyed a continuous increase in most years of applying the capital adequacy standard according to the Basel III decisions in the bank, which can be represented in the following figure:

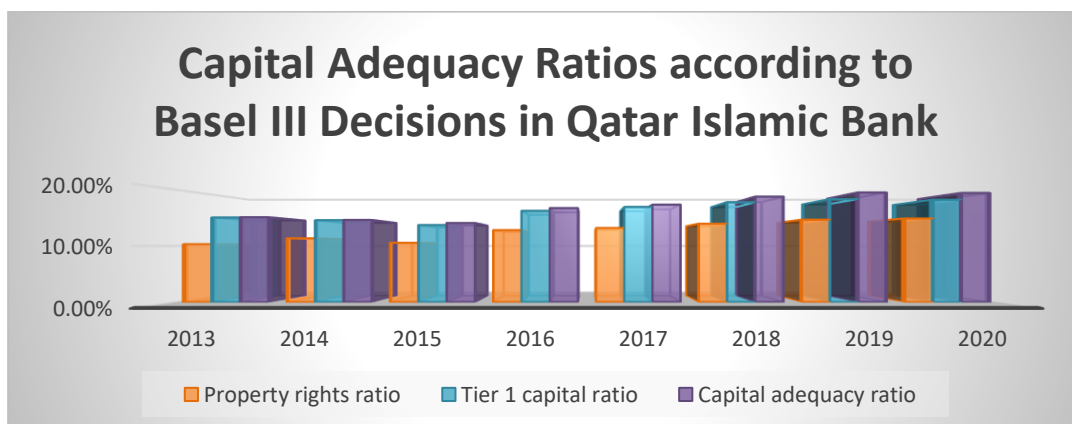


Figure 1. Capital adequacy ratios maintained in Qatar Islamic Bank according to Basel III decision 2013-2020

Source: Prepared by the author Himslef based on the data of the previous table N 05

From the previous observations, it can be said that Qatar Islamic Bank has been able to apply the capital adequacy standard according to the Basel III Agreement, and has even maintained ratios much higher than those specified in Basel III or the Qatar Central Bank throughout the period of applying the standard, as it reached 14.65% in 2019 for equity, 18.31% for Tier 1 capital and 19.49% for the minimum total, which indicates that the bank has strong financial worthiness and financial position, in addition to great immunity in hedging and risk management.

Qatar Islamic Bank also maintains short-term liquidity coverage ratios during the period 2018-2020 and financial leverage ratios during the period 2014-2020, based on the instructions of the Qatar Central Bank, as the bank maintained ratios higher than those specified by Basel III throughout the implementation period, which will be indicated in the following table:

Table 6. Liquidity and leverage ratios of Qatar Islamic Bank under Basel III requirements during the period 2014-2020 (unit in percentage)

Statement	2014	2015	2016	2017	2018	2019	2020
Leverage Ratio	11.84%	11.32%	12.2%	12.38%	12.33%	12.37%	12.70%
LCR	-	-	-	-	116.35%	173.11%	212.72%

Source: Prepared by the author Himslef based on the annual reports of Qatar Islamic Bank (QIB, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020).

3.6 Financing Risk Coverage at Qatar Islamic Bank According to Basel III

The high volume of credit risks, most of which are financing risks in Qatar Islamic Bank, will be reflected in allocating more than half of the capital adequacy ratio to cover these risks only, with the aim of controlling them well, especially since they are characterized by their large size compared to other risks. Below, we will calculate the capital adequacy ratio for covering credit risks according to Basel III

decisions, based on previous estimates of the capital for covering these risks during the period 2013-2020. Credit risks were also relied upon instead of financing risks, as they are defined in the Basel III equation and include financing risks, which we will represent in the following table:

Table 7. Capital adequacy ratios for covering credit risks in Qatar Islamic Bank according to Basel III requirements during the period 2013-2020 (unit in thousand US dollars)

Statement	2013	2014	2015	2016	2017	2018	2019	2020
Credit Risk Capital	1530877	1880977	2451445	2887026	3094695	3214964	3431353	3767938
Credit Risk	17722145	20024193	27016430	26887510	27862482	26871369	27705808	30537794
Credit Risk Coverage Ratio	8.64%	9.39%	9.07%	10.74%	11.11%	11.96%	12.38%	12.34%
Credit Risk Coverage to Total Capital Adequacy Ratio	64.12%	64.27%	64.46%	64.23%	64.15%	63.75%	63.52%	63.61%

Source: Prepared by the author Himslef based on the annual reports of Qatar Islamic Bank (QIB, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020).

After calculating the capital adequacy ratios for covering credit risks at Qatar Islamic Bank according to Basel III decisions, by relying on previous estimates of the capital for these risks, we note that the ratios maintained in the bank have been increasing since 2013 until 2020 in a parallel manner with the total capital adequacy ratio in the range of 9%-12%. It is also clear that the credit risk coverage ratio in the bank represents more than half of the total capital adequacy ratio allocated to cover various risks throughout the study period in a range that tends to remain stable at 63%-64%, which also proves the high weight of credit risks, including financing risks, at Qatar Islamic Bank. The credit risk coverage ratios to the total capital adequacy ratio can be represented according to Basel III decisions in the bank in the following figure:

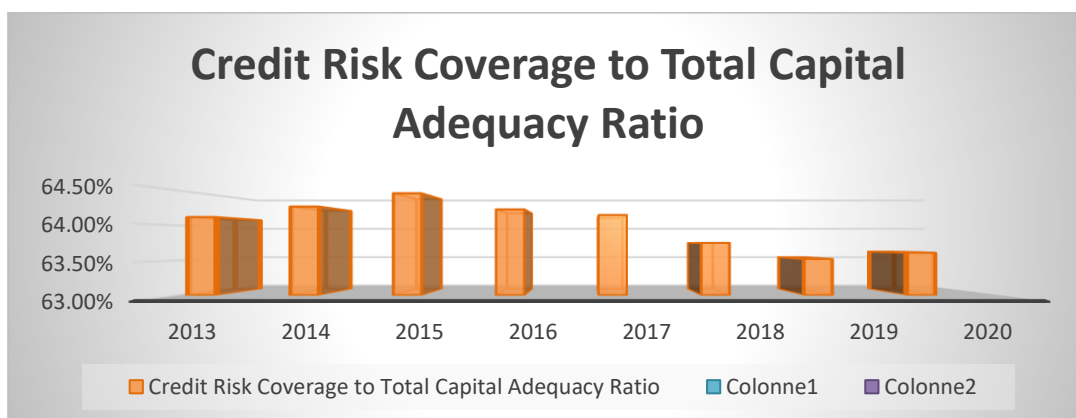


Figure 2. Credit risk coverage ratio of total capital adequacy ratio at Qatar Islamic Bank according to Basel III requirements during the period 2013-2020

Source: Prepared by the author Himslef based on the data of the previous table N

Conclusion

The Basel Committee has issued several measures to hedge and manage risks in a way that enables banks to control them according to an effective preventive approach, through the capital adequacy standard that requires banks to maintain a certain percentage of capital compared to their risk-weighted assets, considering that capital is the first barrier to confronting surrounding risks.

Many amendments have been made to the capital adequacy standard issued by the Basel Committee, the latest of which were the amendments issued in the Basel III Agreement, which made this standard more robust than its predecessor. Financial ratios were amended and other ratios were added, the most important of which is the additional guarantee margin estimated at 2.5%, similar to the financial leverage ratios and short-term and long-term liquidity ratios, considering the latter to be the most prominent remnants of the global financial crisis of 2008, which resulted in the issuance of the Basel III capital adequacy standard, with the aim of correcting the losses and other things that were caused at the level of the global banking system.

Islamic banks have witnessed a significant expansion in their financing activities, as proven by the huge figures of the development of Islamic financing, as a result of the diversity of their financing formulas and methods that are appropriate for various investment activities, which has made them attractive to many investment entities. However, this diversity in financing activity makes these banks vulnerable to risks. Financing risks are what Islamic banks are most exposed to, due to their large size and severity, as they relate to the financial aspect of the bank. This requires Islamic banks to apply international precautionary standards, most notably the Basel III capital adequacy standard, which poses a major challenge to these banks in applying this standard, which is necessary and mandatory by various central banks and all operating banks. This requires Islamic banks to keep pace with the standard and apply it, especially after the growth of the risks surrounding them, most notably financing risks, which are often given special attention by allocating a large percentage of capital adequacy to cover them.

Qatar Islamic Bank is considered one of the Islamic banks that applies the Basel III capital adequacy standard based on the instructions of the Qatar Central Bank. It has adapted to this standard and achieved high capital adequacy ratios. The bank also maintains a large portion of the total ratio to cover financing risks due to their high size compared to other risks. Through our study, we reached a number of results:

- Islamic banks are working to apply the Basel III capital adequacy standard as it is the most accepted and recognized globally, and it is also a standard for comparing banks in terms of the effectiveness of the risk management system. Banks that apply the capital adequacy standard issued by Basel III decisions are at a better level than banks that do not apply it.
- Maintaining high financial ratios within the framework of the capital adequacy standard according to Basel III is evidence of the financial worthiness and great immunity that banks are characterized by in the field of risk management.

- Financing risks are considered the most difficult thing facing Islamic banks, due to the diversity of their methods adopted in financing and investment activities, as we find that the size of these risks reaches more than the size of operational risks and market risks.
- After applying to Qatar Islamic Bank, it was confirmed that this bank has adapted to the capital adequacy standard issued by the Basel III agreement, as it maintained very high financial solvency ratios that proved the effectiveness of its risk management system and confirmed its financial strength and great immunity against risks.
- Qatar Islamic Bank is distinguished by the high volume of financing granted, in conjunction with the high volume of risks related to this activity. This bank also allocates a large percentage of capital adequacy according to Basel III regulations to cover and hedge financing risks, given the significant weight these risks hold at the bank level compared to other risks.

A set of recommendations can be suggested, which are mentioned below:

- The necessity of finding amendments to the capital adequacy equation issued by Basel III decisions so that it is appropriate to the nature of the work of Islamic banks.
- The Basel Committee must include all the characteristics of commercial banks in the capital adequacy equation in the future, in order to avoid any problems in the application, whether by Islamic banks or conventional banks.
- In the event of difficulties in including the characteristics of conventional banks and Islamic banks together in the capital adequacy equation by the Basel Committee, the latter can issue two equations, one specific to Islamic banks and the other specific to conventional banks.
- The necessity of issuing legislation and a law specific to Islamic banks at the global level in the field of risk management.
- Focus more and more on financing risks in the capital adequacy standard according to the Basel Committee decisions, considering these risks as the most likely to affect banks, which is what I saw in Qatar Islamic Bank.

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