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INTEREST VERSUS NON-INTEREST FINANCIAL SYSTEM: INTEREST-FREE BANKING

FAİZ VE KARŞI OLDUĞU FAİZSİZ FİNANSAL SİSTEM: FAİZSİZ BANKACILIK

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Abstract
The theory of interest has always been a very difficult area in economic literature. However in this study; " Interest is an intermediary between debt and return or wealth and return. If interest is redefined in this meaning, we have to upload it new functions and a new way of usage principles. The monetary authorities use the interest rate as its instrument of control to stabilize the economy. The magic word "interest" is a measuring unit and important parameter for economic indicators and parameters. If the interest rates low in an economy, it is taken as a positive indicator for the economy, if it is high, it shows the problematic structure of the economy in that specific country. Accordingly, investors rush for investment or retain from investment. But in the case it is high, there is no economic stability, no trust in the economy, people are not in welfare and the governments spend most of their time to offset interest and inflation rates which led by fundamental interest rates. In this regard, interest is not an economic factor playing role in the only economy but also it plays a crucial role in the social life of all societies. It is a basic determinant in lending, investing and all funding operations with different names; nominal interest, compound interest, accruals, ROI, ROE, IRR, etc… However, without time in all computations, it does not mean a lot. So, in this study, this great duo will be taken on hand in deep, and their roles in interest- free banking/financing will be explained. Also, I will try to show the uses and limitations of interest-free applications in guiding financial decisions in practice. In this paper, I am sincerely interested in introducing a new system of interest-free banking not as a supplement to the prevalent system of banking but to substitute the same. But I am not taking the subject on hand from any theological point of view. In the study, there are two types of interest; positive interest and negative interest. Here I am neutralizing the negative interest (credit interest = interest paid) with positive interest(deposit interest = interest yielded). The study is fully based on this reality.
Key Words: Interest, Interest-free Financing, Finance.

Özet
Faiz teorisi ekonomik literatürde herzaman zor bir alan olmuştur. Ancak bu çalışmada; "faiz" borçla getiri arasında, varlıkla getiri arasında bir araç olarak tanımlanmıştır. Eğer faiz bu anlamada yeniden tanımlanacaksa, faize bu yeni fonksiyonu yüklemeli kullanma prensiplerini belirlemeliyiz. Çünkü Para Otoritelerince ekonomiyi istikrara kavuşturmak için bir araç olarak da kullanılmaktadır. Aynı zamanda, bu sihirli kelime " faiz" ekonomik gösterge ve modeller yönelik bir ölçü birimidir. Ekonomide faiz oranları düşükse, bu durum ekonomide pozitif bir gösterge olarak kabul edilmekte, eğer yüksekse ilgili ülkede ekonomik yapıda problemlerin olduğunu ifade etmektedir. Yatırımcılar da bu göstergeye gör ilgili ülke piyasalarına girmek için akın etmekte ya da böylesi piyasalardan uzak durmayı tercih etmektedirler. Faiz oranının yüksek olduğu durumda, ekonomik istikrarın olmadığı gerekçesiyle ekonomiye güvenilmemekte, halk refah içinde değilse hükümetler zamanlarının çoğunu faiz ve enflasyon oranını temel faiz oranıyla dengelemeye çalışmaktadırlar. Bu açıdan bakıldığında; faizin sadece ekonomide çok önemli rol oynayıcı olduğu değil, tüm toplumların sosyal yaşamında da hayati önemde bir rol oynayıcı olduğu görülmektedir. Faiz,

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borçlanma, yatırım ve neredeyse hemen tüm fonlama operasyonlarında farklı isimlerle anılan temel faktördür. Bu isimler; nominal faiz, birleşik faiz, tahakkuklar, yatırımın getirisi, iç getiri oranı, eldeki fonların getirisi ve daha birçok isimleri saymak mümkündür. Fakat şu da bir gerçektir ki; fonlama aşamasında eğer süre belirtilmemişse faiz tek başına bir şey ifade etmemektedir. Dolayısıyla bu çalişmada, faiz ve süre ikilisi "muhteşem ikili" olarak derinlemesine ele alınacak ve faizsiz finansman kavramı açıklanacaktır. Aynı zamanda faizsiz finansmanın sınırlamaları da bu çalışmada ortaya konulacaktır. Çalışmada, faizsiz finansmanı mevcut bankacılık uygulamalarının yerine alternatif bir işlem önermiyorum. Çalışmanın kapsamı ancak yeni bir uygalama alanı olarak uluslararası boyutta ek bir işlem olarak uygulanabilir. Önemle vurgulamak istediğim şudurki; faizsiz finans konusunu teolojik açıdan ele almadığımdır. Çalışmada iki tür faiz ele alınmaktadır. Mevduatın getirisi olan "pozitif faiz" ve kredinin götürüsü olan "negatif faiz". Burada yapılan, faizlerin kredi kullanıcı lehine nasıl nötürleştirilebildiğini, açıklanan sistemin bankacılık, finansman ve ekonomiye nasıl katkılar sağladığını ortaya koymaktan ibarettir.
Anahtar Kelimeler: Faiz, Faizsiz finansman, Finans.

Introduction

Purpose – The main objective of the paper is to understand the role of Interest in funding and interest-free financing system. This study aims to find out the answer to the question "is interest-free financing applicable ?"

Design/methodology/approach – The paper is based on a debatable conceptual pproach. It provides a longitudinal view of the issue of replacing the interest-based financial system with an interest-free system by taking the non-religious, socio-economic factors of the country.

Findings – The findings of the paper hold that piecemeal solutions to eliminate interest from the financial sector of Turkey could never succeed. It concludes that all intellectual, practical, political, constitutional, and legal efforts undertaken in Turkey to enforce an interest-free system were not meant in earnest.

Interest institution is not only deep-rooted but also strongly interlinked with other exploitative tools that are prevalent in the hands of some selected people to keep their control over the political, economic, and social spheres of Turkey.

Research limitations/implications – The contents of the paper woven around normative and social disciplines and therefore, it is not possible to devise any statistical model to empirically test the contribution of these socio-economic factors in a failure of interest-free banking and finance movement for future research and any identified limitations in the research process.

The practical success of the "so-called interest-free banking" and finance movement in Turkey could not be materialized unless the state and policy of Turkey are not convinced seriously to discover the paradigm of their personal and state institutions based on economic principles.

Originality/value – The paper provides a broader perspective on the issue of eliminating interest from the national economy and financial sector of Turkey. The paper figures out some serious political, social, and micro, and macroeconomic constraints that should be first sorted out to pave the way for any viable strategy to succeed in replacing the existing system with risk-sharing and alternative interest-free mechanisms. The findings of this paper may be useful for the policymakers, researchers, academicians, financial experts, scholars, bankers, regulators... This paper may also help all economists to think and debate about an alternative interest-free economic and financial system to lessen the cost of funds/credits in the economy.

In this paper, I am sincerely interested in introducing a new system of interest-free banking not as a supplement to the prevalent system of banking but to substitute the same. But I am not taking the subject on hand from any theological point of view. In the study, there are two types of interest; positive interest and negative interest. Here I am neutralizing the negative interest (credit interest = interest paid) with positive interest (deposit interest = interest yielded). The study is fully based on this reality.

The goal of this study is to give the investor/businessman a broad introduction to the operation, mechanics, and structure of the financial system in Turkey, emphasizing its institutions, markets, and instruments. Besides, I suggest a new technique for funding by emphasizing a way in which investors and managers of financial institutions can adjust their operations to reduce risk caused by changes in monetary policy and the interest rate environment.

Theoretical Basic Findings:

In participation banking system interests are not used. (Participation Banking: The name was given to Islamic banks in Turkey.) In this system, banks do not offer a fixed rate of return on deposits and do not charge interest on loans. According to their operating philosophy, money is a medium of exchange and not a commodity, its sale and purchase are prohibited in Islam. Prohibition of trade for money means that the loaning activity is more integrated with goods and services. This eventually leads to a linkage between financial flow and productivity. Therefore, the better integration of loans with goods and services means that the loans will have a real direct impact (Ergenç and Kaytancı, 2017: 20).

One of the loaning forms of these institutions is the profit and loss sharing system (PLS). In this system, decisions during loaning are sensitive to the profitability of the investments. Therefore, the PLS system also makes sure that the resource allocation takes place more effectively (Khan, 1986: 22).

Banking is an important financial intermediary and vital institution in the economic structure of any country. It mobilizes savings and idle funds in an economy and makes them available to those who can make better and fuller utilization of the same. In this way, banking affects a re-allocation of the capital funds (Smith, 1991: 266).

In economic literature, the interest rate is defined as a variable that is created by the supply and demand intersection of money resources. It is not regarded as a monetary instrument. But it has a vast capability for re-allocation of resources which can act an important role in the economy (Benoit, 1986: 78). In other words, banks can decrease the demand for money by increasing interest rates and increase the supply of deposit sources. Since the monetary expansion mechanism operates through money circulation between people and commercial banks, hence all quantitative monetary instruments affect both liquidity and the economy (Bidabad & Allahyarifard, 2010: 15-16).

As a part of the monetary policy, to control liquidity, monetary authorities sometimes force the banks to keep a certain percentage of their assets in the form of bonds. The purpose of this reserve requirement policy is to prevent money expansion through the reduction of free reserves of banks. (Bidabad, 2004: 28)

The legal reserve rate is known as credit break, is another quantitative monetary instrument. It has many capabilities in harnessing banking credits. This rate has a vast range of effects on

liquidity in the economy, therefore, it is considered as an important monetary instrument in controlling credit facilities through controlling monetary expansion mechanism. (Ben, 2010: 57) With this rate, an obligation is applied to banks that are not interest-bearing. However, slightly increasing this rate may become costly for banks, since, it blocks some of their resources in a central bank. (Gurley, 1967: 950-953)

The definition of the term interest in the economic literature has been already broken down into two parts on a conceptual level. A distinction has been made between the return on the capital and the 'risk premium' to take care of the risk or uncertainties in recovery and other things. This distinction implies that conceptually speaking, interest and profit have some resemblance in that interest includes a reward for risk while profit constitutes a reward for uncertainty.

To a person borrowing money, interest is the penalty paid for consuming income before it is earned. To a lender, interest is the reward for postponing current consumption until the maturity of the loan. During the life of a loan contract, borrowers typically make periodic interest payments to the lender. Upon maturity of the loan, the borrowers repay the same amount of money borrowed to the lender.

Like other prices, interest rates serve an allocative function in the economy. They allocate funds between surplus spending units and deficit spending units and between financial markets. For surplus spending units, the higher rate of interest, the greater the amount of savings in the economy. For deficit spending units, the higher the yield paid on particular security, the greater demand for that security but less willing they will be to supply the security. Therefore surplus spending s want to buy financial claims with the highest returns whereas deficit spending units want to sell financial claims at the lowest possible interest rate. (Kidwell, Peterson, Blackwell, 1993: 133-134)

On the other hand, participation bank accounts do not bear interest risk and interest-sensitive instruments were not used by them, for this reason, in crisis periods, participation banks were not affected by interest fluctuations. Giving an end to their classic banking operations in the 2008 crisis by some banks put forward this adverse impact. (İştar, 2009:73). In participation banks, profit is the only target. If no profit, no sharing. So participation banks never guaranty positive returns as profit and never bear risk in their transactions.

Besides, in some cases, the financing operation of participation banks is equity financing, not debt financing. This is also an important distinction between classical banks and participation banks. As a result, we see that participation banks do not use “interest” in their financing techniques (Tunc, 20l0: 123).

Business finance concerns the process of investment by firms. It considers two central and related questions: how firms should choose the investment they make, and how they should raise the necessary finance: with interest or without interest? Because interest rates can have an adverse impact on financial decision–making (Uzair, 1976: 247-269). The aim has been to depict the general structure of the relevant interest rates but in practice detail and minutiatic are of the essence of the interest system.

Computations:

1) Profit sharing computing in a participation bank, a sample calculation: (Uçar, 1992: 227)

Opening date: 07.10.1992

Value date: 08.10.1992 Opening Unit Value : 113,44346

Maturity Date: 24.11.1992 Closing Unit Value : 113,95875

Unit value difference : Closing Unit Value - Opening Unit Value

: 113,95875 - 113,44346 = 0,51529

Account value: Capital / Opening Unit Value

3.500.000 / 113,44346 = 30.852,37

Gross Profit % 80 : Account value x Unit value difference

Gross profit out of % 80 : 30.852,37 x 0,5152 = 15.897,92

Gross profit for % 88 : 15.897,92 x 88 / 80 = 17.487,71

Computing annual rate over gross profit:

Annual Rate = 17.487,71 / 47 = 372,07 profit per day

372,07 x 365 = 135.808,81 365 profit for 365 days

135.808,81 / 3.500.000 = 0,0388 corresponding annual rate %3,88

2) Computing simple interest and compounded interest in a commercial bank,sample calculation are below (Parasız, 1994:100):

Simple Interest:

If 1000.-TL is invested today (at time, t0) at 10% per annum interest, then one year later (t1) the investor will have 1000 .-TL x (1+ .10) = 1100.-TL

Compounded interest:

If he leaves the capital and the interest to earn interest for another year, he will have by the end of the second year (at t2)

1100 TL x (1 + .10)

= 1100 TL x (1 + .10) x (1 + .10)

= 1100 TL x (1 + .10)2

= 1210.-TL

If the investor deposits this amount in bank or invest with 10% per annum interest for ten years;

1100 TL x (1 + .10)10 = 2594.-TL

This process of reinvesting capital and interest to earn interest for another period is called compounding. We call the outcome of this process the future value of the initial amount, compounded at a certain rate of interest for a given number of periods.

Symbolically if

FV= Future value

PV= Present value or initial outlay

r = Periodic rate of interest (expressed as a decimal)

n = number periods for which the sum is invested then FV = PV (1+ r)n

External Finance Premium (Li, 2017: 102-121):

- Can be thought of as the margin of intermediation.
- The loan rate is the cost of external funds
- The deposit rate is the opportunity cost of internal funds.
- Alternatively we can think of the internal cost of funds as measured by the safe rate of return – such as the Market rate

Bank lending channel (Euromoney Publication,1988: 105-106):

If bank credit supply is withdrawn, small businesses incur in costs in trying to secure new lending.

Closing bank credit increases the external finance premium

Firms dependent on bank financing are constrained by the implicit higher cost of credit.

The Implication of the two channels is that the availability of credit has short-run real output effects.

Individuals or firms can take two basic approaches to reduce exposure to interest rate risk. The first is to hedge interest rate risk. The second is to accurately forecast interest rate movements (Cook. Hahn, 1990: 3-26).

3) Scenario for interest-free financing,

Assume that;

We will make an investment for ten years, and we need 5.000.000.- TL

We have collateral in the amount of at least 5.000.000.-TL

We apply a bank for 10.000.000.-TL for long term (ten years) loan for investment

Our real need is 5.000.000.-TL to use in the investment.

We deposit 5.000.000.-TL in a bank for a period of 10 years.

The Nominal Interest rate is 10% annually for the loan,

Compounded Interest rate is 10% annually for the deposit,

For simplicity, we will assume that interest is paid annually on a compounded basis for our time deposit in the bank.

We will assume that interest is paid annually, in other words, we assume an annual simple interest basis for the loan amount we received from the bank.

Now, we will assume an investor willing to invest but is not willing to pay interest, or the investor wishes to compensate the credit interest payment with the interest yield of the deposit in the bank. The first thing to do is to compensate the positive interest with negative interest.

Again here two parameters will be taken on hand: interest rate;10%, and time; (t10) 10 years. Investment amount : 10.000.000.TL

If 5.000.000.- is invested today (at time,t10) at 10% per annum interest, then ten year later (t10) the investor will have 5.000.000 .-TL x (1+ .10)10 = 12.968.500.-TL

5.000.000.-TL is a time deposit in Bank. Now let us calculate the interest income (negative (unwanted) income).

5.000.000.-TL x (1 + .10)

= 5.500.000 TL

= 5.000.000 TL x (1 + .10)10

= 12.968.500-TL interst income for ten years.

Invested sum: 5.000.000.- TL

So interest income: = 12.968.500-TL for ten years.

Table 1

10 year Loan with each year nominal interest payback

Year	Capital	İnterest %	Int. Amount	Paid Capital	Total payment	Remained Capital
1	10,000,000	0.10	1,000,000	1,000,000	2,000,000	9,000,000
2	10,000,000	0.10	1,000,000	1,000,000	4,000,000	8,000,000
3	10,000,000	0.10	1,000,000	1,000,000	6,000,000	7,000,000
4	10,000,000	0.10	1,000,000	1,000,000	8,000,000	6,000,000
5	10,000,000	0.10	1,000,000	1,000,000	10,000,000	5,000,000
6	10,000,000	0.10	1,000,000	1,000,000	12,000,000	4,000,000
7	10,000,000	0.10	1,000,000	1,000,000	14,000,000	3,000,000
8	10,000,000	0.10	1,000,000	1,000,000	16,000,000	2,000,000
9	10,000,000	0.10	1,000,000	1,000,000	18,000,000	1,000,000
10	10,000,000	0.10	1,000,000	1,000,000	20,000,000	0
		Total İnterest Paid	**10,000,000**	Total Payment	**20,000,000**	

Here in this table; I have already paid interest in full as 10.000.000.TL. Only capital amount of 10.000.000.- TL remained to be paid.

Table 2

We used only 5.000.000.-TL out of 10.000.000.- we were accorded.

We deposited the remaining balance of 5.000.000.-TL into a bank with an annual compounded interest of %12

Year	Capital	İnterest %	Interest Amount	Int.+ Capital
1	5,000,000	0.12	600,000	5,600,000
2	5,600,000	0.12	672,000	6,272,000
3	6,272,000	0.12	752,640	7,024,640
4	7,024,640	0.12	842,957	7,867,597
5	7,867,597	0.12	944,112	8,811,708
6	8,811,708	0.12	1,057,405	9,869,113
7	9,869,113	0.12	1.184.294	11,053,407
8	11,053,407	0.12	1,326,409	12,379,816
9	12,379,816	0.12	1,485,578	13,865,394
10	13,865,394	0.12	1,663,847	15,529,241
	Total interest		10,529,241	

Here in this table 2, my deposit in the bank yielded (roughly) 10.000.000.- TL at the end of the 6th year. It means that I am in a position to pay a loan amount of 10.000.000.TL in full.

However, if I wait for the end of the 10th year, I will have a surplus of 5.529.241.- TL. as accrued interest as shown below.

When we pay back the 10.000.000.Tl loan amount in full;

15.529.241.-TL -10.000.000.-TL = 5.529.241 TL.

The remaining balance of 5.529.241 TL is our profit from the total transaction

On the other hand, if we think that we have already gained some operational benefit over 5.000.000.-TL we used for our business, it does not seem any loss for such a transaction for all parties.

The interest payment of the Loan is met by the compounded interest of deposit in the bank. So, it means we have realized interest-free financing/banking. It emerges as new hedging or risk or debt management technique if it is put in implementation.

Firms having high profitability may use this technique by using financial leverage to reduce financial risk.(Akgüç,1998:535)

The most acceptable project is the one that shows the best return potential concerning the amount invested and a minimum rate of return criterion. This minimum rate is based on the cost of capital i.e. what the firm pays to acquire more capital. The minimum desired rate is also known as the required rate of return, hurdle rate, discount rate, cut-off rate, or interest rate. (Özeroğlu, 2019:58)

In the current financing system, in the first periods of a credit term, only interest payments were collected, big portions of credit payment were left to later stages. This way of payment system makes the debtor dependent on the whole loan. In the case debtor wishes to close the loan earlier, there will be no advantage and benefit for the debtor to pay back the loan earlier. Most importantly, the current system makes the debtor some sort of slave, threads the debtor for the liquidation of the collateral the bank took before according the loan.

Conclusion and Benefits of the system;

This system makes many contributions both at micro and macro levels.

At micro level;

Full secure credit (loaning) system: no physical collateral of land, machinery, and others,

All parties win. No loss for businessman, banks, and government,

At macro level;

The more investment will be encouraged by the system,

Since more investment means more employment, the system will contribute to social welfare,

The tax revenues will increase because of the sales of the lands under hypothecs,

Since the legal reserves will stay in the Central bank for a longer period, a more powerful central bank will be in operation,

Banks will place the loans easily because the cost of the loan will be lessened,

The more investment as a result of the system will lead to more production, the more production will cause more export and as result, the coverage ratio will rise,

The current account deficit will be lessened, moreover, the government will have a surplus in the budget,

The stock exchange market will be deepened by new IPO's through "collateralized debt obligation (CDO)"

Secure economic stabilization will attract more foreign direct investment (FDI)

In addition to the above-listed possible benefits, in the case of financing institutions use these interest rate and term combinations, the below-listed advantages will be obtained.

- There will be no physical (land) collateral to be taken from the debtor, and so;

- All lands and buildings under hypothecs will be free and they all can be sold and bought. So, the government will gain tax income because of their sales. As a result of this, the budget deficit will be lessened.

- Legal reserve requirements of banks will be less for a long term deposit, and the cost of the loan will be cheaper, Dependent on the above fact, interest rate for loans will be relatively cheaper,

- No payment of credits will not be subject matter, so it is a risk-free transaction.

- If the investor/debtor wishes to use short-term credit for a small amount, the positive difference at the end of the credit term can be given as collateral on a pro-rata basis.

- Finance institutions can issue securities backed by total positive interest to be gained at the end of the term, and share the profit with the investor/ debtor since the positive interest accrued on their behalf. (Gary,1991: 266)

So both party gains here, I mean the positive interest difference might have been securitized and sold as collateralized debt obligations (CDOs). (A collateralized debt obligation (CDO) is a complex structured finance product that is backed by a pool of loans and other assets and sold to institutional investors. A CDO is a particular type of derivative because, as its name implies, its value is derived from another underlying asset) CDOs were given good credit ratings because there were mixed in with some well-rated securities such as (accrued) earned interest in the bank. In addition to these facts; (https://www.investopedia.com, reached ,2021)

- CDOs were held by Hedge Funds, Pension Funds, and Insurance companies
- These were used as collateral against loans extended by the banks to the Hedge Funds

- As default rates on sub-prime mortgages began to mount up, the banks began to demand cash or collateral margins.

- So they re-appeared on the bank's balance sheet. Which increased the capital adequacy requirements for the banks.

- It will be possible to produce many financial derivatives,

- Economic stabilization is set up in the country,

In this way, a conceptual and operationally feasible framework can be developed for interest-free banking. This framework of interest-free banking will not only be according to Islamic tenets but will also eliminate a conceptual defect in the present-day economic theory.

For this reason, researchers should focus on the issue to make the interest-free system operational in the economy. In further scientific papers, the issue must be taken on hand from a broader perspective.

Summary:

Financial instruments must have two main characteristics: (i) non-usury (interest-free) and (ii) efficiency in an application for monetary policies, finance, and liquidity management of monetary authorities, government, and financial institutes (including banks and non-banks).

To apply efficient policies through monetary expansion mechanism, financial institutions can issue interest-free securities and sell them with a face value and without any coupon and with zero interest rate.

These securities can be bought by commercial, specialized, and those monetary institutes that have prudential and legal reserves at the central bank. The purchase of these securities will decrease the monetary base and thereof, liquidity of the economy in the first period and increase it by the same amount in the second period. These securities can be issued and bought back in the framework of interest-free treasury bonds by the government or other financial institutions to perform appropriate fiscal policy. Issuance of these securities by banks and other corporate entities to use excess balances of other entities does not affect the liquidity of the economy and can be used as a solution for decreasing liquidity risk cost and debt leverage. These bonds can also be accomplished by bank guarantees for payback guarantee and establishing some collateral institutes for providing digital guarantee certificates.

Debt finance is commonly divided into short, medium, and long-terms. By far the most important type of debt in practice is short–term bank finance, and particularly overdraft finance. The key to understanding debt financing is to think of debt's risk relative to equity. Like equity, debt runs a risk of losing its money. To prevent the loss, some risk-free applications must be put in implementation. Regarding securitization; securitization enables corporate entities to bypass banks' heavy credit terms in a way. Easily reachable loans are likely to affect SME's rather than large corporations. In Turkey, 95% of business entities are SME's and they need an extraordinary financing mechanism.

Such an implementation can be structured by Government. It can be a new model for both commercial, investment banks, and other financial institutions.

Since the money is mobile all over the world, it finds the most lucrative market to gain maximum yield. All these transactions explained in table 1 and table 2 should not be realized only in one country. The loan with 10 % nominal interest can be accorded in country A, but a depositable portion of 5.000.000.-TL can be deposited in Country B in which deposit interest rates are remarkably high like Turkey. The finance manager's responsibility is to follow up international interest rates and deposit the amount in a safe country giving high-interest rates for time deposits.

In brief, the banks should not find it difficult from a practical point of view to shift from interest-earning bodies to profit-sharing bodies through the system.

The main factors of the mechanism are the nominal and compound effect of interest together with time. So, both of them are called great duo.

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