



Mit Ghamr Savings Bank: A Role Model or an Irrepliable Utopia?

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Abstract: Despite Mit Ghamr Savings Bank being established in 1963 in Egypt and being commonly mentioned as the first example of Islamic banking in the world, it is yet to be analysed in depth. With the aim of filling this gap in literature, this paper analyses Mit Ghamr under five sub-sections; general information about the bank, how its structure was, what the results were, why it was closed, and what happened afterwards. In analysing the bank according to these sub-sections, it is attempted to utilize the ample amount of existing literature directly or indirectly related to the subject. Then, a critical analysis is conducted for each literature source depending on the authenticity of their sources, their use of evidence, and implications. While checking the authenticity, we particularly referring to an edited book written in Turkish including personal notes of Al-Najjar. In the end, we summarize in which aspects the bank seems to be an irrepliable utopia, or a role model.

Keywords: Mit Ghamr Savings Bank, role-model, utopia, Islamic banking, participation banking, critical analysis, literature review.

Öz: 1963'te Mısır'da kurulan Mit Ghamr Tasarruf Bankası yaygın bir şekilde dünyadaki ilk İslami bankacılık örneği olarak sunulsa da henüz derinlemesine bir incelemeye tabi tutulmamıştır. Bu boşluğu doldurmak amacıyla yazılan bu makale Mit Ghamr'ı beş alt başlık altında incelemektedir; banka hakkında genel bilgi, yapısı nasıldı, sonuçları neler oldu, neden kapatıldı ve ardından neler oldu. Bankayı bu alt başlıklar altında incelerken konuyu doğrudan veya dolaylı yoldan ele alan hemen her literatür kaynağı dikkate alınmaya çalışıldı. Bunu takiben her bir literatür kaynağı, kaynağın güvenilirliği, delilleri kullanışı ve çıkarımlarına dayalı eleştirel bir analize tabi tutuldu. Güvenilirliği test ederken El-Nejjar'ın kendisine ait notların yer aldığı Türkçe bir kitap özellikle baz alındı. Sonuçta, bankanın günümüz İslami bankaları için hangi açılardan yinelenemez bir ütopya, hangi açılardan ise bir rol model olduğu özetlendi.

Anahtar Kelimeler: Mit Ghamr Tasarruf Bankası, rol model, ütopya, İslami bankacılık, katılım bankacılığı, eleştirel analiz, literatür taraması.

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“Trust, as one of the Islamic values, has deteriorated and its reliability, as a form of security, has been weakened because we [financial institutions in Muslim societies] have adopted Western security techniques which depend exclusively on material forms of guarantee without lending any importance to moral guarantees. Nevertheless, our society still believes an individual would normally not deceive others who deal with him relying completely on moral guarantees.”
(Al-Najjar, 1976)¹

Introduction

Although there are some earlier examples mentioned by scholars, such as rural banks in Pakistan in 1950s (Wilson, 1983, p. 75), Mit Ghamr Savings or Social Bank established in 1963 in Egypt is generally mentioned as the first Islamic banking prototype in the world. Despite that there is not the suffix of ‘Islam’ in its name, the bank is known to have been established on and functioned according to Islamic rules and regulations. First examples or prototypes are usually approached with a reverence, however interestingly enough, Mit Ghamr has been one of the least studied and discussed subjects in the field of Islamic economics and finance –the reasons of which necessitate a separate discussion.

In this context, the aim of this study is to make a critical analysis of Mit Ghamr based on both qualitative and quantitative data that is available but not utilized sufficiently yet. In attaining this aim, we organize the work under five sub-sections; general information about the bank, how was the general structure of Mit Ghamr?, How was it working?, What were the results?, Why was it closed?, and What happened afterwards? Each question is attempted to be answered as a result of a detailed critical analysis of both already existing works, and the available data.

The importance of the work comes from the fact that there is lack of detailed research regarding Mit Ghamr despite its importance for today’s highly acclaimed institutions, namely Islamic banks. Thus, this work aims to become a reference guide for researchers.

The structure of the paper is as follows: the next section will make a literature review in Mit Ghamr, while the following section will explain the method of this work. The fourth and main section will be based on a critical analysis that is followed by the conclusion.

1 The paragraph is taking place in Al-Najjar’s *Manhaj al-Sahwah al-Islamiyah* and quoted by Hegazy (2007).

Literature Review

As it was mentioned above, Mit Ghamr has not been analysed in detail yet. However there are many works in which, one can find references to it. In many sources, the bank is briefly mentioned as the first Islamic banking example in the world (Asutay, Aysan & Karahan, 2013, p. 6; Alharbi, 2015, p. 21). Even if Mit Ghamr is not mentioned as the first example due to the existence of pro-banking activities in Pakistan in 1950s, the bank is still mentioned as one of the first examples of Islamic banking (Wilson, 1983, p. 75).

Secondly, there are also sources in which, one can find general information about the bank such as who established it (it is possible to find this information in almost any source that touches upon Mit Ghamr), where and when it was established (it is again possible to find this information in almost any source that touches upon Mit Ghamr), what the motive was behind its establishment (Chachi, 2005, p. 16), what the role of the bank was (Ibid.), how its basic structure was (Mullineux & Murinde, 2003, p. 192), and how it was operating in a general sense. However, information about each of these points generally remains somewhat limited. Moreover, information about the structure and operations of the bank is especially limited due to the fact that there is no first-hand quantitative data in that regard -only Chachi's aforementioned work provides some data on the subject since he uses some first-hand sources from Al-Najjar. However, as it will be discussed below, even this work is lacking in some data which can be found in some other sources. This is one of the gaps that this paper aims to fill.

Thirdly, there are some issues regarding Mit Ghamr that are not crystallized yet. Why and how the bank was closed down is one of these issues. For instance; there are sources arguing that there were political reasons behind its closure (Visser, 2009, p. 127; Durham, Kirkham & Lindholm, 2012, p. 190) whereas there are also sources focusing on economics-related concerns and legal ones, as it will be discussed below. In this context, one of the aims of this paper is to search for all different explanations about the issue, and then critically evaluate each one of them in order to arrive at the real reasons behind its closure as much as possible.

Besides the literature on the abovementioned points, there are very few works directly focusing on Mit Ghamr. In one of these works, Alonso (2015) analyses the bank in terms of the following; a bottom up social economic development as its foundation, a trust-based structure as its business model, causing community change as a result. As it can be understood from the pillars on which the author builds the research, Mit Ghamr is still taken as desirable and an ideal role-model. In terms of the sources, the author has some opportunities in reaching the first hand

information of the son of Al-Najjar, from an employee of Mit Ghamr and written material from his late father, and a private report commissioned by the Ford Foundation that is prepared by Ready (1967). All these first hand sources are making Alonso's work very valuable. However, one of the shortages of this work is that it does not include any quantitative data regarding the bank.

Besides the aforementioned work, a compiled work edited by Karaman (1992) contains detailed information about Mit Ghamr with some quantitative data since half of the book is dedicated to the subject of Islamic banking and consists of the writings of Al-Najjar himself. However, this work is not known and used in literature because it is in Turkish. Thus, another contribution to our paper is to make this source more known in the literature.

In addition, while searching more detailed information about Mit Ghamr, we came across some works that have never been mentioned but include useful information about the bank. One of them is the work of Galloux (1999) which is specifically about the state's response to private Islamic finance experiments in Egypt among which Mit Ghamr is taking an important place. Another important source in that regard is the book of Mayfield (1971) in which the author discusses the rural policies in Egypt during Nasser's period based on his personal visits to the relevant places at that time. In the book, Mit Ghamr is discussed under a separate section titled 'The Local Saving Bank.'

Method

This work has the type of critical literature review to be able to reach a more clear picture about the first Islamic banking example in the world. In order to attain the aim of this paper, the work is constructed on the following research steps:

1. All possible materials (whether they are quantitative data or qualitative sources) are collected.
2. The collected materials are categorized under five groups of topics depending on their focus concerning the bank; general information about Mit Ghamr, how it was working, what the results were, why it was closed down, and what happened afterwards.
3. Materials categorized under each group are critically analysed.
4. In result of the analysis, a clear picture about Mit Ghamr is provided for each group of topic.

Thus, the basic method of the work is a critical analysis of the existing materials –both quantitative and qualitative. These materials are mainly articles, books, reports, and notes written in English and Turkish. In more detail, articles and books that include direct or indirect information about Mit Ghamr are searched through online search engines and e-libraries. There is only one report that is related to the bank which is also reached through internet. Notes referring to the notes of Al-Najjar himself taken place partially in some other sources in English (Chachi, 2005), and as a compiled work in Turkish (Karaman, 1992). Lastly, we contacted with the author of one of the rare direct and detailed works written on Mit Ghamr, i.e. Alonso, via e-mail and gained more information about the sources of her work and the points that we wondered about. Together with Karaman’s work, Alonso’s work is used somewhat as a ‘benchmark’ for the validity and reliability of other sources.

Analysis

General Information About Mit Ghamr

The bank got its name from the region that it was originally established in, namely Mit Ghamr. This area is very important since it is very rich in terms of aluminium welding. This is an important property in connection to the establishment of the bank which will be mentioned below.

The founding father of the bank was Ahmed Al-Najjar. The sources that mention his name commonly inform that he was an economist who did his PhD in Germany. However, there is not a specific study about him, and it is not mentioned even when he was born and died. Thus, further works can be done for investigating him as well.

It is commonly informed that Al-Najjar was impressed by the idea of savings banks in Germany. In fact, Mullineux and Murinde (2003, p. 192) argue that in terms of the structure, Mit Ghamr was a combination of German savings banking, rural banking, and Islamic values. In the conference notes of Al-Najjar shared by Karaman (1992), complying with the interest ban in Islam is indeed repeatedly stressed as one of the basic aims of the bank. Thus, overall compliance with Islam can be inferred from this. In addition, it is also informed by Al-Najjar that the bank was in the form of ‘local savings banks’ which had connections especially with farmers implying the character of rural banking as well. Thus, it can indeed be argued that the bank was a combination of rural banking and Islamic compatibility. However, Al-Najjar does not make any direct reference to any German banks in his writings. Lastly, as a new piece of information that has not taken place in existing

literature, Al-Najjar lists the foundations of the idea of this banking model as follows; decentralisation, and partnership instead of interest. While the first property implies a specific preference in relationship between such a banking structure and the government which might not necessarily be replicated due to different conditions today compared to his times, the second one puts strong emphasis on partnerships that cannot be applied by Islamic banks today and also whose role as being the basic pillar of Islamic banking is discussed by some today –for the ones who argue against the role of partnership, (see Farooq, 2007). Thus, in both of these aspects, the bank seems more like a utopia than a role-model to follow.

When it comes to the reason(s) of the establishment of such a bank, Mullineux and Murinde (Ibid.) write that people in that region had an accumulation of sources in their hands but had not been involved in banking until that time due to their scepticism towards Western style finance and banking, and they did not have any alternatives. Chachi (2005, p. 16) explains the establishment of the bank with the following; to mobilize the savings of Muslims without violating the rules of *Shariah*, and help them to gain permissible (*halal*) earnings. We have the chance of checking the validity of these reasons by the help of the conference notes of Al-Najjar. According to the original notes of Al-Najjar from 1974 (Karaman 1992, p. 130), one of the most important aims of such savings banks was to educate society in the following two things:

1. How would people save?
2. How would people use credits in a way that can contribute to the development of society?

These points imply that people in that region had an accumulation of capital. As it was mentioned at the beginning of this section, such an accumulation can be attributed to the richness of the region in aluminium welding. However, people did not know how to save what they gained, and how to get more sources. In these two aspects, the bank can still be a role-model today. But, to reach a final conclusion in that regard, the details of these processes should be known, which will be discussed below.

In connection to the aim of the establishment of the bank, there are some sources which explain the process of the establishment of the bank. Alonso (2015, p. 7) informs that in order to increase the ‘financial literacy’ of the people, Al-Najjar had direct contact with people and even some theatres were organized in teaching what saving is and how it can be practiced. For the evidence of this information, Alonso makes reference to a work or note of Al-Najjar from 1982. Such acts really

stress the idealism on the vision of Al-Najjar as well as the existence of a well-organized bottom-up approach that is not so common in the establishment of current Islamic financial institutions, except in some cases such as the ones in Indonesia (Ismal, 2011). This implies a more utopic character for the bank.

There is unanimity on the establishment year of the bank that it was 1963. Al-Najjar himself also writes clearly that they established the bank in 1963 in Egypt. However, there are some uncertainties about the exact name of the bank, i.e. whether it was called Mit Ghamr Savings Bank, Social Bank or something else. Interestingly, Al-Najjar does not write the name of the bank but he talks about a general project of establishing an interest-free local savings banks of which Mit Ghamr was one of them. Alonso (2015) informs us that the exact name of the bank was Mit Ghamr Savings Association. In Mullineux and Murinde (2003, p. 192), the bank is mentioned as Mit Ghamr Villave Bank. In Royle's book (2017, p. 63), an uncommon piece of information is shared that the name of the bank was *Al-Idkhar Mahalliyah* Islamic bank in Mit Ghamr. However, the source of that information cannot be traced. What is clear in the end is that the bank did not have any suffix of 'Islamic' in its name. Alonso (2015, p. 5) writes that the word 'Islamic' was informally used with the general public and the clients but it was not officially employed. In terms of the possible reasons of this fact, Hegazy (2007, p. 585) argues that "Despite its Islamic orientation, the Mit Ghamr Bank could not operate openly under the Islamic banner due to the government's hostility toward Islamic movements. Najjar had to hide the Islamic identity of his project under slogans of socialism." In support of his argument, Hegazy shows one of the comments made by Al-Najjar. This argument can also explain why Al-Najjar mentions decentrality as one of the basic aspects of the bank. Today, we have some discussions about the naming of Islamic banks as well. Despite being named Islamic banks all around the world, in Turkey these institutions are named officially as participation banks for similar reasons quoted by Hegazy.

How was it working?

El-Ashker (1987) summarizes the basic operations of the bank under the following products and procedures; deposit accounts, loan accounts, equity participation, direct investment and social services. In more detail, according to the information we gathered from Al-Najjar's writings (Karaman, 1992, pp. 133-34), basic operations of the bank visualized by the balance sheet can be seen on Table 1.

Table 1.

Balance sheet of Mit Ghamr

Asset	Liability
Non-investment credit	Savings accounts
Investment or partnership credit	Investment accounts
	Social services funds

Source: Al-Najjar's writings in Karaman (1992, pp. 133-34). Tabulated by the author.

On the liability side, savings accounts were functioning like regular demand deposits where deposited money can be requested and taken whenever it is asked, and there would not be any surplus paid. On the other hand, the time period of investment accounts was only for 1 year, and depending on the amount of money and time period it had been staying in the account, depositors would be participants in investment revenues. Lastly, there were social services funds consisted of willingly made donations by depositors which functioned like insurance. These two items are also used by current Islamic banks with small revisions.

On the asset side, non-investment credit could be taken by account holders who already had an account and such a credit was paid back without any additional amount (meaning it was exactly *qard hasan*). Regarding this item, Mit Ghamr is a utopian case since current Islamic banks argue that they cannot provide such a service due to their focus on profitability. In terms of investment or partnership credit, the bank becomes a partner in profit and loss depending on the amount of its contribution to capital. That is in fact the description of *musharakah* (capital-capital partnership). According to the information shared by Al-Najjar (Ibid.), the system was depending on trust that there was no covenant asked. There was not even one case of insolvency in result of given credits. In details of the credits, Galloux (1999) informs that free loans (which were given up to a maximum amount of 200 Egyptian pounds) needed to be repaid within 2 years while for *musharakah* or association loans (which were given up to a maximum of 2000 EP and repaid within 2 years as well), the bank's sharing ratios were ranging from %10 to %50.

With credits, the basic aim was developing the region. Thus, credits were given under the condition of being used in the same region. One can wonder at this point in what kind of things these credits were utilized by the customers about which we get information from Wilson (1983, p. 76). According to him, credits were used in house repairing, buying machines and tools for handcrafts, buying animals, and activation of agriculture. Such activities imply the functioning of a typical rural bank which might be replicated by what is called today Islamic rural banks.

As it can be realized, partnership was the basis of both collecting and using the funds. This is one of the basic differences between Mit Ghamr and current Islamic banks since the latter ones also use partnerships while collecting funds but they are mostly depending on *murabahah* (cost-plus sale) instead of partnerships while using the funds.² This leads us to an important discussion about whether partnerships should be the basis of Islamic banks, why and why not, and also if they should be, how this can be achieved under today's conditions. Our aim is not to go into the details of such a discussion here but, while names like Chishti (1985), and Ahmed (2002) support the importance of PLS (profit and loss sharing) as the basis of Islamic banks due to its assumed stability enhancing structure, Zeinab and Mensi (2014) find that the PLS paradigm did not help Islamic banks to be immunized from financial crisis. As mentioned above, Farooq (2006) also has a negative approach towards the idea of making PLS the basis. Based on our discussion with practitioners from participation banks in Turkey, there is almost consensus on the idea that PLS instruments should be the basis of Islamic banking activities. However, there is disagreement on how this can be achieved since in whatever solution is offered, everything depends on the human factor in the end. Because, if people do not want to make partnerships, no matter how well-developed the technical and legal infrastructure is, it is not possible to practice them. In summary, at least regarding the use of PLS on the asset side of Islamic banks, Mit Ghamr does seem like an irreplicable utopia for now. Having said that, if detailed investigation is done regarding how partnerships are structured on the asset side, it might be useful for some specific Islamic banks like rural Islamic banks. Because, after being informed by one of the properties of investment/partnerships credit that only the ones who had accounts at least 1 year at the bank could get such credits, some of the workers of Ziraat (Agrarian) Participation Bank in Turkey said that such a property could increase the trust and thus could make this kind of credit useable.

What really makes the difference in the balance sheet of Mit Ghamr was the social services funds since currently very few Islamic banks around the world have such funds. For instance, Emirates Islamic Bank has an Islamic Charity Fund (Emirates Islamic Bank, 2016). In our opinion, it is necessary to discuss whether such a function would improve the social responsibility aspect of Islamic banks about which they are mostly criticized nowadays. In this context, it should especially be discussed whether such a fund is applicable in current Islamic banks, why or why

2 The reasons of why *murabahah* is used more than PLS by Islamic banks today are manifold, and they are discussed in the relevant literature.

not. According to our observations on the result of the exchange of ideas with practitioners, such an idea seems necessary and attractive, however, it is difficult to model and realize it. Further researches can be done in that regard.

In terms of the type of the bank, especially from the information shared by Wilson above, it can be understood that credits were used for rural needs. Thus, it can be inferred that Mit Ghamr can be identified as an Islamic rural banking. Today, it is discussed whether the bank can also be categorized as a micro-credit foundation. Royle (Ibid.), Alonso (Ibid.), and Obaidullah and Khan (2008) mention the bank as a microfinance institution. In fact, when structure and properties of today's Islamic microfinance institutions can be taken into account, Mit Ghamr can be described as a micro-credit institution but in the form of banking. Hence, Mit Ghamr can in fact be a role model for the construction of prospective 'Islamic microfinance banking' whose details necessitate further elaboration.

One of the basic properties of today's Islamic banks is their *shariah* supervisory boards checking the compliance of the activities of Islamic banks with *shariah* rules and regulations. Alonso (2015, p. 5) writes that the bank did not have a *shariah* board or a similar committee. That brings forth the question of how the bank actually could maintain the compatibility of its operations with Islam. Alonso (Ibid.) explains that such a property depends on where customers decide to place legitimacy. Thus, in today's conditions, *shariah* boards are seen as the places where such legitimacy can be attained. But, in the future, if the locus of legitimacy changes –for instance towards more centralized authorities, Mit Ghamr and similar institutions can be a role model in developing alternative sources of legitimacy.

Another important thing to focus on about the working procedure of the bank is its workers. According to Mayfield (1971) who visited the place at the end of 1960s, there were 4 things asked to prospective workers: 1. Their reason for searching for a job at Mit Ghamr, 2. Their eagerness to work in rural areas, 3. Their willingness to get a lower salary, 4. Their competence in understanding rural Egypt. In result of the interview, and an additional discussion, 21 candidates were accepted initially out of 622 applicants. Then meetings were organized between these candidates and locals. These 20 candidates were so motivated and influenced by Al-Najjar that Mayfield asks whether such a project would be put into practice without his charisma and motivation. Today, we have somewhat a negative answer to this question which brings us to the position of calling Mit Ghamr an irreplicable utopia in that regard. Because, it is not realistic to assume that prospective Islamic banking workers would accept the aforementioned things.

What were the results?

One of the most intriguing aspects of the bank, especially from the viewpoint of today's Islamic bankers, is the results of the activities of the bank since it is interesting to know whether this idealistic example could be successful or not. Being 'successful' here in today's terminology of the bankers is to have high numbers of depositors, and to have high performance measures.

In that regard, we have enough data to make some conclusions. Table 2 shows the group of depositors and their share in terms of savings and investments. The data is gathered from Al-Najjar (Karaman, 1992, p. 151). The same data is also shared by Chachi (2005, p. 18) through the reference of Al-Najjar's notes from 1974.

Table 2.

Savings and investments in Mit Ghamr due to different groups of society

Savings	Investment and Enterprise	Definition
% 35.5	% 38	Students
% 14	% 12.5	Workers
% 2.3	% 12.8	Retirees
% 10.2	% 22	Officials
% 5.1	% 6.4	Housewives
% 10.9	% 15.9	Peasants
% 2	% 2.4	Traders
% 2	% 2	Various

Source: Karaman (1992, p. 151 via Al-Najjar), Chachi (2005, p. 18 via Al-Najjar, 1974).

It can be understood from Table 2 that the outstanding group of savers was students. That sounds interesting since this is the group that is expected to have no savings. This can be due to specific policies in encouraging students to save more. In fact, Mayfield (1971) informs that "students were encouraged to save for a bike or a new soccer ball."

Table 3.

Different results from Mit Ghamr

Year	Number of Savers	Percentage Growth	Average Deposits per Savers	Percentage Growth	Amount of Deposits
1963-64	17.560	-	2.33	-	40.944
1964-65	30.404	73	6.29	170	191.235
1965-66	151.998	400	5.79	-1	879.570
1966-67	251.152	65	7.28	26	1.828.375

Source: Karaman (1992, p. 150 via Al-Najjar).

As it can be seen from Table 3, number of savers increased from 1963 to 67 with a big percentage (especially from 1965-66 to 1966-67, the change is %400!). In addition, the average deposit per savers also increased except from 1964-65 to 1965-66 whose reasons need further elaboration. Lastly, the amount of deposits increased almost % 450 from the beginning till the end. But it should be kept in mind that these are in monetary terms.

In result of the data shared on Table 2 and 3, Al-Najjar argues that liquidity of the bank was quite high at earlier periods since personal investment, enterprise, and credit activities were low, and there was reservation of personal capital due to nationalization.

Chachi (2005, p. 17) also shares the data that we shared on Table 3 but without the last column. Moreover, he shares the following additional data about which he says that they are from the IMF and Al-Najjar himself.

Table 4.

Comparative analysis of the total deposits in the Egyptian Banking System (EBS) and in the Mit Ghamr Islamic Savings Bank (MGISB) for the period of 1964-1967

Years in EL	EBS's TLD in %	Index in %	Growth in EL	MGISB's TLD in %	Index in %	Growth
1964	378,000,000	100	-	40,944	100	-
1965	396,000,000	105	5	191,235	467	367
1966	415,000,000	110	5	879,570	2148	360
1967	445,000,000	118	7	1,828,375	4466	108
Averages		6			278	
With Constant Prices						
1964	364,513,010	100	-	39,483	100	-
1965	332,214,760	91	-9	160,432	406	306
1966	319,722,650	88	-4	677,635	1716	322
1967	340,474,360	93	7	1,398,910	3543	106

Source: Chachi (2005, p. 17 through IMF and Al-Najjar).

There is additional data which was not shared by anyone before. We gather this data from Karaman (1992, p. 156).

Table 5.
Expenditures belonging to different actors

	Contribution of the government	Expenditures	The part belonging to account owners	The part belonging to deposits	The part belonging to transaction
1963-64	88.000	86.302	%4.8	%3	%0.9
1964-65	48.750	48.750	%3.7	%0.8	%0.4
1965-66	165.000	165.000	%1.2	%0.5	%0.3
1966-67	190.000	190.000	%0.4	%0.1	%0.1

Source: Karaman (1992, p. 156)

According to Table 5, it can be realized that expenditures decreased by time in terms of their percentage belonging to each actors. In fact, Al-Najjar shares this data in proving the profitability of the bank since expenditures of the bank were decreasing by time. However, there is no particular data regarding the profits of the bank. Having said that, another evidence that can be used for the success of the bank is that there were more branches opened over time in different parts of Egypt.

Table 6.
Different branches of Mit Ghamr and their opening dates

Branch	Opening Date
Mit Ghamr	5.7.1963
Sharbine	14.8.1965
Al-Mansoura	11.9.1965
Dakerous	9.10.1965
Kasr Al Ayni	14.10.1965
Zefti	9.12.1965
Al-Mahallah	24.7.1966
Misr Al-Jadidah	23.7.1966
Belqaa	1.10.1966

Source: Karaman (1992, p. 150 via Al-Najjar), and Chachi (2005, p. 17 via Al-Najjar).

As it can be appreciated, the success cannot only be measured by material gains. This is why Al-Najjar adds a separate part in his notes in explaining the social successes of the bank. Al-Najjar (Karaman, 1992) firstly lists the following as possible contributions to the model that Mit Ghamr was built upon: to prepare the rural society for becoming positive and constructive instead of negative, ignorant and fatalistic; to gain them the morality of saving; accountability, the feeling of self-mastery and consciousness; to gain them reasonable behaviour and self-con-

fidence; to increase their work desire; to gain them dynamism; to construct their personality; to be away from political and social problems caused by migration from rural areas to industrial big cities; to spread ownership towards the weak strata of society; to create cooperation between society and intellectuals for the production and development instead of depending on foreign ideologies.

As it can be realized from the above listed things, these are quite detailed and different targets especially compared to current Islamic banks. Al-Najjar (Karaman, 1992, p. 181) also shares a paragraph in which he specifically explains the changes observed through the experience of Mit Ghamr. According to him, if one makes comparison between citizens living somewhere else and in Mit Ghamr, they can realize big difference/and change of the latter easily in terms of their feeling, morality and behaviour, thanks to the project. Whether current Islamic banks would like to have such less concrete missions or not is susceptible and does seem to push Mit Ghamr over to the utopian side.

Why was it closed?

Another questionable issue about Mit Ghamr is how it was closed. It can be noticed from the tables shared in the previous section that the data about Mit Ghamr covers only the period of 1963-1967 since the bank was closed in 1967. Thus, we know without a doubt that the bank was closed in 1967 due to the existing data, however, there are different ideas about why it was closed.

According to Alonso (2015, p. 4), there were both political and legal reasons for the closure of the bank. What is meant by legal reason is that the bank was under the umbrella of a Savings Association but could not get approval from the Central bank of Egypt in order to collect the necessary savings. Because Al-Najjar had not sought the approval of the Central Bank. On the other hand, the political reason was depending on the fact that the government of the period was sensitive to any Islamic political activity. Such an argument brings forth the question of the possible connection between the bank and/or the owners and any kind of Islamic activity. It is argued by Alonso (Ibid.) that the bank did not have any direct connection with any Islamist movement or party. Kepel (2006, p. 77) also argues, though without any evidence, Al-Najjar's experiment was a non-ideological one. However, Hegazy (2007, p. 582) argues depending on one of the books of Al-Najjar (titled as *Harakat al-Bunuk al-Islamiyah*) that he established the bank by following the footsteps of the Muslim Brotherhood and in order to implement the economic ideas of Mawdudi and Banna. This brings forth the discussions on political Islamic aspects of Islamic banks in general.

Political reasons are mentioned by others as well. Alharbi (2015, p. 14) writes that these banks merged with government banks in 1967 for political reasons. He makes references to Al-Marwyne (1985) and Wilson (1983) in supporting this argument. In addition, Kepel (2006, p. 78) argues that the bank was closed down "... on the pretext of management problems." This argument suggests that the real problem was different but management issues were somehow used as an excuse to close it down. However, the evidence in support of this claim is missing.

Besides political and juridical reasons, Wilson (1983) mentions another reason which is economic. He argues that even though the situation of creditors became better, they did not need to pay something due to *qard* (benevolent loan) agreement. This increased the costs against the abovementioned argument of Al-Najjar. Galloux (1999) narrates that Henry (1997) insists on economic reasons rather than ideological ones for the failure of this experiment. The reason for Henry's argument is that the loans/deposits ratios rarely exceeded %20 throughout the period of the bank's activities. Another economic reason is explained by The Ford Foundation Report (1976) that it started to become more difficult to attract new staff to Mit Ghamr. That can in fact be a valid reason if one considers the conditions asked by Al-Najjar from the candidates, as explained earlier.

Lastly, in checking the validity of the abovementioned reasons, during a speech given by Al-Najjar (Karaman, 1992), he explains that the ones who became blind by fanaticism, are held by the hurricane of their senses, and the ones who did not want the well-being of society closed the bank off. Having said that, he does not mention any specific name or group in that regard. Instead, he adds that Anwar Sadat tried to enhance and extend the structure of the savings banks. Thus, we can deduce that it is not the government of Sadat that Al-Najjar was unhappy about. In the end, this experience shows us the combined importance of the political, economic and legal issues for the survival of the Islamic banks whose first pillar is especially informative for Turkey.

After Mit Ghamr

One can wonder what happened to the bank and Al-Najjar himself after the experience of Mit Ghamr. Alonso (Ibid.) informs that the branches were taken over by the four state-owned banks: National Bank of Egypt, Alexandria Bank, Bank Misr, and Banque du Caire. In literature, it is commonly argued that the bank was taken over by the government and re-named under Nasser Social Banks which exist even today. However, it is not easy to check how these banks are functioning today since

they do not have any well-established web-pages. Thus, one needs to have more direct contact in order to gain further information about them.

Secondly, according to the information shared by Alonso (2015, p. 3), Al-Najjar became later on one of the co-founders of and the Secretary General of the International Association of Islamic Banks.³ But it is not known exactly for which period he worked there.

Lastly, according to some personal information shared by Prof. Salih Tug (a well-known academician in law in Turkey) during one of his speeches, Al-Najjar came to Turkey in the 1970s in order to establish a similar bank as Mit Ghamr, and wanted to have contact with someone who could help him. Tug suggested him to meet with Prof. Sabahattin Zaim (another well-known figure who was involved in Islamic economics at his time). We do not know whether Al-Najjar and Zaim had ever met, but we do know that Turkey did not have any experience like Mit Ghamr due to several socio-political reasons of the time.

Conclusion

Despite Mit Ghamr being commonly mentioned as the first Islamic banking example in the world, there are not many comprehensive works focusing on the bank when taking into account existing literature. Alonso's work depending on first-hand, personal information has been so far one of a kind. The aim of our paper in that regard is to analyse Mit Ghamr under five sub-sections that are general information about Mit Ghamr, how it was working, what the results were, why it was closed, and what happened afterwards. In analysing the bank according to each sub-section, we utilize all possible sources that can be found in literature. During this process, the existing sources are critically evaluated according to whether their information is depending on genuine sources and evidence, and also what kind of implications this literature provides us. In addition, as one of the unique features of this work, quantitative data related to different aspects of the bank is also shared. In this context, we attempt to introduce a new source, i.e. a book edited by Karaman (1992), including a good amount of detailed –also quantitative- data about the bank that could not be considered before by the others due to the fact of it being in Turkish.

In the end, we start with a specific question; whether Mit Ghamr is a role-model or an irrepliable utopia, and after the process of the aforementioned analysis,

3 An organization founded in Jeddah in 1977.

we are inclined to answer this question by saying that due to different reasons, the bank is like an irreplicable utopia for current Islamic banks. But this does not mean that there is no inspiration to get from this model. Properties such as social services funds can indeed be replicated and structured today by Islamic banks.

By writing this paper, we expect researchers, practitioners, and policy-makers who are interested in learning more about this so-called first example of Islamic banking can in fact find answers for many different questions regarding the bank. Moreover, some questions that were asked but not answered in this paper can be a starting point for further research.

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