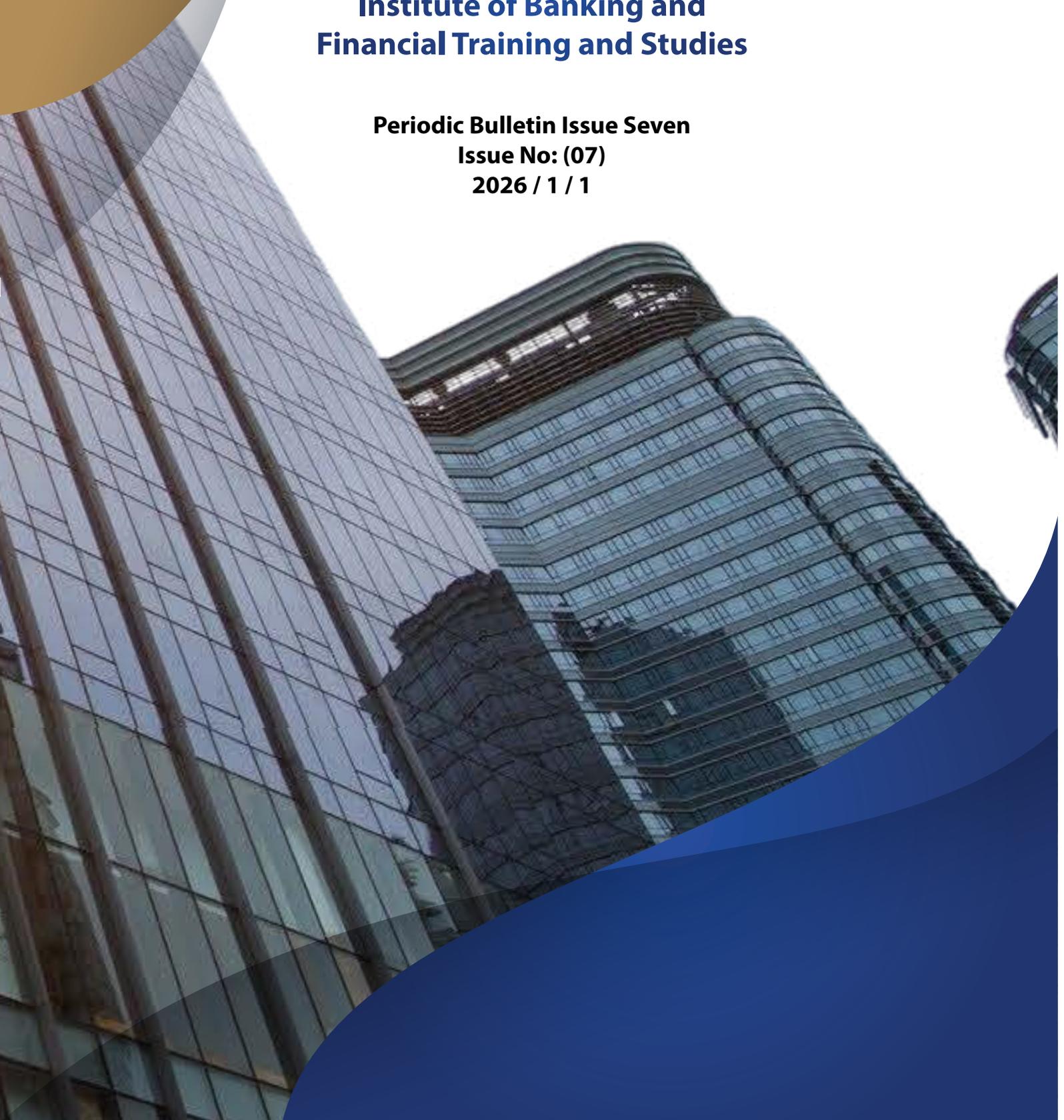




**Central Bank of Libya
Institute of Banking and
Financial Training and Studies**

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**Periodic Bulletin of the Institute of Banking and
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DR. JAMAL AJAJ

EDITORIAL

DIAGNOSING THE DEVIATIONS IN MURABAHA APPLICATION IN LIBYAN BANKS AND PROPOSING PRACTICAL SOLUTIONS

"BANKING MURABAHA" FOR FINANCING THE PURCHASE AND SALE OF CONSUMER GOODS IS A FINANCIAL TOOL THAT HAS WITNESSED WIDESPREAD POPULARITY IN LIBYAN BANKS. IT CAN BE SAID THAT IT IS ALMOST THE ONLY FINANCING TOOL CURRENTLY USED FOR INDIVIDUAL FINANCING, AS IT WAS USED TO BE ONE OF THE SHARIA-COMPLIANT ALTERNATIVES TO THE USURIOUS LOAN (ADVANCES) PREVIOUSLY GRANTED BY BANKS. HOWEVER, THIS EXPANSION IN ITS USE HAS NOT BEEN WITHOUT FLAWS IN APPLICATION AND DEFICIENCIES IN UNDERSTANDING.

MANY BANKS AND COMPANIES SUPPLYING GOODS THAT CONTRACT WITH BANKS HAVE NEGLECTED—WHETHER INTENTIONALLY OR THROUGH UNJUSTIFIED IGNORANCE—THE MOST IMPORTANT CONTROLS FOR APPLYING MURABAHA. MANY HAVE STRUGGLED TO UNDERSTAND THE MECHANISM FOR CALCULATING THE PROFIT MARGIN, PERCEIVING IT TO BE HIGHER THAN THE INTEREST RATE ON USURIOUS LOANS. THIS HAS LED MANY PEOPLE TO BELIEVE THAT MURABAHA IS MERELY A TRADITIONAL FINANCING TOOL WRAPPED IN A SHARIA-COMPLIANT APPEARANCE. IT EXPLOITED PEOPLE WHO HAD NO OTHER CHOICE AND FOUND NO OTHER SOLUTIONS TO MEET THE REQUIREMENTS OF THEIR LIVES AND FAMILIES, RESORTING TO MURABAHA OUT OF NECESSITY AS THE ONLY OPTION, WHICH NEGATIVELY IMPACTED THE REPUTATION OF ISLAMIC BANKING, THE BANKS, AND THEIR EMPLOYEES.

ANALYSIS AND COMPARISON TABLE

REFORMING THE APPLICATION OF MURABAHA IS NOT JUST A REGULATORY CHOICE, BUT A SHARIA RESPONSIBILITY TO ACHIEVE THE OBJECTIVES OF SHARIA IN INVESTING MONEY AND EARNING "HALAL" TO CONTRIBUTE TO SUPPORTING THE ECONOMY AND DEVELOPING SOCIETY AND THE COUNTRY. IT IS ALSO A PROFESSIONAL DUTY TO ENSURE THE SAFETY OF TRANSACTIONS AND PROTECT THE REPUTATION OF BANKS AND THEIR EMPLOYEES.

COMPARISON BETWEEN THE VALUE OF INTEREST IN USURIOUS LOANS AND THE VALUE OF PROFIT MARGIN IN SHARIA MURABAHA:

(THE PAGE INCLUDES A FINANCIAL TABLE COMPARING NET SALARY, COMMODITY PRICE, USURIOUS LOAN INTEREST AT 6.5%, AND MURABAHA PROFIT MARGIN AT 15%)

KEY DIFFERENCES BETWEEN MURABAHA AND USURIOUS LOANS:

MURABAHA BREAKS THE PROHIBITED USURY RULE OF SELLING MONEY FOR MONEY FOR A SURPLUS DUE TO TIME; RATHER, IT IS MONEY FOR A COMMODITY OR SERVICE.

THE BANK, AS A SELLER, BEARS THE RISK OF DAMAGE TO THE COMMODITY BEFORE SELLING IT AND GUARANTEES AGAINST HIDDEN DEFECTS. THIS MAKES THE AMOUNT RECEIVED A "HALAL" PROFIT BASED ON THE RULE "AL-GHUNM BIL-GHURM" (PROFIT FOLLOWS RISK).

THE PROFIT MARGIN PERCENTAGE IN MURABAHA IS FIXED AND DOES NOT CHANGE, UNLIKE THE INTEREST RATE IN USURIOUS LOANS WHICH IS COMPOUND AND VARIABLE.

THE BANK'S COSTS AND EXPENSES IN EXECUTING MURABAHA ARE HIGHER THAN ITS COSTS AND EXPENSES IN USURIOUS LOANS.

Editorial Board Message & Methodology

THIS NEWSLETTER SEEKS TO BE AN INSTITUTIONAL INTELLECTUAL SPACE THAT GOES BEYOND NEWS DOCUMENTATION TO DEEPENING UNDERSTANDING AND STIMULATING RESPONSIBLE PROFESSIONAL DISCUSSION. BANKING KNOWLEDGE IS NOT AN ACCUMULATION OF INFORMATION, BUT AN AWARENESS OF PRACTICE, A CONSTRUCTIVE CRITIQUE OF EXPERIENCE, AND A FORESIGHT INTO POSSIBLE DEVELOPMENT PATHS. THE REAL BET LIES NOT IN THE TOOLS ALONE, BUT IN THEIR PROPER EMPLOYMENT, THE REGULATION OF THEIR PRACTICES, AND LINKING THEM TO PROFESSIONAL VALUES AND RATIONAL STANDARDS. THIS ENSURES THE BUILDING OF A BALANCED BANKING SECTOR CAPABLE OF RESPONDING TO ECONOMIC SHIFTS AND SERVING SOCIETY WITH EFFICIENCY AND SUSTAINABILITY.



FROM VISION TO IMPACT

PARTNERSHIPS & MODERN FINANCE

Partnerships as a Path for Development (December 16, 2025):

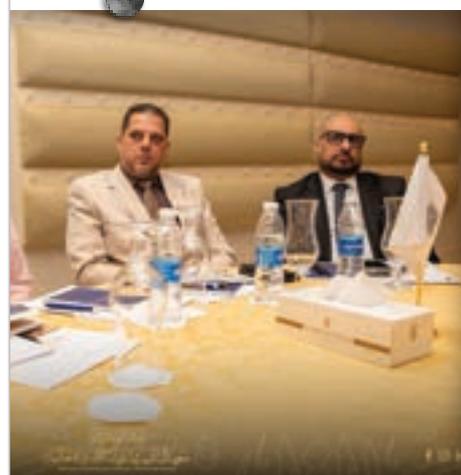
The Institute received a delegation from the Egyptian Banking Institute for a working visit dedicated to discussing the development of the banking training system. This professional cooperation is implemented in partnership with the "Expertise France" foundation. The visit covered axes of understanding the current situation, preparing the training plan, and accrediting trainers and content.



ENHANCING METHODOLOGY AND INSTITUTIONAL INTEGRATION (DECEMBER 18, 2025 - TRIPOLI):

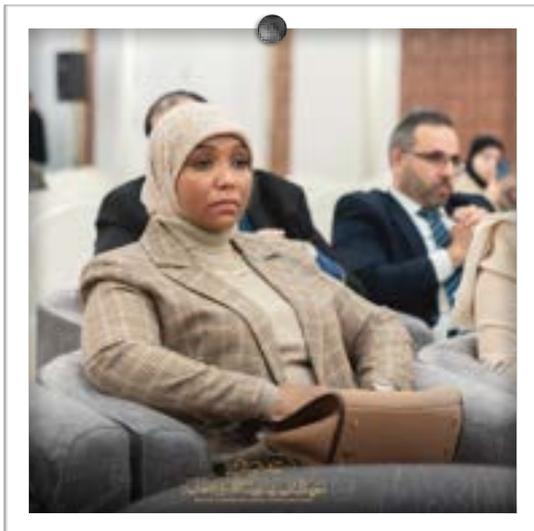
The Institute organized a specialized workshop that brought together heads of training departments in Libyan banks.

It aimed to unify the methodology for identifying training needs and building a more accurate and effective training plan for the year 2026.



ENGAGING WITH MODERN FINANCE ISSUES (DECEMBER 22, 2025):

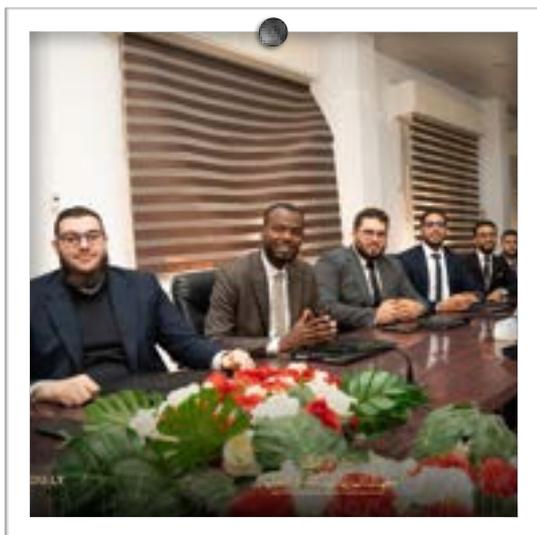
The Institute participated in the Finance Sector Development Forum, which discussed axes of alternative financing, crowdfunding, leasing, and financial technologies (FinTech). This participation confirmed the Institute's role in keeping pace with modern financial shifts and supporting the Central Bank of Libya's trends aimed at diversifying financing tools.



HUMAN CAPITAL: FROM JOB QUALIFICATION TO INSTITUTIONAL BUILDING (DECEMBER 23, 2025):

The professional foundation phase for new employees at the Central Bank of Libya was concluded.

The program focused on building basic banking knowledge, consolidating professional values, and enhancing the understanding of the Central Bank's regulatory and supervisory role. This supports the participants' readiness to undertake their functional tasks



PROGRAMS IMPLEMENTED DURING THE MONTH OF DECEMBER 2025:

ISO 27002 LEAD MANAGER for Information Security Controls.

Certified Ethical Hacker (CEH).

SOPHOS XGS V19 FIREWALL.

ISO 20022 CBPR+ (MX MESSAGE).

SWIFT ADMINISTRATION CSP.

Internal Auditor for Information Security Management System (ISO 27001).

SOPHOS XGS V19 FIREWALL.

