Comparison the volatility of international conventional and Islamic indicators: an econometric study onDJIA, DJIM, FTSE WORLD, FTSE SHARIA index

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Abstract

The study aims to highlight Islamic assets as safe investments, by comparing the international conventional and Islamic indices of both the Dow jones and FTSE index for a series of index returns for the period from July 2009 to December 2021, we found that Islamic indices were more volatile in the long term, this may be due to the fact that Islamic stocks are still at an early stage, and the fear of non-Muslim investors about them and poor marketing and promotion.

Keywords: Market Index, Islamic Stocks, Volatility, Returns.

مقارنة تقلب المؤشرات التقليدية والإسلامية الدولية: دراسة قياسية على مؤشر DJIA, DJIM, FTSE WORLD، FTSE SHARIA

ملخص

تهدف الدراسة لإبراز الأصول الإسلامية كاستثمارات آمنة، من خلال المقارنة بين المؤشرات التقليدية والإسلامية الدولية لكل من مؤشر داوجزوفاينشال تايمز لسلسة زمنية من عوائد المؤشرات للفترة من شهر جويلية 2009 إلى ديسمبر 2021، وجدنا أن المؤشرات الإسلامية كانت أكثر تقلب على المدى الطويل، قد يعود هذا لكون الأسهم الإسلامية لا تزال في مرحلة مبكرة، وتخوف المستثمرين الغير مسلمين منها وضعف التسويق والترويج لها.

الكلمات المفاتيح: مؤشر السوق، أسهم إسلامية، تقلب، عوائد.

Comparaison de la volatilité des indices internationaux conventionnels et islamiques : une étude économétrique sur l'indice DJIA, DJIM, FTSE WORLD, FTSE SHARIA

Résumé

L'étude vise à mettre en évidence les actifs islamiques en tant qu'investissements sûrs, en comparant les indices islamiques conventionnels et internationaux du Dowges et du Financial Times pour une série de rendements indiciels pour la période de juillet 2009 à décembre 2021, nous avons constaté que les indices islamiques étaient plus volatiles à long terme, cela peut être dû au fait que les actions islamiques sont encore à un stade précoce, et à la peur des investisseurs non musulmans à leur sujet ainsi qu'à un marketing et à une promotion médiocres.

Mots-clés: Indice de marché, Actions islamiques, Volatilité, Rendements.

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Introduction:

The spread of Islamic financial institutions that practice their activities away from lending and borrowing at interest, and despite the great presence they have achieved on the global economic scene due to the characteristics of the products they offer, there has been a gap between the nature of the activity practiced by these institutions and the evaluation mechanisms within the capital markets, which rely in evaluating projects and activities on indicators and determinants that violate the provisions of Shari a in many cases because they depend on the price of securities or their market value only.

Hence, the need to find legitimate alternatives to the indicators adopted in the financial markets, which are not alternatives in the literal sense, but a means of making Islamic classifications parallel to the positive classifications in the field of finance and investment, and the aim of which is to help

institutions and investors evaluate the economic projects provided by institutions and companies within the stock market from a legal point of view, and also aims to attract Islamic financial investments to the market by highlighting the areas available in it that do not depend on usurious interest or forbidden activities.

In addition, introducing investors to the advantages of the Islamic economy and its role in preserving and developing money in the right ways in financing and investment. After the mortgage crisis, Islamic assets emerged as more and more solid during the crisis, by relying on strong foundations reinforced by the principles of Islamic finance from prohibiting gharar, linking financial investment to real investment, and preventing usury.

Problematic:

In this study, we will try to answer the following question:

Are Islamic indices less volatile than conventional indices?

Hypotheses of the study:

Studies are based on the following hypotheses:

- Islamic indices are less volatile than conventional indices
- Islamic financial products are safer

Importance and objectives of the study:

The importance of the study stems from highlighting the importance of Islamic assets as being safe assets, especially in the period of crisis. Through the hypothesis developed, we seek to achieve the following objectives:

• Identify the characteristics of Islamic assets

• Identify the most important international Islamic indicators

• Compare the measured volatility of conventional and Islamic indicators during the same period

Study Methodology:

In order to test hypotheses, a descriptive-analytical approach was followed by relying on previous literature and studies. The GARCH (1.1) model was also used to measure the long-term volatility of market indices using Eviews10 software.

Previous studies:

The general principles of Islamic finance make the financial system more stable and resistant to shocks, as several studies have shown that Islamic finance indicators have been more robust in times of crisis than their counterparts. Islamic finance is able to offer an alternative approach that can make a significant contribution to economic and financial recovery and stability, due to the easy access to financing and investment solutions and their compatibility with all religious beliefs.

The comparative literature on the performance of Islamic and conventional indicators provides conflicting evidence, with some studies finding that Islamic indicators performed better than conventional indicators, while others did not find much difference between them.

- A study (Chidami, 2015)**(1)** entitled La volatilité des indices boursiers islamiques dans le contexte de la crise financière on Islamic indices (DJIMI, S&P Sharia, FTSE Sharia and

MSCI Islamic) in the context of the recent financial crisis (2007-2008) showed that it was more stable. But the Islamic indices (Malaysian and Indonesian) were more volatile than their traditional counterparts. Although Islamic markets avoided the mortgage crisis, they were vulnerable to the impact of the second round of the crisis, due to the impact of financial contagion exacerbated by market interdependence, the financial crisis ended up affecting the real sphere of the economy.

- Issam Bouzid and Abdelmajid Kadi**(2)** study entitled An Attempt to Measure the Performance of Islamic Stock Indices: An Applied Study on the Dow Jones Islamic Indices. The aim of the study is to try to measure the efficiency of one of the most important Islamic financial indicators, the Dow Jones Islamic Index. The study used the performance tools of financial assets, namely the Sharpe Ratio, Treynor Ratio, and Jensen's Alpha to evaluate the performance of the Dow Jones Islamic Group of Indices by four regions; Asia, Europe, the United States of America and the world. Jensen's Alpha equation was also estimated using the Generalized Autoregressive Conditional Heteroscedasticity model to predict the returns of these indicators. The results indicated that the eight indicators studied had faltering financial performance during the study periods, in addition to that, the performance of the Islamic indicators was very close to the reference indicators that were compared with them.

-NaajaAbderrahmane, MughniyehHouari and BakhtiZulekha**(3)** wrote a paper entitled: "Measuring Investment Risks in Islamic Financial Instruments and their Ethical Counterparts and their Impact on Investor Behavior: The Case of the Dow Jones Islamic Indices (DJIM)". The aims of their study was to analyze the nature and sources of investment risks in Islamic financial instruments and their ethical counterparts, evaluate their performance, measure investment risks for fluctuations in their returns, and show their impact on the behavior and attitude of investors. The case study covered the Dow Jones Islamic Dow (CANI) and its ethical counterpart (CAN) indices of the Canadian stock market during the period (January 2005 – December 2015). The results showed that the Islamic index was better performing and more sensitive to its volatile returns compared to its ethical counterpart.

- A study (Azmat& others, 2018)**(4)** entitled "Sailing With the Non-Conventional Stocks When There Is No Place to Hide", is a scientific article that aims to compare the performance of companies through the various volatility (daily, weekly and monthly) of the Dow Jones Islamic Index and compare it with the volatility of the conventional index in developed and emerging markets including Australia, Brazil, Greece, France, Germany, Hong Kong, Japan, Russia, Switzerland, the United Kingdom and the United States for two years. 15 years old, the sample constitutes 4166 observations of daily data, 886 weekly data, and 192 monthly data. It concluded that during economic and financial times, investors can use Islamic stocks for diversification and reduce risks. The study also constitutes strong support for Islamic stocks and showed that they provide a safe haven during economic and financial crises, and consider that investors can use them to diversify their portfolio

Our study is similar to previous studies in comparing indicators, but we limited ourselves to comparison on the basis of long-term volatility by taking monthly returns for a relatively updated period limited to the most famous and important traditional and international Islamic indicators.

1- Theoretical framework:

The development of screening criteria by a team of scholars composed of Muhammad TaqiOsmani (Pakistan), Salih Tag (Turkey) and Sheikh Muhammad Al-Tayeb Al-Naggar (Egypt) began in 1987 with the aim of finding a solution that would allow the Muslim investor to own shares in listed joint stock companies. Later, the fatwa examining stocks began in the nineties as a result of the internet bubble that attracted many young Muslims to trade on the global stock exchange using their families' wealth to take advantage of the high return. During this period, observant young Muslims inquired about the permissibility of trading these shares. In order to identify Shariah compliant companies, the first Islamic stock index in Malaysia was introduced by the RHB Unit Trust Management Bhd in 1996. This

development has helped create more opportunities for investors looking for legitimate investments and asset managers to create new products [(5)].

There are nine Shari'a indicators in the world, some of which are more specific in their inclusion of actions and activities that are not permitted according to Islamic law while others are more lenient. All users practice a two-level examination method: qualitative and quantitative The range of permissible percentages varies between the standards. Some countries have their own Sharia screening boards and set different standards depending on the roles and goals they play in the industry [(6)].

1-1Islamic stock market indices as an alternative to traditional global marketindices

In its resolution No. 65/1/7, held in Jeddah, Saudi Arabia, on financial markets, the Islamic Fiqh Academy went to the prohibition of dealing with indices as it stated in the decision: "It is not permissible to sell and buy an index because it is purely gambling, and it is the sale of something imaginary that cannot exist."

Since dealing with the index in its current form is a form of gambling, financial engineering has established appropriate Islamic stock market indices according to the Islamic approach, the most important of which are:

- Dow Jones Islamic Indices

The emergence and spread of Islamic stock market indices in the global financial markets dates back to the end of the twentieth century with the issuance of the Dow Jones Islamic Capital Market Indices, which were first issued in 1999 and were announced from Manama, Bahrain, as it consists of 600 international companies that respond to the beliefs of Muslims, and are now used by about 28 thousand companies from about 48 countries in the world, including the United States of America, to be the first of its kind to measure global investment stocks that comply with Islamic law.These have been selected from 2700 stocks of companies included in the Dow Jones global indices.

- Financial Times Islamic Indices

Global Islamic Indexes; The British Financial Times Stock Exchange designed on July 13, 2000, Global Islamic Index, Financial Times, to track the performance of its leading companies and their activities with the principles of Islamic Sharia, and includes five indicators from the Financial Times Islamic Index: the Islamic Index for the whole world, the Islamic Index for America, the Islamic Index for Europe, the Islamic Index for Asia and the Pacific, and the Islamic Index for South Africa, and these five indices cover 29 countries of the global financial markets.

1-2 The mechanism of building Islamic stock market indices

The components of the Dow Jones Islamic stock market indices are selected in two steps:

• First Step: Shares of industries prohibited by Islamic law are excluded

• Second Step: The criteria of the financial ratios allowed in the debt of the companies selected in the first step are applied, which are three ratios and set maximum limits that the company must not exceed in order to be accepted in the Islamic index and remain represented in it, which are:

- The ratio of short- and long-term debt to assets is less than C/O33.
- The percentage of debts under collection is less than 49.%
- Interest income to general operating income ratio is less than 10.%
- As for the ratio of interest income to general operating income that is less than 10%, it is not permissible to deal in the shares of a company that deals with usury, even if it has been established with halal activity[(7)].

Many studies have created in Islamic finance the factors of stability that reduce the volatility of financial markets and thus the systemic risks faced by companies in general. On the other hand, other studies have denounced that Islamic financial products and the Islamic financial system are still fragile in their regulatory, legislative and economic structure. It also considers that at an early stage of growth as traditional alternatives evolve, ethical and social investment factors involve some specific risks that are not usually found in traditional

investments. These risks include: deviation from Sharia standards, lack of significant experience, significant exposure to potentially suboptimal companies and low working capital. These risks must be taken into account[(8)].

1-3 The positive factors of Islamic finance

The following is an analysis of the positive factors of Islamic finance that contribute to reducing the risk size:

1- Sharia compliance can indirectly reduce financial risk through tax input and bankruptcy and agency costs, so that budget theory can be applied, as follows:

- Relying on debt-based Islamic financing sources (such as Murabaha and Ijarah) can contribute to achieving the advantages of tax savings through regular taxable installments, which are the most requested Islamic financing tools due to the flexibility they provide.
- Sharia-compliant companies or low-leveraged Islamic financial institutions have a low risk of bankruptcy and thus the costs of financial hardship, as the low debt ratio reduces the financial risk and improves the solvency of companies, allowing them to improve their contractual relations, obtain financing at an appropriate cost, and negotiate with customers, suppliers and other parties from a position of strength. As already explained, an institution with a high risk of financial hardship cannot conclude contracts and agreements at reasonable prices and will have to incur costs to maintain stakeholders[(9)].

2-Restrictions on cash holdings help companies make effective investment decisions because they prevent them from seizing excess funds that managers can invest for personal gain, reducing agency disputes because managers tend to act less opportunistically. According to McCling, increasing the level of debt has a direct impact on the level of free cash flow through regular interest payments and reduces the scope for freedom of action, which may increase pressure on management by tightening external control and restricting managers from manipulating profits in case of surplus cash[(10)].

3- Companies may mitigate risk through higher levels of disclosure of their activities which reduces information asymmetries between the company and investors at the moment, but there is no formal framework that describes how to report Shariah compliance activities. Moreover, Shariah-compliant equity or debt issues generally do not enjoy the same level of transparency as their conventional counterparts due to pricing mechanisms. The lack of a reliable and independent assessment of these risks makes it difficult for market participants to assess the level of a company's risk[(11)].

4- Referring to the theory of arranging funding sources, we find that Islamic finance is the second best source of financing after internal financing, studies have found that most of the companies that are attracted to it are the least profitable, in light of the lack of internal funds, the uncertainty about the solvency of the company increases, which increases the costs of the agency and makes it difficult to obtain new loans and may lead to the rejection of profitable projects. Islamic finance is the appropriate alternative to reduce agency costs and weak investment, which reduces financial risk, especially Murabaha financing, which is less risky for banks granting financing[(12)].

5- Shari'a compliant companies have dual responsibilities, by committing to meeting Shari'a-compliant SAC standards and meeting the expectations of various stakeholders. The results of a study show that initially obtaining a Shari'a compliance certificate increases the cost of equity for a company, including high financial constraints and other burdens associated with Sharia requirements. However, with increased exposure and awareness in Islamic markets, compliance with Sharia law ultimately leads to lower cost of equity.

6- Ensuring Sharia compliance includes additional costs for hiring members of the Shariah, Sharia Audit Team and Sharia Compliance Team. Investment opportunities are almost limited, but Shariah restrictions help companies behave wiser with greater transparency and work ethics, while avoiding risk and excess leverage is another factor that helps increase the performance of risk management systems[(13)].

7- The principle of Islamic law "preventing gharar" obliges to avoid high-risk activities in which the state of uncertainty is high, speculative activities are prohibited and they are less exposed to the risks of dealing in financial derivatives, which legality and efficiency in covering the risk are still debated.

8- Analytical and empirical studies indicate that Sharia compliance may lead to a number of important benefits in the capital market that may reduce systemic risks through:

- Enhancing liquidity by improving diversification opportunities for investors. It can also facilitate access to hoarded savings outside the circle of religious beliefs and direct them to productive investments, improving market liquidity and broadening the investor base, which in turn develops risk sharing and reduces the cost of capital.
- Reducing the state of information asymmetry between management and stakeholders, which appears as a result of the management uniqueness of some information and its exploitation for personal benefit. This is contrary to the purposes of Sharia, and companies are required to disclose all information, which makes Islamic markets reach a strong level of efficiency, which is the most important goal of financial theory**(14)**.
- The principles of Islamic finance also make the financial system more stable and resistant to shocks, as several studies have proven that Islamic finance indicators were more robust in light of crises compared to their counterparts**(15)**.

The principles of Islamic finance to prevent usury and gharar, share returns and support financial investment with real assets, allow the company to adopt sound foundations that enable it to face the fluctuations of the financial markets. With low leverage, the risk of leverage and compound interest accruals is reduced, which may increase the direct hardship costs associated with agency costs from attorneys' fees and breach costs, or indirect as the risk of losing clients, suppliers or workers.

Restricting the amount of debt may reduce the company's Shariah-compliant risk because high levels of debt effectively limit the company's ability to meet operational payments. This may encourage a Shariah-compliant company to be more rational especially with regard to its cash and capital expenditures, creating a stronger cash reserve that makes the company more resilient to external shocks especially if it is backed by a base of tangible assets.

However, restricting the amount of debt may force the company to finance its operations and investments further with equity and cash levels, reducing cash reserves and making them less flexible. These restrictions may also encourage the company to be more cautious in its investments, choosing only projects that add the most value to the company. As a result, the company's risk may be reduced. These complex and crucial relationships between the various operational aspects of the company have not been studied empirically.

Also, its abstention from speculative business and high-risk investments makes it at an acceptable level of risk, and its expected returns are from its real activities that may be easy to determine the likelihood of its occurrence, so there are no significant deviations between the expected and realized returns, which reduces the degree of risk. However, it may deprive it of opportunities to make additional profits.

2-Applied framework

2-1Study indicators

The main indicators under study are as follows:

- Dow Jones Islamic Market Index or DJIMI: Launched in February 1999, the DJIMI Index reflects the evolution of companies in 66 countries around the world that meet Islamic finance standards. The DJIMI family includes more than 90 indicators divided by geographic regions and business sectors.
- The FTSE Sharia Index is a joint venture between FTSE and Yasaar Consulting, this series includes the DIFX Sharia, SGX 100 and FTSE Bursa Malaysia Index (FTSE 2010).

2-2Study Methodology

We considered the monthly returns of all indices for the time period from July 2009 to December, to provide data for the four indices starting from this date.Daily closing prices have been obtained from www.investing.com

And we calculated the R_M returns of each index as follows:

$Rm = \ln((p_{i,t})/(pi,_{t-1}))$

Where: $P_{i,t}$ is the closing price of the i index for the period t

$P_{i,t-1}$ is the closing price of the i indicator for the period t-1

2-3 ARCH or GARCH Models

The aim is to model variance, and its greatest use is in financial data models, because the modern trend among investors is not only to study the forecast of expected returns from stocks and bonds in the financial markets, but they are also interested in the element of risk or uncertainty, and to study uncertainty, we need special models that deal with voltaic stock values across a time series or what we can call series variation, and models that deal with this type of variation belong to what can be called models**(16)**.

2-4 Standard study results

Table n°1: Descriptive statistics

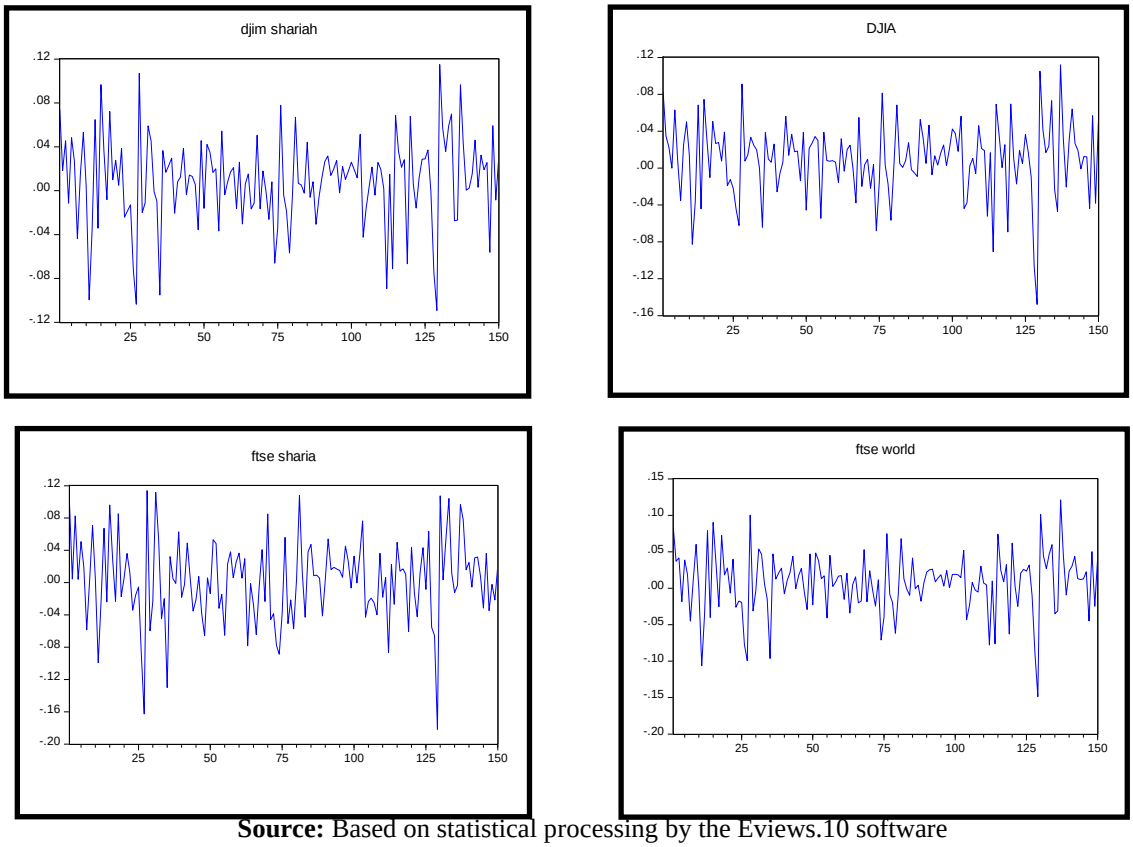
	DJIA	DJIM_SHARIAH	FTSE_WORLD	FTSE_SHARIA
Mean	0.009727	0.009241	0.007733	0.002860
Median	0.012285	0.012157	0.012238	0.005537
Maximum	0.111874	0.114996	0.121080	0.113922
Minimum	-0.147848	-0.109201	-0.148491	-0.181596
Std. Dev.	0.039743	0.040279	0.041780	0.050774
Skewness	-0.595554	-0.421700	-0.545986	-0.390327
Kurtosis	4.533504	3.866441	4.377245	4.115595
Jarque-Bera	23.56483	9.137766	19.30755	11.58733
Probability	0.000008	0.010370	0.000064	0.003047

Source: Based on statistical processing by the Eviews.10 software

By estimating the descriptive statistics of both indicators, we notice that the arithmetic average of the traditional index is greater than the Islamic index in both the Dow Jones or the Financial Times, and it is the highest value recorded in the traditional index compared to its Islamic counterpart. However, to estimate the magnitude of the change, we take the value of the standard deviation, as it was relatively larger in the two Islamic indices, which indicates the greater dispersion in the Islamic stock balances.

The torsion coefficient in all indicators differs from zero and has a negative value unlike in the normal distribution, which indicates that the tail of the distribution is long to the left, which makes the returns of the indicators affected by negative shocks more than by positive shocks. For Jarque Berra's statistics, the critical probabilities of this test called for the rejection of the hypothesis of normal distribution of returns, which is at the level of 1% significance in both series. The following figure shows the results obtained for the behavior of the time series of each indicator during the duration of the study, as follows:

Figure n°1:Graphical representation of the series of returns of each indicator



Source: Based on statistical processing by the Eviews.10 software

By looking at the data, we notice the continuous fluctuations of the four indicators throughout the study periods, with critical values recorded, but in general, we mentioned more volatility in the Islamic indicators.

Table n°2: Unit Root test

Method	Dickey-Fuller	Phillips-Perron
Djia	-13.39972 (0.0000)	-14.78908 (0.00000)
Djim	-13.22941 (0.0000)	-13.77122 (0.0000)
Ftse world	-13.13977 (0.0000)	-13.56911 (0.0000)
Ftse sharia	-12.24474 (0.0000)	-12.30001 (0.0000)

Source: Based on statistical processing by the Eviews.10 software

Through the table and using the Dickey-Fuller and Phillips-Perron tests, we notice at the level that the probability score is less than the significant ratio of 0.05 in all indicators, which makes it possible to reject the null hypothesisand accept the alternative hypothesis that the unit root does not exist, and the stability of the series at the level. Which enables us to adopt the two chains to apply the Garch model, but first you must make sure that there is an Arch effect

Table n°3: Test for Heterogeneity of Variance (ARCH Effect)

	Djia	Djim	Ftse world	Ftse sharia
F-statistic	23.23746 (0.000)	16.52541 (0.000)	16.38913 (0.0000)	13.45688 (0.000)
Obs*R-squared	20.32141 (0.0000)	15.04848 (0.0000)	14.93691 (0.0000)	12.1258 (0.000)

Source: Based on statistical processing by the Eviews.10 software

The presence of an effect of ARCH is determined by the Fisher test and the Multiplier Lagrange test, or what is known as the LM test for the same purpose as the previous one, a test that enables us to determine whether errors follow ARCH. The basis of the H0 hypothesis is that the errors are homogeneous, that is, the previous errors do not affect the current error and therefore there is no ARCH effect.

Through the table, we can see that the calculated value of each of the Fisher and Lagring test is large and significant and is greater than the tabular value, and the probability score is less than 0.05, which enables the rejection of the null hypothesis and the acceptance of the alternative hypothesis of heterogeneity of variance and confirmation of the presence of the ARCH effect.

Table n°4: Results of the GARCH mode

Variable	Djia	djim	Ftse world	Ftse sharia
C	0.014453 (0.000)	0.014225 (0.0000)	0.013950 (0.000)	0.004444 (0.2625)
DKLCI(-1)	-0.131150 (0.1434)	0.15556- (0.0858)	0.15795- (0.0904)	0.009030 (0.9265)
Variance Equation				
C	0.000984 (0.1214)	0.000453 (0.1901)	0.000744 (0.0584)	0.000476 (0.2576)
RESID(-1)^2	0.300871 (0.1350)	0.33795 (0.1548)	0.567805 (0.1014)	0.129234 (0.2095)
(GARCH(-1	0.102811 (0.800)	0.46415 (0.0874)	0.174521 (0.4663)	0.681742 (0.0021)
T-DIST. DOF	4.948306 (0.0822)	4.19971 (0.0362)	4.163682 (0.0279)	8.859215 (0.2606)
R-squared	-0.003142	-0.009665	-0.020389	-0.002055
Adjusted R-squared	-0.009966	-0.016534	-0.027330	-0.008871
S.E. of regression	0.039621	0.040387	0.042019	0.050567
Sum squared resid	0.230761	0.239771	0.259545	0.375887
Log likelihood	281.4735	279.6081	277.2567	239.5499
Durbin-Watson stat	1.951123	1.867173	1.845853	2.010752
Mean dependent var	0.009240	0.008804	0.007226	0.002225
S.D. dependent var	0.039425	0.040057	0.041457	0.050345
Akaike info criterion	-3.697632	-3.672592	-3.641029	-3.134898
Schwarz criterion	-3.576667	-3.551628	-3.520065	-3.013934
.Hannan-Quinn criter	-3.648486	-3.623446	-3.591883	-3.085752

Source: Based on statistical processing by the Eviews.10 software

Represents the following equation for unconditional volatility, which is the maximum value of volatility that may be recorded with the change of time factor.

$VL = \omega / (1- \alpha 1 - \beta 1)$

Which we extract from the table above to summarize the results in the following table:

Table n°6: Estimating long-term volatility

	DJIA	DJIM	FTSE WORLD	FTSE SHARIA
α_0	0.000984	0.000453	0.000744	0.000476
α_1	0.300871	0.33795	0.5678	0.12934
β	0.102811	0.46415	0.1745	0.681742
γ	0.563318	0.1979	0.2577	0.188918
V_L	0.001746	0.02289	0.022887	0.0025

Source: Based on statistical processing by the Eviews.10 software

Referring to the results of the GARCH (1.1) model, through which we were able to estimate the variance in the long term, we found a large and clear difference between the two indicators, where the Islamic index recorded the most valuable and was the most volatile, in both the Dow Jones and the Financial Times and we may attribute this to the following factors:

- Islamic stocks are still at an early growth stage compared to their peers
- Non-Muslim investors' fear of Islamic stocks, and the entrenchment of a misconception of Islamic assets
- Weak regulatory and legislative development of financial markets in Muslim-majority countries
- The lack of Islamic assets to innovate effective and efficient products from the core principles of Islamic finance
- Poor Marketing and commercialization of Islamic financial products.

This result is different from the results of Chidmi&Azlatstudy, the variation may be due to the samples or period taken in studies

Conclusion: Results and suggestions

In this paper, we discussed the hypothesis of the stability of Islamic financial indicators as being more robust, the study concluded with a set of results, including:

• Islamic finance contributes to economic and financial recovery and stability, due to the provision of financing and investment solutions and their compatibility with all religious beliefs

• There are several criteria for the classification of Islamic stocks that may differ from one country to another, all users practice a two-level examination method: qualitative and quantitative, the range of permissible percentages varies between the criteria.

• Shariah-compliant companies are classified qualitatively by specifying the activities that are permitted by Sharia. It is quantified by capping the permissible debt ratio for usurious loans, usurious deposits and illegitimate profits.

• Islamic indices are more volatile than conventional long-term indices

• The fear of losing legitimacy makes the stock more sensitive to volatility.

• Despite the stability of Islamic finance, it is still in an early stage of growth, as it operates in a complex and insecure environment.

• The Islamic stock market is still in an early stage of maturity and stability, and its growth must be enhanced by strengthening the regulatory, legislative and promotional framework.

Recommendations

- Encouraging and promoting investment in Islamic stocks to improve their perception in the minds of non-Muslim investors, especially

- Strengthening the regulatory, accounting and legislative framework and unifying it internationally.

Study Prospects:

- Study the behavior of investors more to know the strengths and weaknesses of Islamic stocks from their point of view, to explain volatility and remedy shortcomings
- The study is based on daily or weekly data in different countries and regions.

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