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financial integration and its impact on economic growth in the Arab countries

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Abstract:

Economic growth is one of the most important economic indicators that has occupied a great deal of interest of economists and decision makers in countries, especially developing countries, which seek to improve their standard of living by raising the growth rates of real GDP per capita. In this context, the present study seeks to explore the possibility of achieving economic growth of Arab countries through financial integration.

Keywords: Financial Integration, Economic Growth, Arab Countries.
(JEL) Classification : E10 , E44

يعتبر النمو الاقتصادي أحد أهم المؤشرات الاقتصادية التي شغلت حيز كبير من اهتمام الاقتصاديون وصناع القرار في الدول، خاصة النامية منها والتي تسعى إلى تحسين المستوى المعيشي لديها من خلال رفع معدلات نمو نصيب الفرد من الناتج المحلي الإجمالي الحقيقي فيها. وفي هذا الإطار، تسعى الدراسة الحالية إلى البحث في إمكانية تحقيق النمو الإقتصادي للدول العربية عن طريق التكامل المالي.

الكلمات المفتاحية: التكامل المالي، النمو الإقتصادي، الدول العربية.

تصنيف JEL: E10 , E44

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1. INTRODUCTION

The capital market is considered the major base of economic growth, and a mirror of the national economy, it facilitates the trading of securities represented in the assets, and an effective means tomove savings into investments, the efficiency of this function and the appropriate securities for the needs of the marketachieve the optimal allocation of resources, as well as movethe financial resources of the various rational uses. Accordingly, can we find in the Arab nation a way of financial integration?.

1.1. Research Problematic:

The reality of the financial markets in the Arab countries reveals a modern era in the establishment of securities exchanges, though it has achieved success during the past few years in order to develop their financial markets. In a world facing financial variables, these international changes put many of the challenges in the Arab countries to get out of the control of the regional considerations, moving towards the promotion of integration among them, especially the financial integration.

1.2 Study Hypotheses:

- The research seeks to test the validity of the following hypothesis:
- Can the Arab States establish a unified Arab financial market to be the nucleus of a comprehensive Arab integration?

1.3 Research goals :

The research aims at the following:

- Recognize the reality of the capital markets in the Arab countries.
- Stand on the prospects and challenges of establishing a unified Arab financial market and try to find the optimal solution to the obstacles.
- Identify the Arab financial markets from all directions.

1.4. Importance of the research::

The importance of this research lies in the advantage of the compatibility between the Arab stock exchanges to create a unified Arab financial market that works to encourage the movement of capital between the Arab countries, contribute to the restoration of Arab funds invested abroad, attract more foreign investment, provide sources of funding necessary for productivity projects, promote the inter-Arab trade, and open the way to achieve hopeful comprehensive Arab integration, especially that the Arab countries have elements of integration and union, not owned by others.

1.5 The research plan:

The research consists of an introduction and a theoretical framework of the study. This research addresses the definition of financial markets as well as studies the reality of the Arab capital markets and the obstacles of integration among them;this study is exposed to the possibility of creating a unified Arab financial market to achieve financial integration among Arab countries.

2. Theoretical Framework: :

First: The definition of financial markets:

The market is the place or the institutions where buyers and sellers meet, whereas a specific place is not a condition to create a market. Thus, the concept of market differs in term of economical and commercial aspects. As for the commercial market, it means the place of weirs and the property is transformed after the process of selling and buying completes, whereas the economic definition has no specific place for the market as it focuses on completing the process of buying and selling whether on local or international domain, and the market is a place where savers offer their money for investors leading to the issuance and trading of financial instruments.

Second: Types of Money Markets:

First: Money Markets:

where short-term financial instruments are exchanged and issuedsuch as the treasury bills, bank promissory notes, commercial paper, certificates of negotiable deposit, deposits and loans, letters of credit and bank credits, and the most important institutions:

1. **Central Bank:** it is the top rank in the money market, it is the bank of issuance as it issues money as well as the bank of government as it deals with governmental transactions in addition it is the bank of banks as it monitors and

supervises other banks and helps them as well. The money markets with the help of central banks achieve its primary function by working to address what occurs to the liquidity in the economic units of the community including a deficit or a temporary surplus, where central banks can control the amount of money and the implementation of monetary policies.

2. **Commercial banks:** these banks play the role of the borrower and the lender in the money market, where they receive customer deposits, whether retractable upon request or with specific deadlines, and through these deposits are the basic function in supplying short-term loans to institutions and individuals.

Second: Capital Markets:

These markets issue and exchange medium and long-term financial instruments that increase the maturity duration for a year such as stocks, bonds and long-term bank loans, these markets are for medium- and long-term funds, where economic units of the community are funded with medium- and long-term financial needs.

Third: procedures and rules dealing in trading markets:

Regulatory procedures oftraded stock markets differ from one country to another as the regulation of present market differs from the future market. However, all of them agree that the deal in the market must be in accordance with the rules and regulatory procedures to achieve the aspirations of the trading markets such as purchase, sale of securities, registration of operations and settlement of transactions.

Fourth: functions of the capital markets:

The capital markets have vital functions including the following:

1. Direct cash moneytowards investing projects, it is certain that the economic development requires the mobilization of the capital which depends on saving and investment opportunities rates, since the projects need huge funds from financial markets to meet all their needs and facilitate the transfer of real economic resources of savers to investors.

2. Distribute the capital to various investment activities, since they represent the link between investment of projects and savings of individuals, and thus they play a role in the distribution of savings on various economic sectors.

3. There are no inflationary effects on functions, unlike banks, which create a credit, which in turn leads to inflationary effects
4. The operations as a whole generally direct towards trends in prices, savings and investment, as well as reflect the real economic situation in periods of boom and bust, such indicators contribute to the studies of the national economy in relation to knowledge of the most important sectors of the economy, as the stock prices in the stock market reflects the success or the failure of productive projects. Thus, theyprovide control over the economic performance of private enterprise and the efficiency of monetary and fiscal policies of the state;also they provide a good database to make the right investment decisions.
5. The activity and popularity of stock markets make individuals direct their savings to the project, by buying shares of those projects, which will double the case of boom, and the pricing according to the principles of supply and demand in a competitive market leads to a good allocation of resources.
6. It contributes to raise the economic efficiency of projects, so as to issuethe financial results on a regular basis, and be a subject of follow-up and evaluation by shareholders.
7. Facilitate securities trading for those who want a real or financial investment, or who want a quick liquidity, which narrows the gap between short and long-term investment.
8. Provide domestic and foreign savings for investment through the channels to facilitate flow when demand, as it would foster savings awareness among savers, and provide them with the opportunity and the time to speed up making an investment decision.
9. Provide a place for savers to invest their savings as it expands the option circle which diversifies investments; it is also considered a means of hedging.
10. The field in which the state is working to achieve monetary stability through the open market, and then buy or sell securities, to change the amount of money to spend on inflation or deflation.

3. The reality of the Arab capital markets:

First: Bourses Arab a historical perspective:As a result of the economic development of the communities and the increasing financial needs of the productive units as well as the increase of individuals' savings, and with the growth of the economy and increasing the national income, the institutions are trying to take advantage of the savings of individuals in the areas of productivity, and thus, with the increase of these institutional investors, the financial marketsoriginated, which paved the way to conduct financial transactions of shareholders and enable the sale of their shares.

France is the first country to set up a market for trading securities in the third century AD as traders found with the development of trade in agricultural crops and other benefits of adopting modes of credit withdrawals and promissory notes, and in order to regulate this process, King of France Philip, who lived during the period 1268 to 1314 created theprofession of exchangebrokers who preceded exchangeagents.

During the same period,the commercial movement in Belgium boomed, and the traders in the town of Bruges used to meet in front of Vander Bourse to share deals, and these exchanges movementhave evolved to take the family name of the palace (Bourse) to be usedin securities trading market

As a result of this development during the sixteenth and seventeenth century, markets for trading securities emerged in other countries such as the Netherlands, Britain, Denmark, Germany, and with the constant development and growth in commercial movement, it has increased the need for the existence of insurance banks and companies, and the political developments prompted governments to look for new financial resources to harmonize with the trade that led to issue securities of governments, banks, insurance companies and some private big shareholding companies, and with the existence of markets for trading promissory notes and commercial paper, the situation easily developed with the availability of

political circumstances, giving rise to the financial markets where the trading of stocks and bonds is going on.
Arab countries have known the capital markets during the colonial powers that occupied their homes and stole their wealth, where many banks and stock exchanges were founded to implementtheir economic systems to ensure that the export of raw materials, and marketing their products in these countries.

In this context, Egypt was the first Arab country that introduced the capital markets, dating back to the establishment of the stock market in Egypt in the end of the nineteenth century, the stock exchange in Alexandria was established in 1883 and Cairo Stock Exchange in 1904, it has been able to occupy a strong position as a market for securities to become the first market in Africa and the fifth in the world in terms of market activity, the number of companies and the size of the capital invested. With the issuance of the decisions of socialism in 1961, the role of the Egyptian Stock Exchange was diminished for more than 30 years;it showed little activity until the issuance of Law No. 95 of 1992, which reorganized the capital market in light of the state's policy to achieve its economic reform program.
As for the Arab bourses, there were only fiveArab bourses in the Arab region besides the Egyptian Stock Exchange till 1989, which are: Lebanon (1920), Morocco (1967), Tunisia (1968), Kuwait (1977), Jordan (1978), and Stock Exchange in Lebanon stayed off until 1995 because of the circumstances of the civil war there.
In 1989, three stock exchanges were established in Bahrain, Muscat and Iraq, and an active stock market began in Saudi Arabia as well, and in 1999, four other exchanges were established in Sudan, Qatar, Algeria and Palestine, and in 2000,the stock exchange of Dubai and Abu Dhabi State was established.
Second: the current reality of the Arab bourses:
Although the reality of stock markets in the Arab countries in the modern era,it can be said that these exchanges have hardly reached its position during the past few years in order to develop their financial markets, leading to the improvement

of transparency, the standards of disclosure, governance and trading operations. Arab Monetary Fund indicated the direction of the development in the Arab financial markets towards legislative and regulatory systems, trading systems, settlement systems, central depository and brokerage activities.

1. Legislative and regulatory systems:
Many Arab countries have taken a number of measures for the development of legislation and organizations related to financial markets in line with international developments, and there were many of these measures to include the basic laws relating to the financial markets as securities law, interior lists, regulations and law firms, as well as the laws and regulations of investment and tax relating to securities, and the regulations and instructions ruling for their financial markets, particularly the disclosure, trading, listing and the adoption of instructions with greater flexibility in determining the minimum capital companies at its inception, restructuring the stock market sectors, and the development of key sector indices to reflect the performance of financial markets more accurately.
In Egypt, June 2008, the Egyptian parliament approved the restatement of financial market regulation by including Cairo and Alexandria Stock in one legal entity under the name of (the Egyptian Stock Exchange) as well as deleting the old names of restriction tables that were heterogeneous between the official tables and unofficialones, which were an obstacle in front of investors. The law of capital market was adjusted to strengthen monitoring, and prevent any manipulation in the stock exchange, which included amendments to impose a ban on people who possess information on financial centers of restricted stock exchange companies or the results of their activities to handle it on their behalf before the announcement to the public, and the reduction of the nominal value of the shares to encourage individuals to invest, and to allow legal persons not only companies to issue securities.
The General Authority of Capital Market announced that it is applying an integrated strategy to expand broaden the market, and reduce the risk and raise the efficiency of the market so as to contribute to attract more foreign and domestic

investment, through the introduction of new financial instruments during the upcoming period, such as the use of funding instruments mechanisms for the first time in the Egyptian market with the aim of financing small and medium enterprises.

Abu Dhabi Securities Exchange announced the launch of a strategic plan (2008-2012 AD) that required the application of the principles of transparency and corporate governance, including the market that can keep up with the constant changes in the financial markets. The strategy identified seven priorities which are: increasing investment, institutional participation, raise the efficiency of financial intermediation, support and strengthen the stock market, the development of infrastructure for a domestic debt market, and the creation of new investment tools, and the application of best practices in the legal framework in addition to investment in infrastructure for the community.

In order to develop the legislative structure of the financial markets, Securities and Commodities Authority of the United Arab Emirates adopted the private financial consultancy and financial analysis which includes the conditions and procedures of the license to practice the profession of financial consultation and financial analysis of the resolution, the obligations of a licensed company and its workers, the conditions and procedures for financial analysts, obligations of adoption, and controls organization to process stock and assess companies.

In Saudi Arabia, during the second quarter of 2008, It was applied the restructuring of the sectors of stock market, and the development of key sectoral indices, in order to provide an index to reflect the prices movement of the stock market and its performance more accurately, where these sectors are divided into 14 sectors, the government's shares and its institutions are excluded from the index, as well as the foreign partner and founding shares in periods of the ban, with 10 per cent.

In a move aimed at linking Doha Securities Market with the global capital markets and the transition to an integrated trading market for securities to benefit from the expertise and technical capacity of the largest financial markets in the world.At the end of the second quarter of 2008, a partnership agreement with the market (NYSE Euronext) was assigned to buy the share market of 25 per cent in Doha Securities market.

2. **Trading systems:**

Many of the securities markets in the Arab countries worked on the development of electronic services, modify and develop instructions of trading systems in line with the international developments, as well as contribute to increase the practice efficiency of sale and purchase, and achieve justice among dealers, in addition to facilitate the provision of information and data abouttrading, and increase the transparency of market.

In this context,the trading systems in Egypt, Saudi Arabia, Jordan, Kuwait and Qatar have been developed, and the Arabic Network for financial markets has been established as well in 2001 to transfer directly the prices of 12 stocks Arab (Morocco, Tunisia, Egypt, Jordan, Lebanon, Palestine, Qatar, Kuwait, Bahrain, Abu Dhabi, Dubai, Oman) via the internet, enabling brokers to offer buy and sell orders from abroad.

The exchanges of Jordan, Bahrain, Kuwait, Egypt, Tunisia, Morocco, Oman, Palestine and the UAE are distinguished by the existence of automated advanced trading systems, also some Arab stock exchanges, including Egypt and Jordan resorted to enter a remotely trading service which provides brokerage firms with the possibility of making transactions from their offices without the need to go to the market.

Jordan Stock Exchange also began during the second quarter of 2008 to deploy index weighted by free shares through electronic trading and the moving tape of stock prices on the bourse website and through the dissemination of information screens instead of the index weighted by the market value. The aim of this step is to trade the movement of stock prices in the market more accurately, and to mitigate the impact of large market value companies on the movements of the index.

Settlement and clearing systems and the Central Deposit:

Several Arab countries resorted to establish and develop centers of settlement and clearing central depository, independently engaged to stock exchanges, and the practice of registration and transfer of ownership of securities traded in the market of Finance, and the settlement of the values of those securities among financial intermediaries, in addition to preserve these securities.

During the second quarter of 2008, Bahrain Bourse launched a number of electronic services of the Department of Settlement and Central Depository in the market, the market sought to develop settlements and clearing systems and the central depository. These services enable investors who have accounts in the Central Depository System to see the information related securities through the website of the market in all times, and can see all transactions in the accounts affirmative from the date of opening the account and view their balances and statements of deposited securities and execute transactions of buying and selling as well as the details of the deposit and the withdrawal and transfer of securities and any bonus shares deposited in the account. In addition to the provision of all private investment to open the account onlinethat contributes to facilitate dealing in securities listed in the market.

Many Arab stock markets tended to apply the international standards in the areas of clearing, settlement, and the central depository, the markets which own electronic trading centers for deposit and transfer the ownership of securities from the seller's account to the buyer'simmediately upon the same day of completing the transaction, it is the process of financial settlement between market and brokers accredited by the bank of settlement on the day following the date of deal.

Third: performance of Arab stock exchanges:

Arab stock markets have witnessed an overall improvement, and the Arab Monetary Fund indicated to the data of the performance of Arab markets in the second quarter of 2008, through Table (1)

1. Arab stock market indices:

At the end of the second quarter of 2008, the index of the Arab Monetary Fund showed up an evident in the overall performance of most Arab stock markets which participate in the fund by 3.2 per cent compared with the first quarter of 2008 with the large percentage of 33.6 compared to the end of the second quarter of 2007. This improvement is due to several factors, the most importantly, many Arab markets achieved rewarding profits at the end of 2007, the interest rates remained with low prices, in addition to rising prices of oil, and volumes of excess liquidity.

With regard to individual performance of these markets, 12 markets have achieved an improvement in their performance during the second quarter of 2008, while only three markets declined compared with the first quarter. Amman was at the forefront of these markets, with a notably rise of about 31.4 percent, the market of Beirut with about 30 percent, Doha market by about 19.2 per cent, Abu Dhabi market estimated at 11.5 per cent, and Muscat market by about 8.9 per cent. On the other hand, the markets that recorded a decrease in the red zone were: Cairo and Alexandria Stock Exchange by about 6.3 percent, the transmitted market values of Casablanca by about 4.75 per cent and the Khartoum market by about 1.3 per cent.

Compared with the performance of the emerging international financial markets generally, Composite Fund index shows that the performance of Arab stock markets during the second quarter of 2008 exceeded the performance of most the emerging international financial markets during the same period, the index (S & P 500) declined by about 3.2 per percent, and the FTSE declined (FT-SE 100) by about 1.3 per cent, the IFC index (IFCG) declined by about 5 per cent, and the (CAC 40) declined by about 5.8 per cent.

Sizes of Arab stock markets:

The market value of the Arab securities markets has witnessed an increase at the end of the second quarter of 2008 by 49.1 percent compared with the second quarter of 2007, and about 5.9 percent compared with the first quarter of 2008 to $ 1389.5 billion. The market value of the Saudi Stock Market has recorded the highest percentage among Arab markets, reaching 473.24 billion dollars at the end of the second quarter of 2008, with the increase of about 59.5 percent compared with the second quarter of the previous year, and about 6 per cent compared with the previous quarter, and themarket value of Saudi Arabia's market recorded about 34 per cent of the total market value of Arab financial markets.

In comparison with the market value at the end of the previous quarter, the market value of DSM rose by 29.5 per cent, Abu Dhabi market rose about 9.7 per cent, Dubai market rose about 6.4 per cent, Bahrain rose about 5.5 per cent. Compared with the second quarter of 2007 the market value of DSM rose by 104.3 per cent and the MSM about 93.1 percent, the Saudi market rose about 95.5 per cent, Cairo and Alexandria Stock Exchange rose about 44.6 per cent, Dubai market rose about 43 per cent and Abu Dhabi market rose by 40 percent.

Despite this rise, the Arab stock markets are still modest in terms of the market value compared to international markets and even some of the emerging markets in Asia, where it has a market worth many trillion dollars, so that all the Arab financial markets are less valued than the stock market in Taiwan.

3. **Companies listed in Arab stock markets:**

A large numberof companies listed in the Arab stock markets declined at the end of the second quarter of 2008 to 1539 compared to 1547 companies at the end of the first quarter of the same year, compared to 1613 ones by the end of the second quarter of the previous year. This is due to the inclusion and write-off of some public shareholding companies in many Arab financial markets.

There is no comparison between the companies listed in the Arab stock markets and those listed in other developed markets which outweigh in the Arab markets in terms of number, volume and value of corporate securities companies.

4. **Size of trading in the Arab stock markets:**

Trading in the Arab financial markets has witnessed a decline during the second quarter of 2008 compared to the previous quarter, the value of traded shares declined by 12.1 per cent, approximately 307.29 billion dollars, with the increase by 9.8 per cent compared with the trade of the same quarter of the previous year.

The value of traded shares in the Saudi stock market, Kuwait's, Doha's , Cairo and Alexandria's, the Emirates' accounted 93.7 per cent of the total value of traded stocks in the Arab financial markets, where the share of the Saudi stock market alone amounted 50.5 per cent. Despite this increase, it is humbled compared to the volume of trading in international markets.

Common features of the Arab bourses:

Although thedevelopments and reformswitnessed by theArab bourses, they still have some common features that make them need to be further developed, and that was reflected on the overall performance of these markets, the most important of these features include:

1. **The narrow scope of the market:**

The narrow scope of the market in the Arab bourses is due to the limited availability of financial investment tools and the demand in these markets,the width of the market is measured by the number of companies listed in these markets while the demand is measured by the number and size of purchase orders.

The number of companies listed in the Arab stock markets in the second quarter of 2008 range between two companies in Algeria Stock Exchange, 253 in Amman stock market (except for the number of companies listed on Cairo and Alexandria Stock, with the amount of 377 companies) which is less than the number of companies listed in securities of emerging markets companies which are estimated at 330 ones, but the number of companies listed in the stock Exchange of all Arab stock exchanges, including the Egyptian stock Exchange is less than the number of companies listed in the developed stock markets, which is estimated at 750.

The weak demand is attributable to the acquisition of the most important of individual transactions of the trading volume in the Arab financial markets. For example, in 2007,the individuals acquiesced 61 per cent of transactions in the Egyptian market, while the institutions acquiesced 39 per cent, in contrast to the case in the developed markets, where local institutions play an important role in the revitalization of the market, acquiesced 60 per cent of transactions compared to 40 percent for individuals.

Besides, there are other reasons for the weak demand, including: the low savings rate in the Arab world " no more than 2.2 percentage of the total global saving of 2002", as well as the decline in the yield on the securities, as well as negative experiences in a number of Arab Stock Exchanges besides the psychological crises that many investors faced, in addition to the lack of awareness among the public savers, and the presence of some restrictions put on the issuance of Arab markets securities in other Arab markets.

2. **The focus on trading operations:**

Most Arab bourses suffer from concentrated trading in a limited number of shares, which means low trading active equity ratio to total trading volume, reflecting the small number of attractive stocks, due to the concentration of some of the top investors to hold shares of promising companies, as well as the low quality of the majority of listed stocks, especially shares of public sector companies.

3. **Weak diversification in stock market:**

The Arab financial markets are not enough varied in the offered securities, and thisputs restrictions on investors to diversify their portfolios, and increases the degree of risk, especially in light of the herd policy, which often control the behavior of investors in the Arab stock exchanges, and the absence of monitor that ensures a minimum level of disclosure, and cut the way for rumors.

Towards a unified Arab financial market:

The benefits of the establishment of a unified Arab financial market:

There are multiple benefits from Arab countries for a united Arab financial market, the most importantly:

1. Instill the concepts of economic cooperation and solidarity among Arab countries, and get out of the individual scope to the collective strategy in order to compete and survive, especially that the factors of agreement between the Arab states are more than factors of disagreement.

The establishment of a unified Arab financial market can be a nucleus of collective Arab action and establish the Arab common market that has become an urgent need to address the successive international and regional economic variables, represented by the developments of trade openness on the global markets in the framework of the World Trade Organization (WTO) and the growing importance of the role of economic blocs in the era of globalization, which has no more a place for small entities.

2. Strengthening Arab economies and achieve integration and balance among them, contributing to building an Arab economy, thus eliminating the economic and political dependence experienced by many Arab countries, thereby helping to achieve economic, social and political stability.

3. Support the development efforts in the Arab countries through involving the Arab peoples in the development, making savings behavior, as well as investment

behaviour, and contribute to achieving the best possible use of Arab economic resources.

4. Rapid revitalization of Arab economies and protect them from the effects of the recession and slowdown in growth rates. In addition to providing the necessary funding to governments, institutions and individuals, on individual or Arab collective levels as for the joint ventures between the Arab countries, which need large capital funds that can not be provided in a single state.

5. Restore the resettlement of Arab capital invested in outside the Arab capital markets which are estimated at $700 billion, and the result indicates that every oneArab dollar that has been invested in the Arab world, offset by approximately $60 in the international financial markets.

6. Freedom of the Arab funds movement between the Arab states, especially this movement is still very simple and does not constitute more than five percent of the expatriate Saudi funds in the international capital markets despite the fact that many of the Arab countries opened the door for foreign investment and the changed the legislation to attract more investments, the resource gap aggravated and the external debt is rising in many of the economies of the Arab countries noting that the Arab capital can meet the investment needs in the Arab countries.

7. Revitalization of weak stocks that are spread in most stock exchanges without exception, and increasing popularity of products and equities in general, in addition to the development of Arab savings and the development of investment performance as well as the Arabic trade structure that did not exceed the rate of 11.2%.

8. Activating the trading process between the Arab financial markets with raising the levels of transparency, disclosure and corporate governance in these markets.

Second: challenges of creating a unified Arab financial market

Despite the gains that would accrue to the Arab economies of a united Arab financial market, the establishment of this market is facing many challenges and obstacles in addition to what has been mentioned in the previous section, which can be summarized as follows:

1. Different laws, regulations, trading systems, clearing and settlement that control the work of Arab Stock Exchanges. The Arab legislative structure still suffers from the large number of Arab laws and decisions that lack the Arab legislative homogeneity, and the incompatibility of some of the rules and regulations with international financial standards, which limits the opportunities for cooperation between the Arab financial markets, which in turn means the need to consolidate these laws, legislation and regulations in the first place.
2. Different Arab regimes and economic structures, and the lack of political management, in addition to the existence of differences between some of the Arab regimes, in addition to the individual and the country's sovereignty, poor coordination and orientation towards the collective Arab work, and the preference of some Arab countries to bilateral or sub-regional or international cooperation on the Arab one, as well as dependence of international forces.
3. Disparity of the levels of economic growth and wealth in the Arab countries, as well as varying the depth of the experiences of these countries in the field of stock exchanges and capital markets.
4. The lack of adequate awareness among Arab investors about the registration and trading system in the various stock exchanges, as well as the fear of risk in light of the weakness of many of exchanges.
5. Low capital-exporting Arab companies of the shares and the weakness of its financial solvency compared to foreign companies in global stock markets.
6. Decrease the size of Arab investments in the capital markets, and the lack of a united currency.

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