The Repercussions of the Financial Crisis on the Financial Performance of Islamic Banks  
(An Analytical Study of some Financing Formats)  

By Fatima Ahmed Rashid Busaiba  
Supervisor Dr. Bashar Al Matarneh

Abstract

This study aims to identify the impact of the financial crisis on the financial performance of Islamic banks in the Kingdom of Bahrain. For this purpose, the problem was formed to concentrate on the financial performance effect on the financing format (Speculation, participation and Murabaha) together with Banks classification (Wholesale, retail). Statistical analysis (social package) “SPSS” was used in order to test the hypotheses that have been developed and reached to the following main results:

- The existence of visible differences between the average financial performance of the five Islamic banks in terms of different financing modes (Murabaha, Speculation and participation) combined, (Murabaha) and (Murabaha and participation) together.
- A bank’s rating has no effect, if it is wholesale or retail, on the improvement of its financial performance.
- There are differences with statistical indications either before or after the financial crises leading to a financial performance improvement with the exception of operations efficient ratio, return on assets, equity, gross profit ratio and the net profit ratio.
- There are significant differences between the financial crisis before or after to improve the financial performance excluding the operations efficiency ratio, return on assets, return on equity, gross profit ratio, the ratio of net profit.

The study has reached to certain number of important recommendations being: Islamic Banks in the Kingdom of Bahrain should focus, pay attention thereto and develop the financial ratios which were not affected by the financial crises and are the result of the operations efficiency, rate of assets return, return on equity, ratio of total and net profit during which financial crisis can be avoided.