Risk Management in Islamic Banks as Compared to Conventional Bank: analytical study of investment tools in Islamic banks
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Abstract

The current study is conducted in its both theoretical and practical parts to explore the specificity of risk management in Islamic banks compared with the conventional ones in Kuwait. It mainly aims to spot a light on the procedures and strategies implemented in Islamic banks towards financial and banking risks and how to improve the investment tools in a manner to empower their economic positions through financial markets either locally or internationally. In addition, the study is discussing the most important used investment tools in Islamic banks and their roles in limiting the financial risk resources compared with that of conventional banks.

Survey methodology was used where a questionnaire had been developed and distributed among a random sample of 47 employees who work at the selected Islamic and conventional banks in Kuwait. Data were processed and analyzed by statistical analysis methods. The study also used a literature review method to highlight and describe the theoretical part.

The study concluded several important results such as: the selected Kuwaiti Islamic banks have specific departments of risk management that concern in monitoring banking work, updating strategies to meet challenges of banking risk types. Islamic banks perform stress tests to evaluate and assets risks in high standards of effectiveness and efficiency. The researcher recommended some suggestions by which of the most important one is to concentrate in implementing stress tests in all local Kuwaiti banks either Islamic or conventional regularly within a period of quarter- year to ensure the capability and continuity to manage and control risks that may banks face.