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### Impact of Financial and Oil Price Crisis on the Financial Performance of Selected Banks in Bahrain

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#### ABSTRACT

This paper focuses on analysing the impact of financial and oil price crisis on the financial performance of selected banks in Bahrain. We selected a sample of seven commercial banks out of which three Islamic banks and four conventional banks. The study covered a period of eleven years, from 2005 to 2015. We used ratio, descriptive statistics and single factor ANOVA. The financial performance of banks in terms of profitability, efficiency, leverage and liquidity is analysed through ratios. We found that there was not much impact on the financial performance of the banks during the crisis and pre-crisis period but the impact was observed in postfinancial crisis. The oil price crisis has an impact on the financial performance of banks all the banks. Moreover, it was observed that there is a difference in the financial performance of individual banks during the crisis period.

**JEL classifications:** G01, G21.

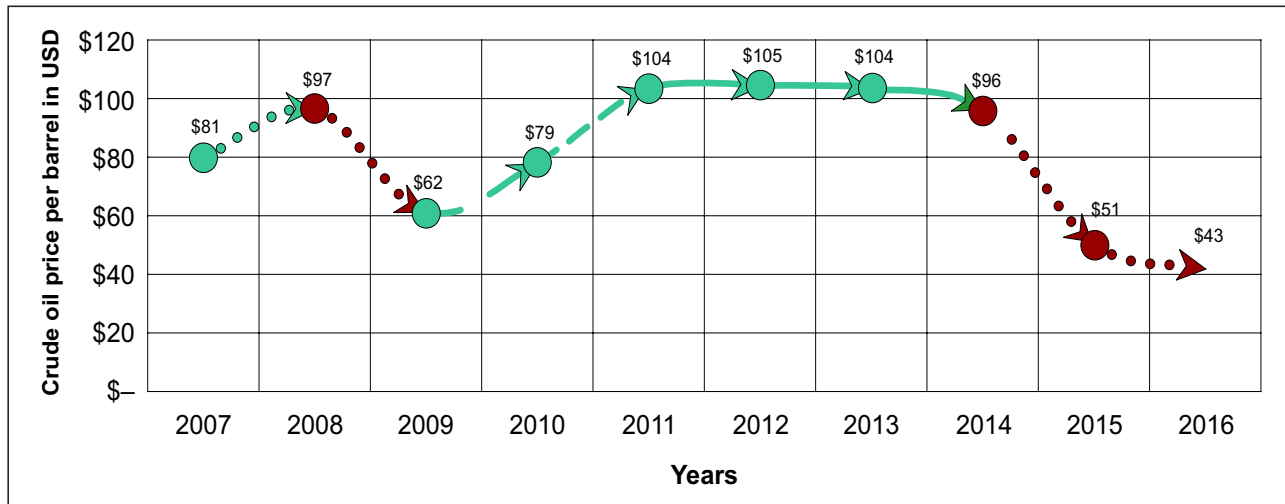
**Keywords:** Financial performance of Banks, financial crisis, oil price crisis, Bahrain.

#### 1. INTRODUCTION

Financial crisis 2007 also known as subprime crisis started in the United States of America with mortgage industry. Excess lending for real estate industry without proper appraisal was the main cause for this crisis. This crisis was evident in various industries of many countries in the world and it was more evident in

developed countries. The financial crisis of 2007 affected the performance of many banks all over the world (Kassim and Majid, 2010). Because of this, several banks all over the world had a negative impact on their financial performance. Many banks in the United States and Europe had serious problem in lending during this period. Many corporate and households in these country were facing borrowing problem during this crisis (AlMaraj, 2008). Islamic and conventional banks operating in Bahrain also had an impact on their performance due to the recession.

Even though banking system in GCC countries has strong fundamentals, this crisis has broken the fundamental packages. Central Bank of Bahrain has intimated all the bankers in Bahrain to reduce their portfolio in real estate sector to avoid risk of default because of the crisis. Many authors stated that Islamic banks are less affected by the global financial crisis than conventional banks as they are trade and asset linked Smolo and Mirakhor (2010), Kassim and Majid (2010). The impact of the crisis has even forced several banks in the U.S. to go for bankruptcy, including American giant bank Lehman Brothers that was never been expected to fail.



**Figure 1: Crude Oil Price per Barrel in US Dollar**

Recent Oil price crisis started with the sudden fall in the price of oil accompanied by increased oil production especial from non-OPEC countries and reduced demand in European and Asian countries. This oil price crisis has resulted positively for all oil-importing countries as the cost of oil has reduced almost by 50% during crisis. On the other hand, counties those are engaged in oil production and export suffered are the sufferers of this crisis. As Gulf counties economies are more dependent on oil business, Oil price crisis has more damage on their economic stability. Due to which the financial performance of several industries in Bahrain had a negative impact. Banking industry is also not free from this as financial inflow and outflow in these countries more related to the financial performance of oil industry. In this regard, we have attempted to understand the impact of oil price crisis on the financial performance of selected banks in Bahrain.

## **2. OBJECTIVES AND HYPOTHESES OF THE STUDY**

**The objectives of the study are:**

1. To analyze the impact of financial and oil price crisis on the financial performance of selected banks in Bahrain.
2. To compare the financial performance of Islamic and conventional banks in Bahrain during the different phases of financial and oil price crisis

### **2.1. Hypotheses**

**The hypothesis developed and tested in this study are:**

1. **H<sub>01</sub>:** There is no significant difference in the financial performance of the selected banks during, pre and post financial crisis.
2. **H<sub>02</sub>:** There is no significant difference in the financial performance of the selected banks during and pre-oil price crisis.
3. **H<sub>03</sub>:** There is no significant difference in the financial performance of conventional and Islamic banks during, pre and post financial crisis.
4. **H<sub>04</sub>:** There is no significant difference in the financial performance of conventional and Islamic banks during and pre oil price crisis.

## **3. SIGNIFICANCE OF THE STUDY**

This study is an attempt towards analysing the impact of financial crisis and oil price on the financial performance of Islamic and conventional banks operating in Bahrain. It is expected to contribute towards the academic knowledge on financial and Oil price crisis and provide relationship between various parameters of financial performance and crisis. The banks would get a picture on the impact of crisis on their various financial parameters. The decision makers in banking industry can have idea on the most affected variable of financial parameter.

## **4. LITERATURE REVIEW**

In this section we analysed different published research work related to the financial performance of banks in Bahrain and the impact of financial crisis on the performance of banks in the GCC region. There is no noteworthy published research on the impact of oil price crisis on the financial performance of the banks. Hawaldar et al. (2017a, 2017b, 2016a and 2016b) found that the staff cost to income ratio, cost to income ratio, asset utilization and operating efficiency is higher in wholesale Islamic and conventional banks compared to retail banks. They also found that there is no significant difference between financial performance of conventional and Islamic retail and wholesale banks in respect to staff cost to income ratio, cost to income ratio, asset utilization ratio and operating efficiency ratio during the study period. The study found that there is a positive relationship between Staff Cost to Income Ratio, Operational Efficiency Ratio and Cost to Income Ratio among retail and wholesale Islamic and conventional banks. De Jongh et al. (2013) stated that the failure to manage operational risk in banks is because of poorly documented loans contributing to wrong assessment of credibility of the borrowers. This exposure to operational risk has led

to credit risk as well. Thus, operational risk can result in worsening of the crisis through the supply chain. Lack of competency, improper supply chain is also few more factors. A need for creating a Crisis fund was suggested to reduce the impact of financial intricacies; this must be introduced by the Government and funded through a financial stability tax or bank tax. Fiti et al. (2013) found that the Islamic bank remains efficient under sub prime crisis. The study shows that the GDP by purchasing power and population density were positively correlated with the efficiency of Islamic banks. However, the quality of management is negatively correlated with efficiency. The coefficients on asset quality and profitability are not significant and have no direct relation to the efficiency of Islamic banks. The study revealed gradual progress in average deposits, equity during the period of crisis. The CRS and VRS hypothesis showed an average efficiency score of 0.80, which shows a greater efficiency for Islamic banks. Mirzaei et al (2013) showed that the efficient banks were indeed more flexible, indicating that they were more profitable and hence absorbed the negative shock more effectively. It was also found that although banks that operated in more concentrated (less competitive) markets might be more stable during normal periods, more concentration would not help banks to generate more profits and remain stable during the crisis.

Hussein (2013) found that excessive lending by the banks, subprime mortgage, financial innovation or securitization, shadow-banking system were few of the reasons for the financial shock. Principles of P&L sharing, Prohibition of interest and prohibition of uncertainty and ambiguity and speculation, principles of tangibility of assets etc. has led to greater market discipline and found appropriate in insulating the risks. It showed that the Islamic banks had shown a better financial performance than the conventional ones not only during but also after the financial crisis. There were also evidences that Islamic banks were less efficient in cost management compared to conventional banks. Bannany (2012) expressed that standard variables, namely investment in information technology systems, barriers to entry, bank risk, bank size, bank age and bank listing age, are important. The results also showed that the global financial crisis and market structure measured by concentration ratio variables, not considered in previous studies, have a significant impact on intellectual capital performance. Said (2012) revealed that there was no significant difference in efficiency for the period during 2006. It showed an increase in the efficiency of Islamic banks in both middle and non-middle east countries. It was again found that there was no significant difference in efficiency in terms of size of the banks.

Chowdhury (2011) classified banks in different blocks to show the percentage of financial efficiency. During the Block P1, almost 75% or more of the banks were 100% financially efficient. The banks exhibited more or less stable scale efficiency. Investment was managed equally well by all the efficient and inefficient units during the block P2. During the block P3, A little higher than 60 % banks were not 100% technically efficient under CRS, while the percentage of inefficient banks reduced to 25 under VRS. In the long run, during the years on an average 60% of the banks under CRS and 75%of the banks under VRS exhibited 100 percent technical efficiency. On an average, it can be safely inferred that little more than 70 % of the Indian commercial banks were 100% technically efficient. Dietrich et al. (2011) found that before the crisis, the cost-income ratio is relevant for a decent ROA but the negative effect of loss of loan provisions with that of the total loans was found to be much stronger. This shows the credit quality did not have significance on bank profitability before the crisis. It was found that the capital ratio had a positive impact on bank profitability in all the periods. The yearly growth of deposits also did not show any significance on profitability. Funding costs did not have a great impact on the ROA interestingly newer banks seemed to be little more profitable than older banks. Lin(2010) found that out of the nine sampled East Asian countries, Japan, Taiwan, Hong

Kong, Philippines, Singapore and Korean banks experiences improved overall technical efficiency under the CRS model. On the other hand, Indonesia, Thailand, Malaysia declined after the financial crisis, which showed that these countries were adversely affected due to the crisis. Hall(2009) found that nationalization of entities that were the casualties or victims of subprime crisis prevented the system from collapsing in the year 2008. It was also observed that when industry bailout package was introduced in the year 2009, even this might fail to secure the main aim of achieving the financial stability in UK. There was also a need to revive the bank lending procedures to support the suffering economy. Thus, intervention by the state i.e. Government authorities to achieve financial stability was identified as an important step. Rasheed and Almaraj (2008) Gaining depositor's confidence is important to avoid failure of a banking company in any economy. As deposits are used for lending depositors in Bahrain banking companies are protected with deposit insurance. Few other international best practice standards are also implemented in Bahrain banking system, which in turn make Bahrain banking system less exposed to risk during crisis.

These studies clearly explain the impact of financial crisis on the financial performance of banks. As per the observations of various authors on the topic, it can be stated that Islamic banks had more efficiency in crisis compared to conventional banks.

## 5. METHODOLOGY

The objective of this study is to analyse the impact of financial and oil price crisis on the financial performance of Banks in Bahrain. We selected seven commercial banks listed on Bahrain Bourse out of which three Islamic and four conventional banks. The study covered a period of eleven years from 2005 to 2015. In this study we have used data collected from secondary sources. The required data is collected from the annual reports of the banks, Investors' Guide and website of the banks. We used various ratios to measure the financial performance of the banks. We calculated descriptive statistics and single factor ANOVA for individual banks, Islamic and conventional banks separately to measure the impact of financial and oil price crisis on the financial performance of banks in Bahrain.

## 6. ANALYSIS AND DISCUSSION OF RESULTS OF THE STUDY

**Table 1**  
**Descriptive Statistics of all the banks selected for the study during the financial crisis**

<i>Dependent and Independent Variables</i>	<i>Pre- Crisis</i>			<i>During Crisis</i>			<i>Post- Crisis</i>				
	<i>2005</i>	<i>2006</i>	<i>Mean</i>	<i>2007</i>	<i>2008</i>	<i>Mean</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>Mean</i>	
				<i>Profitability</i>							
ROA	Mean	2.56	2.25	2.40	2.58	2.14	2.36	0.10	0.30	0.61	0.33
	Min	0.42	-0.40	0.01	0.40	0.20	0.30	-2.70	-4.24	-2.00	-2.97
	Max	7.00	6.00	6.50	6.00	4.00	5.00	2.06	1.96	1.96	1.99
	Std.D	2.07	2.05	2.06	1.98	1.39	1.68	1.84	2.09	1.28	1.74
ROE	Mean	13.94	14.24	14.09	12.73	11.10	11.92	6.50	1.33	5.68	4.50
	Min	1.55	2.60	2.08	2.20	1.30	1.75	-14.00	-40.00	-17.00	-23.70
	Max	26.00	27.00	26.50	26.00	16.00	21.00	17.70	16.30	16.60	16.90
	Std.D	7.27	6.64	6.95	8.15	5.36	6.76	11.29	19.35	11.70	14.10

<i>Dependent and Independent Variables</i>		<i>Pre- Crisis</i>			<i>During Crisis</i>			<i>Post- Crisis</i>			
		<i>2005</i>	<i>2006</i>	<i>Mean</i>	<i>2007</i>	<i>2008</i>	<i>Mean</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>Mean</i>
Operating Profit to Total Assets	Mean	3.93	3.97	3.95	4.00	4.53	4.26	3.25	3.35	3.10	3.24
	Min	0.89	1.20	1.05	1.46	1.58	1.52	1.79	1.05	1.10	1.31
	Max	11.89	9.51	10.70	8.01	8.39	8.20	4.55	6.44	2.01	4.33
	Std.D	4.24	3.71	3.98	2.73	2.35	2.54	1.16	1.95	1.46	1.52
Net Interest Income to Total Assets	Mean	2.74	2.99	2.87	3.29	3.30	3.30	3.50	3.09	3.27	3.29
	Min	1.26	1.34	1.30	1.42	1.71	1.57	1.98	1.92	1.62	1.84
	Max	4.12	5.67	4.90	5.59	5.50	5.55	5.85	3.79	5.86	5.17
	Std.D	1.15	1.69	1.42	1.49	1.30	1.39	1.28	0.74	1.49	1.17
Net Interest Income to Total Income	Mean	60.05	67.11	63.58	79.00	87.50	83.25	118.20	108.40	109.00	112.00
	Min	0.02	0.02	0.02	0.02	0.02	0.02	0.03	0.02	0.02	0.02
	Max	105.90	134.20	120.05	205.30	224.80	215.10	232.50	191.60	218.00	214.00
	Std.D	45.53	49.91	47.72	65.89	77.18	71.53	86.98	69.02	73.20	76.40
<i>Efficiency</i>											
Cost to Income Ratio	Mean	43.79	48.19	45.99	39.60	40.23	39.91	54.82	57.05	55.00	55.60
	Min	19.00	17.00	18.00	15.00	15.00	15.00	31.00	28.00	29.00	29.30
	Max	78.00	94.40	86.20	75.70	80.10	77.90	103.50	107.73	91.00	101.00
	Std.D	17.93	25.62	21.78	18.66	22.07	20.37	26.69	29.92	25.90	27.50
<i>Capital Adequacy</i>											
Risk Assets Ratio	Mean	22.10	20.95	21.53	33.59	25.79	29.69	22.72	21.94	23.30	22.64
	Min	12.00	14.80	13.40	16.00	13.80	14.90	13.74	14.10	13.60	13.80
	Max	31.64	28.70	30.17	90.00	66.00	78.00	53.00	40.00	44.00	45.67
	Std.D	7.42	6.26	6.84	26.11	18.47	22.29	13.90	9.61	11.50	11.66
Loans to Total Assets Ratio	Mean	44.00	43.73	43.87	45.83	48.98	47.41	48.04	46.49	49.60	48.05
	Min	23.36	21.10	22.23	31.46	36.72	34.09	31.29	27.27	39.10	32.55
	Max	53.04	58.00	55.52	59.00	62.42	60.71	56.42	63.00	71.00	63.47
	Std.D	9.91	12.09	11.00	10.38	8.56	9.47	8.35	11.58	10.90	10.28
<i>Liquidity</i>											
Customer Deposits to Total Assets	Mean	46.33	50.20	48.27	47.99	50.50	49.24	53.22	61.41	65.60	60.08
	Min	2.13	0.89	1.51	14.77	21.09	17.93	26.91	32.57	33.70	31.05
	Max	80.25	96.34	88.30	69.34	74.69	72.02	69.90	86.01	93.70	83.20
	Std.D	28.28	29.85	29.07	17.92	16.61	17.26	14.70	17.93	19.50	17.39
Loans to Deposits Ratio	Mean	81.40	90.25	85.82	90.96	84.80	87.88	77.00	67.03	63.72	69.25
	Min	39.05	27.25	33.15	53.37	3.10	28.24	2.40	2.35	2.19	2.31
	Max	159.60	224.10	191.83	171.70	144.60	158.17	123.00	115.50	114.00	117.60
	Std.D	39.34	64.32	51.83	41.49	43.89	42.69	37.80	40.37	35.50	37.90

*Data Source:* Author's calculations

Overall banking industry was not performing so badly during the financial crisis and pre financial crisis. However, during post financial crisis the impact is evident from the descriptive statistics. Post crisis return on assets was very poor with mean of 0.33 as compare to pre and during crisis mean of 2.4 and 2.36 respectively. ROA it was more consistent during crisis; it was less in pre and post crisis. Therefore, it is clear that deviations in ROA of Bahrain banking industry were less during the global crisis. Return on equity showed an increasing trend before crisis and after the Overall industry financial performance in terms of ROE is not consistent with all firms, there is huge gap in the financial performance of different banks and that gape was more after the crisis. Operating profit to total assets has not affected much because of crisis. It was in increasing trend both before and during the crisis. Net interest income has not affected by the crisis; the ratio was increasing year by year irrespective of the economic condition. The gap between minimum and maximum ratio is not much here in this case. Cost to income ratio is increasing year by year during pre and post financial crisis. However, during the crisis the ratio has come down may be because of different cost cutting strategies. Risk Assets Ratio was quiet high during the crisis and even in other economic situations, this ratio is not stable. Loans to total assets ratio is also not consistent throughout three different business cycles. The crisis has not affected much on the operational performance of bigger firms in the industry and on the other hand, the minimum ratio during the crisis is more compare to pre and post financial crisis period. Customer deposits to total assets ratio has increased year by year irrespective of prevailing business cycle.

**Table 2**  
**Descriptive Statistics of all the banks selected for the study during the Oil Price Crisis**

<i>Dependent and Independent Variables</i>		<i>Pre- Crisis</i>			<i>During Crisis</i>		
		<i>2012</i>	<i>2013</i>	<i>Mean</i>	<i>2014</i>	<i>2015</i>	<i>Mean</i>
<i>Profitability</i>							
ROA	Mean	0.03	0.97	0.5	1.16	1.25	1.21
	Min	-4.33	-0.22	-2.28	0.34	0.56	0.45
	Max	1.88	1.9	1.89	1.95	1.93	1.94
	Std.D	2.32	0.72	1.52	0.6	0.49	0.55
ROE	Mean	14	9.35	11.67	10.19	10.79	10.49
	Min	-4.71	-0.49	-2.6	0.96	1.35	1.16
	Max	42.31	15.06	28.69	15.2	16	15.6
	Std.D	14.69	6.45	10.57	6.24	6.06	6.15
Operating Profit to Total Assets	Mean	2.93	3	2.96	3.84	3.84	3.84
	Min	0.71	1.23	0.97	2.1	0.78	1.44
	Max	4.56	5.16	4.86	6.7	8.48	7.59
	Std.D	1.3	1.25	1.28	1.72	2.45	2.08
Net Interest Income to Total Assets	Mean	3.18	3.11	3.14	2.85	2.89	2.87
	Min	1.88	2.13	2.01	2.18	1.98	2.08
	Max	5.99	4.79	5.39	4.3	4.27	4.29
	Std.D	1.4	1.08	1.24	0.77	0.75	0.76

<i>Dependent and Independent Variables</i>		<i>Pre- Crisis</i>			<i>During Crisis</i>		
		<i>2012</i>	<i>2013</i>	<i>Mean</i>	<i>2014</i>	<i>2015</i>	<i>Mean</i>
Net Interest Income to Total Income	Mean	112.8	97.47	105.13	75.86	74.98	75.42
	Min	0.02	0.01	0.02	0.01	0.01	0.01
	Max	208	179.51	193.76	158.18	151.65	154.92
	Std.D	71.91	56.9	64.41	53.42	53.75	53.58
<i>Efficiency</i>							
Cost to Income Ratio	Mean	57.99	53.98	55.99	48.41	49.08	48.74
	Min	31.5	30	30.75	25.83	16.02	20.93
	Max	98.4	91.1	94.75	92.7	88.5	90.6
	Std.D	28.62	23.57	26.1	24	28.31	26.15
<i>Capital Adequacy</i>							
Risk Assets Ratio	Mean	22.43	25.43	23.93	22.06	20.05	21.06
	Min	12.31	15.33	13.82	9.3	9.49	9.4
	Max	40	48	44	44	37	40.5
	Std.D	9.65	12.48	11.07	12.41	9.75	11.08
Loans to Total Assets Ratio	Mean	48.47	45.91	47.19	48.64	49.83	49.23
	Min	33.46	31.26	32.36	28.52	35.06	31.79
	Max	71	60	65.5	64	63	63.5
	Std.D	12.17	9.75	10.96	12.47	11.13	11.8
<i>Liquidity</i>							
Customer Deposits to Total Assets	Mean	62.94	63.09	63.01	62.87	63.81	63.34
	Min	29.15	25.53	27.34	21.98	25.29	23.64
	Max	82.13	79.14	80.64	78.69	79.87	79.28
	Std.D	18.31	18.56	18.43	19.39	20.1	19.75
Loans to Deposits Ratio	Mean	57.24	55.02	56.13	55.45	59.26	57.36
	Min	2.1	2.12	2.11	2.52	2.87	2.7
	Max	85.1	78.56	81.83	80.26	82.37	81.32
	Std.D	27.9	26.75	27.33	27.52	27.8	27.66

Data Source: Author's calculations

It can be observed from Table 2 that ROA and operating profit to total assets performance in profitability of banks during Oil price crisis was better than pre Oil price crisis as it was 0.5, 2.96 and 1.21, 3.84 respectively. Whereas the profitability performance of banks in ROE, Net Interest Income to Total Assets and Net Interest Income to Total Income in pre Oil price crisis was better than during Oil price crisis as indicated by their respective mean values. Thus, it can be inferred that profitability performance indicators of banks showed mixed response for oil crisis.



The efficiency of banks during Oil price crisis was better than pre Oil price crisis as indicated by cost to income ratio of 55.99 and 48.74 respectively.

It is also observed that the loans to total assets and loans to deposits ratio increased marginally during Oil price crisis compared to pre-oil price crisis period due to increased demand for debts by firms operating in Bahrain. The customer deposits to total assets in pre and during oil price crisis remained same as indicated by mean and standard deviation.

**Table 3**  
**Single-Factor ANOVA Results of Individual Banks**

Dependent Variables	Bank Name	Financial Crisis						Oil Price Crisis			
		Pre- Crisis		During- Crisis		Post- Crisis		Pre- Crisis		During- Crisis	
		F-Statistic	P-value	F-Statistic	P-value	F-Statistic	P-value	F-Statistic	P-value	F-Statistic	P-value
<i>Profitability</i>											
ROA	AUB	52.59	0.00	22.96	0.00	18.32	0.00	378.52	0.00	8.72	0.01
	BBK	53.74	0.00	23.17	0.00	17.96	0.00	375.95	0.00	8.75	0.01
	NBB	52.77	0.00	22.32	0.00	17.74	0.00	370.36	0.00	8.68	0.01
	BDB	55.77	0.00	18.95	0.00	18.91	0.00	134.16	0.00	8.98	0.01
	BISB	47.41	0.00	19.47	0.00	22.41	0.00	25.43	0.00	8.81	0.01
	ASB	34.89	0.00	24.49	0.00	15.15	0.00	379.30	0.00	8.79	0.01
	KFH	49.48	0.00	18.57	0.00	19.06	0.00	375.59	0.00	8.94	0.01
ROE	AUB	55.16	0.00	33.19	0.00	23.40	0.00	506.58	0.00	19.22	0.00
	BBK	140.10	0.00	33.24	0.00	41.10	0.00	218.08	0.00	17.23	0.00
	NBB	64.62	0.00	44.21	0.00	55.56	0.00	431.25	0.00	17.82	0.00
	BDB	39.39	0.00	16.13	0.00	18.14	0.00	37.44	0.00	8.79	0.01
	BISB	19.22	0.00	35.25	0.00	11.09	0.00	1.96	0.218	14.02	0.00
	ASB	3.144	0.098	22.11	0.00	6.85	0.00	437.88	0.00	16.39	0.00
	KFH	281.71	0.00	10.68	0.01	17.51	0.00	215.26	0.00	8.34	0.01
Operating Profit to Total Assets	AUB	55.28	0.00	23.08	0.00	17.84	0.00	367.11	0.00	8.66	0.01
	BBK	51.41	0.00	16.33	0.00	14.65	0.00	321.75	0.00	8.70	0.01
	NBB	52.99	0.00	21.46	0.00	17.45	0.00	350.09	0.00	8.65	0.01
	BDB	52.79	0.00	21.27	0.00	17.95	0.00	325.94	0.00	8.24	0.01
	BISB	32.90	0.00	23.91	0.00	17.38	0.00	285.40	0.00	8.93	0.01
	ASB	52.66	0.00	22.09	0.00	17.44	0.00	350.34	0.00	8.62	0.01
	KFH	44.52	0.00	21.24	0.00	17.57	0.00	265.17	0.00	9.65	0.01

Dependent Variables	Bank Name	Financial Crisis						Oil Price Crisis			
		Pre- Crisis		During- Crisis		Post- Crisis		Pre- Crisis		During- Crisis	
		F-Statistic	P-value	F-Statistic	P-value	F-Statistic	P-value	F-Statistic	P-value	F-Statistic	P-value
Net Interest Income to Total Assets	AUB	54.93	0.00	22.96	0.00	17.75	0.00	366.48	0.00	8.65	0.01
	BBK	50.57	0.00	22.18	0.00	16.61	0.00	353.41	0.00	8.63	0.01
	NBB	52.90	0.00	22.46	0.00	17.62	0.00	360.49	0.00	8.66	0.01
	BDB	52.57	0.00	21.53	0.00	17.44	0.00	330.14	0.00	8.64	0.01
	BISB	40.19	0.00	21.39	0.00	17.49	0.00	315.27	0.00	8.60	0.01
	ASB	52.47	0.00	21.85	0.00	16.67	0.00	181.30	0.00	8.79	0.01
	KFH	48.42	0.00	21.57	0.00	17.29	0.00	346.10	0.00	8.63	0.01
Net Interest Income to Total Income	AUB	67.29	0.00	30.52	0.00	165.14	0.00	21.03	0.00	898.29	0.00
	BBK	58.99	0.00	24.95	0.00	19.54	0.00	404.17	0.00	9.14	0.01
	NBB	1544.94	0.00	175.16	0.00	876.19	0.00	8468.65	0.00	213.00	0.00
	BDB	1028.71	0.00	381.51	0.00	752.35	0.00	11919.70	0.00	139.88	0.00
	BISB	151.72	0.00	56.26	0.00	64.55	0.00	83.38	0.00	33.71	0.00
	ASB	1071.89	0.00	439.84	0.00	41.02	0.00	177.05	0.00	965.12	0.00
	KFH	33.48	0.00	153.99	0.00	188.14	0.00	362.01	0.00	13.36	0.00
<i>Capital Adequacy</i>											
Risk Assets Ratio	AUB	93.67	0.00	32.61	0.00	44.98	0.00	570.31	0.00	19.81	0.00
	BBK	63.07	0.00	49.92	0.00	46.29	0.00	373.41	0.00	18.66	0.00
	NBB	194.74	0.00	19.26	0.00	91.34	0.00	239.27	0.00	50.01	0.00
	BDB	353.97	0.00	36.96	0.00	97.15	0.00	103.89	0.00	56.53	0.00
	BISB	78.14	0.00	33.47	0.00	41.50	0.00	382.02	0.00	19.83	0.00
	ASB	34.76	0.00	34.67	0.00	40.36	0.00	133.81	0.00	11.50	0.01
	KFH	117.22	0.00	37.08	0.00	82.38	0.00	400.43	0.00	15.08	0.00
Loans to Total Assets Ratio	AUB	815.35	0.00	195.32	0.00	558.86	0.00	5872.50	0.00	185.49	0.00
	BBK	487.58	0.00	129.93	0.00	308.00	0.00	3728.29	0.00	300.61	0.00
	NBB	989.90	0.00	252.73	0.00	177.17	0.00	577.69	0.00	37.52	0.00
	BDB	188.71	0.00	50.63	0.00	74.55	0.00	126.27	0.00	246.35	0.00
	BISB	137.48	0.00	42.88	0.00	295.31	0.00	1801.58	0.00	198.46	0.00
	ASB	140.54	0.00	78.52	0.00	34.20	0.00	227.68	0.00	105.18	0.00
	KFH	497.03	0.00	74.65	0.00	153.57	0.00	2147.79	0.00	84.87	0.00
<i>Liquidity</i>											
Customer Deposits to Total Assets	AUB	260.50	0.00	87.28	0.00	404.90	0.00	346.84	0.00	295.28	0.00
	BBK	487.58	0.00	129.93	0.00	308.00	0.00	3728.29	0.00	300.61	0.00
	NBB	786.17	0.00	359.21	0.00	389.75	0.00	2813.48	0.00	298.08	0.00
	BDB	45.41	0.00	19.51	0.00	94.92	0.00	180.51	0.00	31.50	0.00
	BISB	5.26	0.03	34.05	0.00	378.11	0.00	6566.84	0.00	85.83	0.00
	ASB	108.80	0.00	47.73	0.00	19.45	0.00	2279.98	0.00	350.84	0.00
	KFH	497.66	0.00	67.10	0.00	325.57	0.00	970.98	0.00	61.67	0.00

*Impact of Financial and Oil Price Crisis on the Financial Performance of Selected Banks in Bahrain*

Dependent Variables	Bank Name	Financial Crisis						Oil Price Crisis			
		Pre- Crisis		During- Crisis		Post- Crisis		Pre- Crisis		During- Crisis	
		F-Statistic	P-value	F-Statistic	P-value	F-Statistic	P-value	F-Statistic	P-value	F-Statistic	P-value
Loans to Deposits Ratio	AUB	428.60	0.00	475.21	0.00	549.80	0.00	553.84	0.00	384.94	0.00
	BBK	796.71	0.00	1595.17	0.00	200.10	0.00	7748.40	0.00	153.40	0.00
	NBB	858.47	0.00	152.73	0.00	95.02	0.00	1653.72	0.00	37.82	0.00
	BDB	11.35	0.01	1.04	0.472	17.59	0.00	367.54	0.00	8.62	0.00
	BISB	34.04	0.00	125.39	0.00	1095.82	0.00	4886.94	0.00	223.87	0.00
	ASB	212.63	0.00	21.16	0.00	14.96	0.00	469.67	0.00	183.29	0.00
	KFH	1236.05	0.00	16.83	0.00	192.08	0.00	2949.00	0.00	88.15	0.00
<i>Efficiency</i>											
Cost Income Ratio	AUB	309.01	0.00	121.75	0.00	186.74	0.00	883.27	0.00	52.17	0.00
	BBK	685.65	0.00	87.62	0.00	272.30	0.00	1593.49	0.00	95.50	0.00
	NBB	425.10	0.00	167.91	0.00	200.76	0.00	1603.85	0.00	65.07	0.00
	BDB	280.79	0.00	280.51	0.00	212.49	0.00	2376.73	0.00	39.25	0.00
	BISB	391.76	0.00	141.74	0.00	47.14	0.00	22.54	0.00	148.18	0.00
	ASB	10.28	0.01	513.71	0.00	106.91	0.00	605.85	0.00	398.97	0.00
	KFH	103.38	0.00	40.53	0.00	140.57	0.00	81.49	0.00	11.73	0.01

Data Source: Author's calculations. F- Critical Value: 4.387

We applied single factor ANOVA to find the difference in financial performance of selected banks in financial and Oil price crisis period. It is observed that there is difference in profitability performance of individual banks in different crisis period except for ASB and BISB. Further, it is also observed that difference in capital adequacy and liquidity of individual banks in different crisis period except for BDB and BISB. Nevertheless, in case of efficiency level of individual banks in crisis period, difference is observed among the different crisis period. Therefore, null hypothesis  $H_{01}$  and  $H_{02}$  is rejected, as p value is less than 0.05 in majority of the cases.

Therefore, we conclude that there is a significant difference in the financial performance of the selected banks during, pre and post financial crisis and during and post oil price crisis.

**Table 3**  
**Single-Factor ANOVA Results of Conventional and Islamic Banks**

Dependent Variables	Bank Name	Financial Crisis						Oil Price Crisis			
		Pre- Crisis		During- Crisis		Post- Crisis		Pre- Crisis		During- Crisis	
		F-Statistic	P-value	F-Statistic	P-value	F-Statistic	P-value	F-Statistic	P-value	F-Statistic	P-value
<i>Profitability</i>											
ROA	Conventional	54.16	0.00	22.74	0.00	18.20	0.00	339.05	0.00	8.77	0.01
	Islamic	48.31	0.00	20.56	0.00	20.15	0.00	150.67	0.00	8.85	0.01
ROE	Conventional	61.71	0.00	31.17	0.00	30.20	0.00	390.58	0.00	13.47	0.00
	Islamic	97.77	0.00	18.65	0.00	6.66	0.00	6.37	0.02	11.30	0.01

Dependent Variables	Bank Name	Financial Crisis						Oil Price Crisis			
		Pre- Crisis		During- Crisis		Post- Crisis		Pre- Crisis		During- Crisis	
		F-Statistic	P-value	F-Statistic	P-value	F-Statistic	P-value	F-Statistic	P-value	F-Statistic	P-value
Operating Profit to Total Assets	Conventional	54.30	0.00	20.90	0.00	17.29	0.00	354.00	0.00	8.63	0.01
	Islamic	56.22	0.00	22.02	0.00	17.50	0.00	351.25	0.00	9.01	0.01
Net Interest Income to Total Assets	Conventional	53.39	0.00	22.24	0.00	17.51	0.00	359.09	0.00	8.64	0.01
	Islamic	48.05	0.00	21.52	0.00	17.40	0.00	327.96	0.00	8.66	0.01
Net Interest Income to Total Income	Conventional	234.49	0.00	66.72	0.00	440.78	0.00	72.05	0.00	287.20	0.00
	Islamic	274.41	0.00	1765.13	0.00	1453.33	0.00	450.73	0.00	441.17	0.00
<i>Capital Adequacy</i>											
Risk Assets Ratio	Conventional	160.56	0.00	35.57	0.00	103.89	0.00	199.59	0.00	39.25	0.00
	Islamic	141.65	0.00	36.70	0.00	57.12	0.00	540.02	0.00	17.28	0.00
Loans to Total Assets Ratio	Conventional	681.02	0.00	424.59	0.00	479.33	0.00	871.46	0.00	156.45	0.00
	Islamic	218.54	0.00	61.84	0.00	230.71	0.00	1172.65	0.00	133.30	0.00
<i>Liquidity</i>											
Customer Deposits to Total Assets	Conventional	675.01	0.00	114.44	0.00	329.95	0.00	7210.10	0.00	224.34	0.00
	Islamic	80.34	0.00	218.49	0.00	94.71	0.00	9819.78	0.00	271.71	0.00
Loans to Deposits Ratio	Conventional	1306.23	0.00	51.65	0.00	221.71	0.00	1765.08	0.00	145.26	0.00
	Islamic	69.14	0.00	218.91	0.00	191.96	0.00	1731.17	0.00	157.26	0.00
<i>Efficiency</i>											
Cost Income Ratio	Conventional	691.66	0.00	216.57	0.00	356.91	0.00	4851.52	0.00	80.32	0.00
	Islamic	38.61	0.00	242.64	0.00	597.33	0.00	203.03	0.00	120.55	0.00

Data Source: Author's calculations. F- Critical Value: 4.387

The variation in financial performance level of conventional and Islamic banks in different crisis period is assessed separately and found that there is a difference in the financial performance of conventional as well as Islamic banks during the different crisis period. As the p value is less than 0.05 in majority of the cases, we reject the null hypothesis  $H_{03}$  and  $H_{04}$  so conclude that there is a significant difference between the financial performance of Islamic and conventional banks during, pre and post financial crisis and during and pre-oil price crisis.

## 7. CONCLUSION

The present study tries to understand the impact of financial and Oil price crisis on the financial performance of banks in general and Islamic and Conventional banks in particular. It is found from the study that the banks in general is not affected so badly during the crisis and pre crisis but the impact was observed in post financial crisis. The oil price crisis has an impact on the financial performance of banks. Further, it was observed that there is a difference in the financial performance of individual banks in crisis. It was also observed that there is a difference in the financial performance of Islamic and Conventional banks in crisis. The future studies with longer study period can throw more light on the impact of oil price crisis on the financial performance of individual, Islamic and conventional banks separately.

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