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Global Crises Reflections on the Gulf Cooperation Council Countries

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ABSTRACT: This research is mainly taken into consideration the effects of the global financial crisis on the Gulf Cooperation Council (GCC) countries. The global financial crisis has been arisen in developing and developed countries that were not to be immune to its impact. The crisis is manifested in developing the trade and budget deficits, high inflation rates, currency devaluations and enhancing public debt. Conducting the present investigation is effective in providing information about how the financial crisis impact GCC countries in a negative manner. There has been different the different articles and opinion of authors on the area. Results of this research are that foreign currency large reserves attained through GCC countries in past years have assisted the expansionary policies to buy pumping liquidity for absorbing regressive crisis impact. The findings examined from the mention information that financial crisis impact on GCC countries' economies is versatile and involve reduce international demand for the GCC exports, minimize oil prices of oil and impact on the public budget status of GCC countries and the investment and development programs. The enhanced inflation rates with a minimum in context to incentives for purpose of saving and economic growth. It has been concluded that the international financial crisis developed a negative impact on GCC countries' economies indirectly or directly. These impacts were shown in the Gulf stock market and deterioration and reduced demand and cost of oil. Hence, expansionary policies have been applicated in the GCC countries, the precautionary process should be taken for the impact which will rise from applied policies in GCC countries.

KEYWORDS: GCC, Financial Crisis, Oil price, Economic Growth, Islamic Banks.

1. INTRODUCTION

The financial crisis is a kind of wider variety of solutions under which financial assets lose more part of normal value suddenly. This consists of crashes of the stock market and bursting other financial bubbles, sovereign defaults, and currency crises. Financial crisis effects on Gulf Cooperation Council (GCC hereafter) countries' economies are multifaceted and involve reduce international demand for the GCC exports and fewer oil costs and its impact on the status of public budgets of countries (Abdelbaki, 2019). There will be a discussion about the effects of the global financial crisis on the GCC countries by collect information from different articles to analyse the opinion of different authors on a particular area.

According to Abdelbaki (2021), it is undoubtedly that the global financial crisis that initiated in the USA will direct its impact on all countries either they are developed or developing. GCC countries would not be exception from the negative impact of an acute crisis. Crisis negative impact on the gulf countries come from the several aspects like reducing in oil cost on whose development programs are based on these countries, and reduce in US$ value and also minimize assets which are owned through countries (Rashid et al., 2021). Increases the inflation rate with the reduced interest rates will result in minimizing real interest with the reduction in the interest for economic development. The financial crisis is related to a sudden reduction in the cost of assets that might be materials like equipment and machinery or financially such as bonds and shares (Refai et al., 2021). A sudden reduction in assets may be taken place as it enhances the cost of collapse. The decision-makers, experts, and politicians confirm that the present economic crisis is more dangerous as well as deep and going to be continuing for 2 to 3 years. Based on the statistical reports that the unemployment rate will be enhanced by 51 million at the time of coming years (Ali & Flayyih, 2021). It has been analysed that international economic development will be reduced from 3 to 4%. This donates that crisis death is reduced financial indicators in the regional and global money markets as well as a volume about the consequent loss (Natarajan et al., 2021). The bankruptcy of international institutions is mainly considered as eminent Bank in various financial services. On the other hand, the crisis begins with the irresponsible behaviour through responsible for the real estate market in the United State of America as they are mainly expanded approving the house loans in an unprecedented way. As a result, the value of the loan is exceeding from interest value. From this, several borrowers could not be able to pay their loans that were reflected in the financial status of Institutions, inability to pay applications, develop negative impact on the sectors in the national economy. With starting of bankruptcy and the stumbling of Institutions, disgust and fear are spread between the depositors or clients. It is one of the necessary factors for dealing with the financial system because the preoccupation of depositors or clients is to attend satisfactory income with no loss in deposit. The negative impact of the financial crisis on the country is based on two main factors. The first factor is related to extend the financial sector's role in the national economy, the greater role, and greater impact of the crisis on the industry, and also transfer these impacts to the real industry in an economy. The other is related to the openness degree of the national economy, more open as degree, more economy is impacting through the crisis by relation with the world countries (Vinoth et al., 2021).

As contrary to this, Drine (2009) stated that the first channel through which the impacts of the crisis were transferred into GCC was through its financial markets. It all started with the large spatial stock markets. Real estate developers and financial institutions which make up the majority of the GCC's publicly traded businesses were hit hard, particularly in Dubain (Saif-Alyousfi et al., 2020). Several commercial banks inside the Middle East area were harmed as a result of the influence of property speculation on loan defaults. Despite having little visibility in the financial markets, institutions in GCC nations retained substantial investments and lent huge sums to private businesses for investment purposes (Center for Strategic Research 2009). As share prices fell, numerous banks faced large loan defaults and asset value losses. Even though the financial sector was hit by shock waves, Islamic banks were spared. The first effect of the global financial crisis insulated them since they are safeguarded from “harmful” capital assets and restrict speculating. Furthermore, as a result of the global economic crisis, sovereign wealth funds (SWFs) experienced significant losses. The more losses were mainly recorded through those which have the more investment in the stock market of US, financial institutions, banks, and insurance firms. Other than the financial sector, the impact of the global financial crisis has been an influence on the real economy. In context to real estate, ongoing projects or the projects at the planning stage are to be suspended due to the financial squeeze (ABDUL RAHMAN et al., 2021). Enhancing national debt, high inflation rate, and also markets volatility will provide the GCC countries susceptible to an economic slowdown. It has been analyzed that reduction in the cost of oil and also its demands will be a high barrier for GCC countries. In the year 2008, from barrel costs of 140USD, the cost of oil has been reduced to 40 USD per the barrel year 2009 (Bahrini & Filfilan, 2020). The kind of significant drop enhances the threat about the negative fiscal barriers for Saudi Arabia, Bahrain, and Oman because of the more loss in revenue of oil. In regards to this, projected development between the GCC countries may set few years due to the downward trend of the cost of oil. The downturn of the European economy could also push GCC nations to cut output, resulting in additional losses in real GDP in gas countries. Saudi Arabia was also struck hard, with GDP falling from 4.2 % in the year 2008 to 0.7 percent in the year 2009 (Alkhateeb & Mahmood, 2020). Furthermore, without strong governance, oil-exporting countries' existing practice of having high fiscal expenditure despite falling oil income would slow the economy even further. Other than this, GCC economies have been responded to the impact of the global crisis by adopting effective policies and measures for mitigating adverse consequences (Anwar et al., 2021). Many of the GCC countries are reproduced policy responses about Western government like stricter financial regulations and guidelines and fiscal stimulation. Responses varied based on economic circumstances. The global crisis directly hit the financial institutions and also stock markets, first policy of GCC countries was to be directed at supporting the banking industry through giving credit support and liquidity (Hasan & Al-Dahanb, 2019). On banking, the impact of the global crisis has been buffered through many policy measures which are undertaken through central banks and GCC governments. Some of the main measures are taken in the year 2008 by minimizing the Repo rate four-fold from 5.5% to 2.5%, minimizing the needs of the capital reserve for the banks, minimizing discount rate throughput by 50%, and minimizing the capital reserve needs for the banks (Vijayalakshmi et al., 2021).

2. RESEARCH METHODS

In this article, there has been qualitative research method considered as it provides the detailed understanding and information about the Impact of the Global Financial Crisis on the Gulf Cooperation Council Countries and Challenges Ahead. For a collection of information, there has been the secondary method considered and collect the information by using existing sources such as books, scholars, articles, and others. The inductive research approach has been considered because it is based on the qualitative method and gives the theoretical understanding. There have been different figures and related data considered. The secondary method has been considered because it is timesaving to gather information from existing sources. The secondary sources are mainly considered to verify the findings (Al-Jarrah et al., 2019).

3. DISCUSSIONS AND CRITICAL ANALYSIS

To reach clear understanding about major global crisis impact on the GCC countries, we revise and analyse 15 studies respectively turn about the state of GCC economics while were under severity of global crisis.

The first study was the study of Impact of the Global Financial Crisis on the Gulf Cooperation Council Countries and Challenges Ahead, which by (Khamis et al., 2010). This article stated that countries of the (GCC) have not left unharmed through financial crises globally. The financial sector and countercyclical supports some measures that made possible through the reserves which accumulated from the year 2003-2008 enhance of oil prices have helped to enclose its effect. The findings confirmed that contribution of region-wide budget to the aggregate demand has been analysed as non-oil primary deficit that enhanced 10% from average in pre-boom years to 51% of the non-oil GDP at end of year 2008 (Alqahtani et al., 2017).

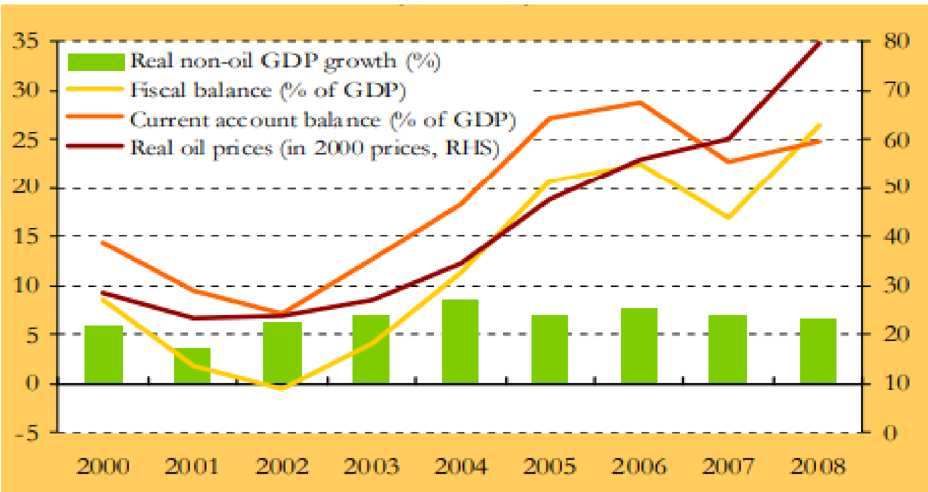

Figure 1. GCC: Oil Prices and Economic Performance
Source: Country authorities and IMF staff estimates.

It has been indicated from above mention figure 1, that external and fiscal positions have been improved, giving fiscal space required to address overarching policy problems arise about diversifying the economy and minimizing unemployment. On average there was a 6.6% year overall development in a year, 3% points above the cost of pre- oil enhance time (1997-2002).

The second study was about Assessing the Impact of the Global Financial Crisis on GCC Countries By (Abdelbaki, 2010). According to this article, in a group of the 20 summits, many decisions that were taken (Belanès et al., 2015). World Bank and IMF were supported through more than US$1 trillion. The international financial crisis started in the USA and affected all the developing and developed countries. GCC countries would not break out the negative impact of this crisis. Regarding this, the crisis began with careless behaviour through responsible for the real estate market in the USA. They expanded granting housing loans in an unprecedented way and resulting in loan value in more than the value of the assets. On the other hand, the crisis began with the irresponsible behaviour through those people who are responsible for the real estate market in the USA. They mainly expanded to granting the loans in an unprecedented way and resulting in loan value which is enhanced from the value of the assets. In UAE, the Finance Ministry and Central Bank adopted precautionary policies set consisting pumping the liquidity that around $14 billion. In regard to this, the Central Bank of Bahrain was the first that took the precautionary process to stand against the rigging of Bahraini Dinar. The Kingdom of Bahrain was not impacted when speculators determined to go away the financial market of Gulf and Central Bank of Bahrain did not permit any kind of financial speculation on Bahraini Dinar value. It examined that these processes avoid Bahrain Kingdom neglect lack in the liquidity. It has been analysed that there is an effect on the banking and financial sectors. Gulf joint-stock firms' total capital reached $59,088 million in the year 2003 and this enhanced $93,419 million in the year 2004.

Table 1. Performance of Gulf Stock Exchange in April 2004 and 2009

Market	4/18/2004	4/25/2009	Percentage change
Abo Dhabi	2.679	2.565	7.32%
Bahrain	1.674	1.581	12.36-%
Kuwait	7.417	7.419	4.68-%
Masqat	5.209	5.262	3.29-%
Doha	5.379	5.333	22.55-%
Dhabi	1.721	1.653	1.04%
Saudi	5.377	5.055	5.25%

Source: Riyadh Bank, weekly report, 26 April 2009.

From the mentioned table, it has been examined that the Saudi stock indicator lost 22 percent value in September year 2008 and again lost another 14 percent in the same year in October.

The third study that deal with the impact of the global economic crisis on the Arab region. The author of this article (Drine, 2009) asserted that economic and financial crises impact many regions, but the Arab region is more affected by this. It might be more amazing than provided opinions that either the Arab region is wealthy because of oil riches or other countries have more foreign exchange reserves to tide them (Chazi et al., 2018).

Table 2. Main characteristics of the region (2000-07)

	Workers 'remit-tances (% of GDP)	Food imports (% of merchandise imports)	Fuel exports (%of merchandis e exports)	Internationa l tourism, receipts(%o f total exports)	Manu factures exports(%of mercha—ndise exports)	Openne ss	Unemploymen t total(%of total labor force)
East Asia & Pacitc	1.39	4.97	7.46	5.96	79.65	77.1	4.55
Latin America & Caribbean	1.66	7.23	17.51	6.38	55.35	44.59	9.19
Arab Region	6.97	16.84	56.32	14.13	24.47	87.89	12.26
Sub-Saharan Arica	1.71	11.63	36.98	8.28	31.85	65.76	

Source: WDI 2008.

It shows that in comparison to the other developing countries, Arabs are dependent more on international tourism, fuel exports, and remittances. This country imports above 50% of agricultural goods.

Meanwhile, in the fourth study that deal with the Impact of the Global Financial Crisis on the GCC Region: Lessons and Reform Priorities. The author (Khamis, 2010) implies based on this article that GCC banks were mainly impacted through the crisis than counterparts in the advanced economies. There was limited exposure regarding subprime assets. Other than this, there was a focus on saving mobilization as well as traditional lending and minimum integration in the global financial markets (Misman & Bhatti, 2020) (Miniaoui et al., 2015)..

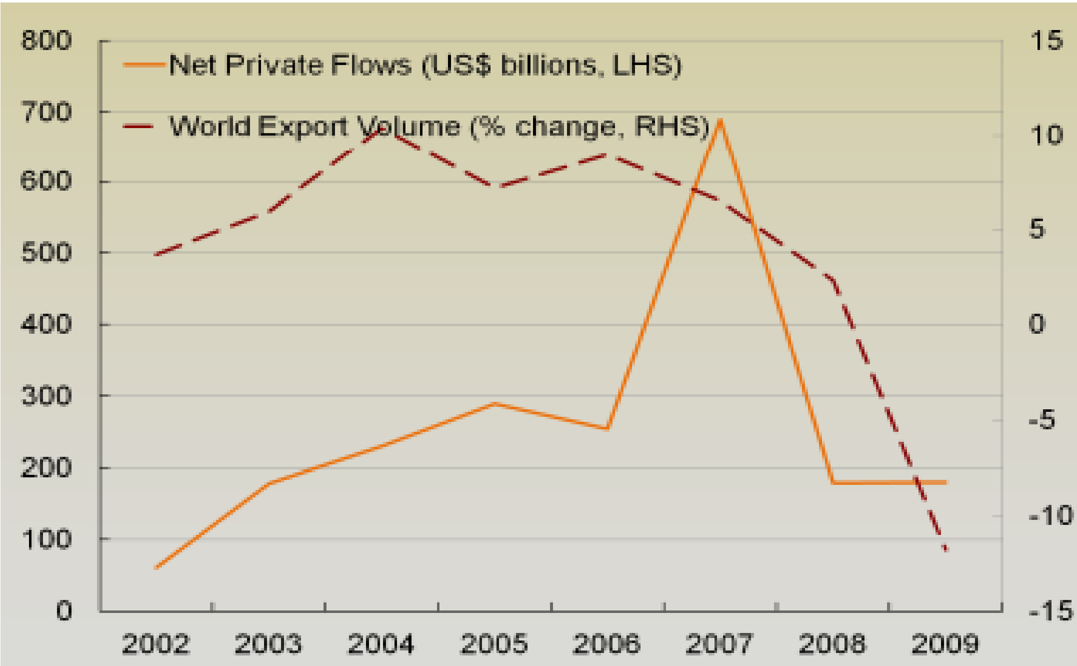

Figure 2. Global trade and new financial flows
Source: Bloomberg

Figure 3. Price of Crude Oil
Source: Bloomberg

The mention graphs stated that transmission to GCC was through a contraction in the global economic activities as well as a reduction in the cost of oil, financial delivering, and plunging the cost of assets. Conversely, the fifth study which titled, the Impact of the US Financial Crisis on GCC Countries. (Woertz, 2008) stated that in the year 2007 in the US, the subprime crisis has been mainly developed into a blown international financial crisis with some consequences for GCC countries and also their development models. There is a hope that in Asia, emerging markets and GCC countries such as China might be able to be decoupled proven futile. In the year 2007, after showing resilience and not affected through global subprime turmoil in the year 2007, the equity market of GCC have been suffered more than in the US and some other developed countries (Salih et al., 2019). Fed followed minimum interest rate policy, banks have been marketed aggressively risky mortgage goods. It enhances lending to subprime consumers at minimum risk premiums. On the other hand, when the straight subprime revelation of GCC banks has been imperfect then challenges for GCC banks arise in indirect expose to enhance funding amidst maturity cost that mismatches as well as real estate financing (Kassim, 2013).

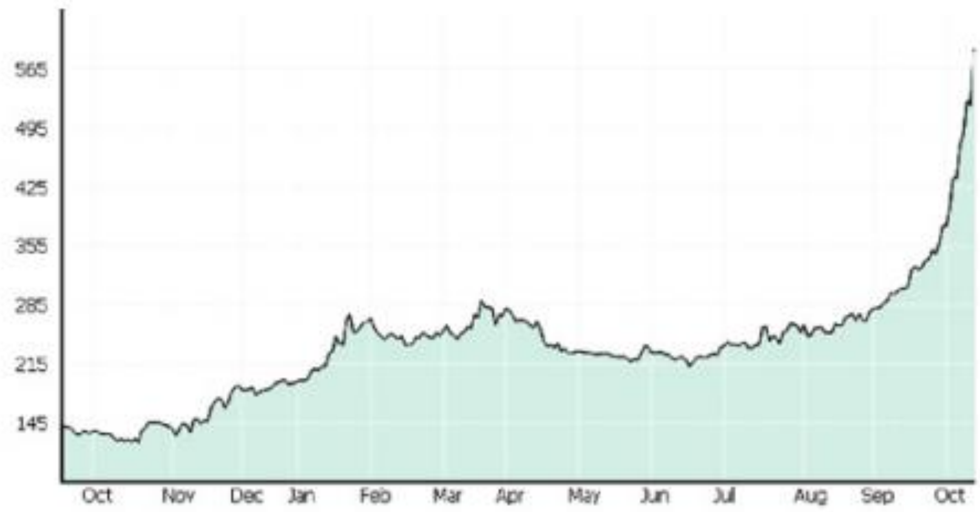

Figure 4. GCC Corporates (GCCI): Spread above LIBOR, HSBC/ DIFX GBCI Index
Source: HSBC, DIFX

From the above-mentioned graph, it has been stated that credit cost has been enhancing and spread for the corporate bonds in GCC have enhanced from almost 145 years ago to more than 500 basis point more than EIBOR and LIBOR, Emirates interbank rate has doubled in the year 2008.

Moreover, in the sixth study which related to Global Financial Crisis and Equity Markets in Middle East Oil Exporting Countries, by Onour (2008) who employs downside risk analysis to estimate the effect of the global financial crisis in the year 2008/2009 on the equity markets in oil-producing countries. At end of the February year 2009, the capitalization of the global equity market falls to $22 trillion as comparison with $51 trillion in the year 2007, falls by 56%. Middle East capital markets expose to global financial arises was at different degrees and some of the countries are to be stronger. In GCC countries has been reacted strenuously to down of stock markets in the developed countries. GCC countries are part of financial wealth in the foreign assets mainly in US bonds and also some other securities (Szalai, 2019). The finding stated that to compute portfolio losses, GDP fists to return of six stocks costs index to develop the risk measures of ES and VaR after and before the global financial crisis in the year 2008/2009. It has been examined that the main problem that arises in the GDP parameters is threshold value identification.

Whereas the in seventh study of crisis highlights policy challenges which presented by (Ahmed, 2010). The study stated that the economic outlook for GCC encouraging but the crisis has been revealed financial industry vulnerabilities that require to be addressed to limit disruptions of economic development in the future. In regard to oil, almost 50% of the GDP of GCC and 80% of export and fiscal revenues with the cost of oil enhance same marked the reinforce of external and fiscal balance surpluses. Flowing up the resources for minimizing are the external and domestic debt as well as pursuing policies that help minimize unemployment and economic diversification.

Table 3. Selected Economic Indicators for 2008

Details	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE	GCC Total
Population (millions)	0.8	3.4	2.8	1.1	24.9	4.8	37.8
Nominal GDP (billions of US. dollars)	21.2	148.2	59.9	100.4	469.4	261.4	1,060.6
GDP per capita (thousands of U.S.dollars)	27.2	43.0	21.6	91.5	18.9	54.8	28.4
Oil reserves (% of global reserves)	0.0	8.7	0.4	2.2	21.0	7.8	40.1
Gas reserves (% of global reserves)	0.0	1.0	0.5	13.8	4.1	3.5	22.8
Growth past 5 years (average, 2004- 2008)	6.9	5.1	6.9	14.3	4.3	7.6	6.0
Oil exports (% of total exports)	79.6	95.0	76.0	91.4	89.6	42.8	78.1

Source: Country authorities; IMF staff estimates

An uptake in oil revenues presents some issues. Buoyant economic activities, enhancing the confidence level of investor as well as customers and plentiful liquidity spurred extreme growth of credit, enhance asset cost and inflation (Refai et al., 2021).

In contrast, the eighth study which titled “gulf cooperation council (GCC) banking sector: topography and analysis” that applied by (Al-Hassan et al., 2010). This article stated that country members of GCC economies share commonalities. All those countries which are included in GCC are big exporters of oil with the fixed exchange rates. It is necessary to analyse the GCC banking sectors to determine their vulnerabilities and strengths. This helps understand that how the system in the banking sector could be impacted by the changing situation of the economy.

Table 4. Total banking sector assets of GCC for 2002-2008

Years	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE
2002	106	120	52	85	68	111
2003	106	103	52	84	64	105
2004	108	94	50	76	65	107
2005	105	81	45	80	61	120
2006	123	84	50	85	61	133
2007*	254	101	64	103	71	162
2008	258	84	66	94	68	142

Source: IFS, and authors’ estimates

It has been examined from the mentioned table that the financial industry in GCC is dominated through the banking industry that is concentrated with some domestic players which are dominating the market. There has been the development of all Islamic banks to become financial intermediation source in GCC, controlling around 24% of banking system assets region.

With Study number nine which entitled “The Financial and Economic Crisis and Developing Countries” which applied (Gurtner, 2010). Based on this article, developing countries were mainly hit through an economic and financial crisis. A crisis arose in financial centres in developing countries. Regarding this, its impact on transition and developing countries became apparent on a gradual basis. Causes related to the international financial crisis are found in the economic and financial policies of developed countries mainly the US. It has been stated that regression in the economic development entitles sinking the per capita income in those countries which have high population development rates. On the other hand, the economic and financial crises of industrialized states are mainly spread to developing countries through trade and financial flows (Sugimoto et al., 2014). Developing countries have been coupled with a global economy, strong and quick impact of the crisis.

Table 5. Capital flows to the developing countries, 2005-08 (in USD billions)

Details	2005	2006	2007	2008*
Total net capital flows, public and Private	498.7	668.3	1,157.7	7273
Private flows (investments and credits)	569.7	739.2	1,157.5	706.9
Private investment flows	347.2	462.7	658.6	599.0
FDI	279.1	358.4	520.0	583.0
Portfolio investments	68.1	104.3	138.6	15.7
Private credit flaws	222.5	276.5	498.9	107.9
Bonds	56.2	26.6	85.4	10.5
Bank credits	84.2	144.6	214.5	123.0
Other credits	-4.5	-4.8	-3.5	-9.3
Short-term credits	86.6	110.1	202.5	-16.3
Public credit flows	-71.0	-70.9	0.2	20.4
World Bank	2.8	-0.4	4.9	7.1
IME	-40.1	-26.7	-5.1	10.9
Other	-33.7	-43.8	0.4	2.4
Miscellaneous:				
Net outflows (private investments)	-59.2	-125.2	-138.8	-164.0
Net outflows (portfolio)	-11.6	-21.5	-50.6	-80.0
Remittances by foreign workers	191.2	229.0	265.0	305

Source: World Bank Global Development Finance, 2009

From the given graph, it has been analyzed that in developing countries, net capital flows sank sharply. Based on World Bank data, to developing countries, capital flows sank to USD 727 billion in the year 2008. As per the previous year, they had amounted to around USD 1,160 billion.

With number ten, the study was titled Do Islamic Banks Contribute to Economic Growth? Evidence from the GCC Countries (Bendriouch et al., 2020). The purpose of this article is to analyze the relationship between the performance level of Islamic Banks and economic development in GCC countries. Banks are central to the economic development of the country (Alqahtani & Mayes, 2018). In the banking sector, the concentration level mainly contributes to economic development. It has been stated that economic development is mainly impacted varied through bank types such as Islamic banks or conventional banks. In regard to this, Islamic banks developed a positive impact on economic development in the short run and long run for East Asian and GCC countries. A policy of Islamic banks mainly contributes to macroeconomic stability for developing and developed countries. These banks positively impact economic development in the context of financial liberalization (Hussien et al., 2019). On the other hand, conventional banking has several weaknesses which were getting over through Islamic banking. This can reduce the severity of the potential crisis. These banks can broadcast potential misinformation risk in context to borrow by the high-interest rate that resulting in adverse selection impact. Islamic banking mainly transfers risks to the lenders to prevent selecting and end with successful projects.

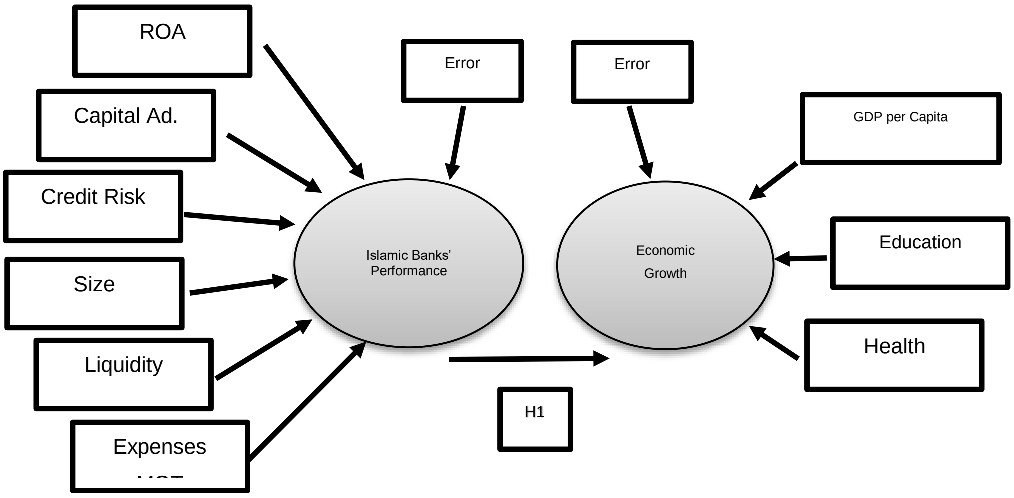

Figure 5. Structural connections between Islamic Banks' performance and economic growth
Source: Structural connections between Islamic Banks' performance and economic growth, 2020

It has been analysed that maintain banking system stability, is necessary to have healthy as well as sustainable profitability. From the above-mentioned figure, it has been determined the liquidity, size, capital, expense management, and credit risk are more valuable in defining bank profitability. Profit level of the bank towards corporate governance and display that organizations with a minimum concentration of ownership have minimum profit level. Other than this, managerial efficiency, size, investment in the fixed assets, debt structure, and sales development impact on profit level of the company infirm sample in Greece. Size and risks define the profitability of banks which is analysed through return on equity and return on assets (Alexakis et al., 2019).

At eleventh study which entitled "The Effect of the Global Financial Crisis on the Profitability of Islamic Banks in UAE". Ibrahim (2020), it has been determined that in the US, the global crisis started and spread quickly to other countries across the globe. It is caused by insufficient lending standards and loose monetary policies. In Malaysia, Islamic banks were impacted as well as exposed to the negative impact of the international financial crisis when compared to conventional banks. It did have more impact on the profit level of Islamic banks. On the other hand, impact of the international financial crisis on profit level of 11 conventional and 8 Islamic banks for years spanning 2006 to 2013 (Chazi et al., 2018). It has been investigated that relationship among the particular bank factors and profitability during and before following the financial crisis of the year 2007-2008. They have mainly used the Economic community of the bank data panel of West African States from the year 1999 to 2013.

It has been analysed that there is a comparison among 4 Islamic banks shows that Dubai Islamic and Sharjah Islamic banks were attained a high rate of return on the total income and also return on the assets. On the other hand, Abu Dhabi and Dubai Islamic banks have been scored high on return on equity and high-performance indicators. Findings showed that financial crises are mainly hit the mean ratio performance of the banks. In regard to this, Emirates Islamic and Abu Dhabi banks have been witnesses of enhancing performance on return on the total income level ratio in the year 2008 over the prior year. It has been evaluated that there was a reduction in total income continuously for Dubai Islamic bank starting in the year 2008 to 2009.

With twelfth study of "Capital and Liquidity Risks and Financial Stability: Pre, During and Post Financial Crisis between Islamic and Conventional Banks in GCC Countries, in the Light of Oil Prices Decline" (Al-Wesabi et al., 2020)

Based on this article, it has been stated that in the financial system, institution financial stability of the country has more challenging in context to effective changes in the whole economy and financial system(Olson & Zoubi, 2017).. The international financial crisis is an effective lesson for the bankers to more cautious in the future. At the time of the financial crisis, several CB goes through bankruptcy except for Islamic banks. These banks are mainly impacted at the time of reducing the cost of oil and these affected in Gulf Cooperation Council. On the other hand, Gulf Cooperation Council countries are mainly selected because they gave dual banking system and presence in Islamic banks in the GCC countries to prominent with above 25% market share out of total assets of Gulf Cooperation Council banks. On the other hand, Macroeconomic factors play a necessary role in triggering the banking crisis which is mainly occurring because of interaction among financial and macroeconomic factors and structural weaknesses of banks. In context to this, macroeconomic factors develop impact on the banks by several situations like high banking interest rate, negative development, high unemployment rate, and high inflation. In the GCC countries, GDP is a common indicator that is mainly used to analyse economic activities from a macroeconomic perspective (Al-Musali & Ku Ismail, 2016). This develops an impact on the performance of banks by supply and demand of deposit as well as loans.

The results show that liquidity risks and CAR has been impacted on the financial stability of IBs and CBs pre, post, and during to develop adverse impact related to macroeconomic factors in Gulf Cooperation Council countries like GDP growth, reduce oil prices, and also changes in inflation rate at the time of 2000-2017 (Khediri et al., 2015).

Whereas, in thirteenth study of “Testing the Financial Stability of Banks in GCC Countries: Pre and Post Financial Crisis” by (Altaee et al., 2013). It is stated that profitability among Islamic and Conventional banks in GCC countries from the year 1997 to 2004. There were 122 banks of which 37 are Islamic banks and 85 are conventional banks covering 2005-2009. They are compared aspects chances the pre-crisis and post-crisis (Zeitun & Saleh, 2015).

Table 6. Number of Observations by Bank Type

Observations	All Banks	Conventional	Islamic
2003-2007	363	240	123
2008-2010	290	165	125
All Observations 2003-2010	653	405	248

Source: Number of Observations by Bank Type, 2003-2010

Table 7. Number of Banks per Type and Country

Country	All Banks	Conventional	Islamic
Bahrain	28	10	18
Kuwait	14	7	7
Oman	6	6	0
Qatar	10	6	4
Saudi Arabia	14	10	4
UAE	25	16	9
GCC Total	97	55	42

Source: Number of Banks per Type and Country

From the above-mentioned table, it has been analysed that there are 653 for the 97 banks of total observations. 405 observations are for the 55 Conventional banks and also 248 are for the 42 Islamic banks which covering the period of 2003-2010.

With fourteenth study which entitled “Risk, capital and financial crisis: Evidence for GCC banks” and written by Ghosh (2014), he asserted that the relationship between risk-taking and bank capital is mainly a challenge in banking literature. The banking system of GCC gives a reasonable laboratory in context to evaluate the problem holistically. GCC countries share the same social and economic characterizes are based on a single commodity for exports. In regard to this, hydrocarbon accounts for around half of the GDP of the region and also contributes around 70% of GCC country's exports and more than three-fifths revue of government.

Findings employ bank-level data set in a detailed manner. Data core is information on the balance sheet of the bank and also detailed on the income statement.

Table 8. Composition of banks by country.

Country	Conventional Banks	Islamic Banks	Listed	Avg no. of years of Observations	Total Observations
Bahrain	11	20	11	7.8	243
Kuwait	6	9	14	9.3	1.39
Oman	6	0	5	13.3	80
Qatar	7	3	8	11.5	115
Saudi Arabia	9	4	11	13.2	172
UAE	18	10	21	11.3	316
GCC Total	57	46	70	10.3	1065

Source: Composition of banks by country, 2014

The last article we discuss is about “Effect of Financial Crisis over Mergers and Acquisitions in GCC Countries”. Where Ravichandran (2009) affirmed that activities of mergers and acquisitions have developed around the world. Total merger and acquisition deal with the participation of GCC will around 418 transactions with total revenue of $ 53,7 billion (Bouri, 2015). It represents 1.1% shares in the number of deals in the year 2008 as well as 1.8% shares in deals value in the year 2008 at the global level.

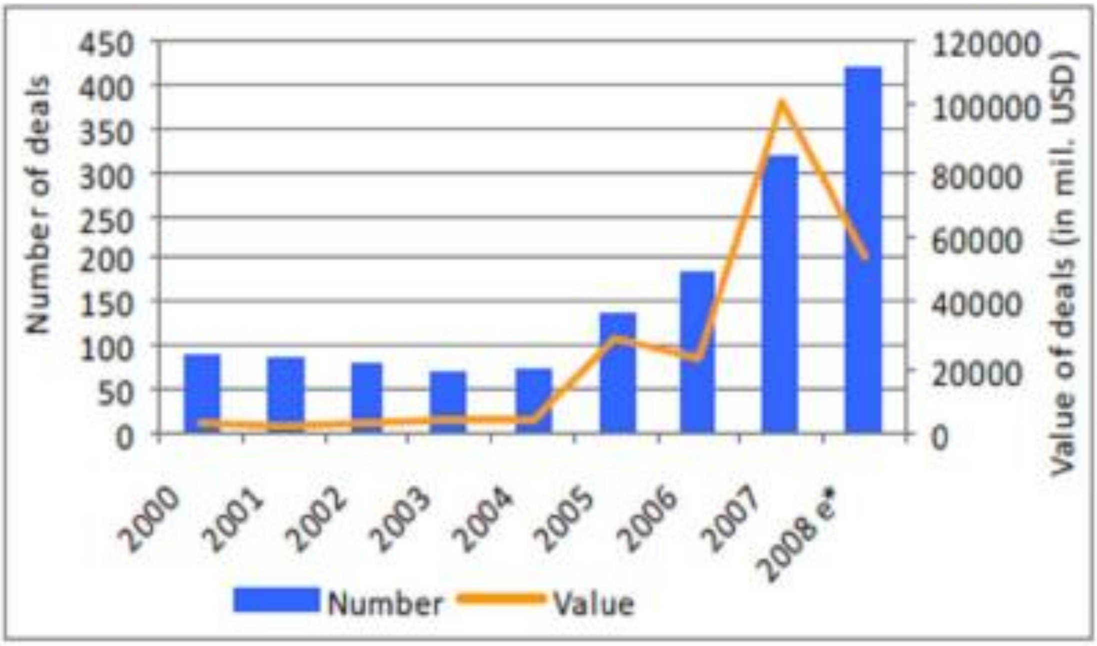

Figure 6. Growth of M&A in GCC region
Source: Thompson Financial, IMAA

Based on this graph, it has been stated that spurt in merger and acquisition activities in past two years due to big deals in the year 2007 like SABIC acquisition of the Q-Tel of Wataniya Telecom and GE plastic.

4. CONCLUSIONS

From the above-mentioned information that global financial crisis developed negative impact on the GCC countries. It results in enhance in cost of oil and its demand. It has been examined that financial crisis are related with the instability macroeconomic period which is mainly dispute normal functioning of an economy. There were multiple articles considered on the effects of the global financial crisis on the GCC countries by consist of the opinion of different authors. In the research methodology, there has been qualitative research method considered because it gives the detailed and in- depth information regarding the subject area. For collection of the information, there have been secondary sources considered such as books, internet sources, articles, journals, and others. These are effective in provide the information from these existing sources and within less period.

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