

ISLAMIC BANKS AND CONVENTIONAL BANKS IN THE UAE BEFORE AND AFTER RECESSION

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ABSTRACT

Banks play an important role in the development of the economy and act as intermediaries for suppliers and investors. Globalization led to an emerging demand for various types of products and services in the financial markets particularly leading to the diversification of financial product and services, prominent among them was Islamic banking based on the principle of Shariah. UAE experienced a tremendous growth due to its Real Estate expansion had attracted investors round the Globe but with the Economic meltdown, people lost confidence in the financial markets and became more cautious in their approach towards banks. To restore public confidence and to provide stability in the flow of money, monetary authorities revised regulations and policies for a safe, transparent and efficient banking system. With the comparative analysis of Islamic Banks and Conventional Banks of the United Arab Emirates it can be concluded that Conventional banks are more profitable whereas Islamic banks are less risky and have high liquidity.

KEYWORDS: Comparative Performance, Conventional Banking, Islamic Banking, Ratio Analysis.