

CRUDE OIL PRICES AND BANKS PERFORMANCE IN THE ARAB MAGHREB COUNTRIES (ALGERIA - LIBYA - TUNISIA - MOROCCO): CROSS SECTION ANALYSIS

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ABSTRACT

In the theoretical background, the profitability and performance of the banking sector will decrease in oil exporter countries; if crude prices fall; because these countries will suffer from falling revenues, unemployment rates rise and economic growth slow. This paper examines the relationship between oil prices and the performance of banks. Using the regression model, with unbalanced panel data analysis at the level of four Arab Maghreb countries (Algeria - Libya - Tunisia - Morocco), over the period of 1997-2013. Our results indicate that, there is a negative relationship, significant between oil prices and profitability (NIM, ROAA); and a significant negative relationship between inflation and profitability (NIM, ROAA) of the banking sectors, in the Arab Maghreb countries in the study. The relationship between oil prices and loans is positive and not significant. There is a relationship between GDP and profitability (NIM, ROAA) of the banking sectors, in the Arab Maghreb countries is positive and not significant. This results not change under the three methods POLS, fixed effects and random effects. The acceptance of random effects models shows that, the relationship varies from one country to another, due to the different characteristics of each economy and varied under time.

KEYWORDS: Oil Prices; Performance of Banks; Arab Maghreb Countries; Oil Exporting Countries; Unbalanced Panel Data

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