

Challenges of Alleviating Problems in Stability of Financial System in Bahrain

Husham Alawsi¹

¹College of law, Royal University for Women, West Riffa, Kingdom of Bahrain

Abstract- Financial systems in every country play an essential role in the development of the economy. However, it is a difficult task for every state to create a stable financial system due to the economy's dependence on various sectors. In a similar case, the economy of Bahrain used to be dependent upon the production and exportation of oil; thus, this could have negatively affected the country's economic development. Since oil production is the primary source of income for Bahrain, it could affect the stability of its financial system. To further assess the challenges in improving the stability of financial systems in Bahrain, a detailed evaluation on the status of its financial system from 2005 was conducted with the aid of previous researches and publications. The paper would also discuss how the financial sector became stable after the reduction of oil exports, as well as the reason behind the rise in foreign investments and development of other sectors in the past years. This study would help raise awareness regarding the current status of the financial system in Bahrain and aid in formulation of resolutions to overcome possible challenges in its stability in the future.

Keywords- Financial System, Stability, Central Bank of Bahrain, Bahrain Monetary Agency, Commercial Banks

I. INTRODUCTION

According to the Bahrain Monetary Agency in 1921, the Eastern Bank branch was established in a country, which also paved the way of financial system. The first bank in Bahrain was founded in 1944, the Middle East British bank. However, the primary local bank began its operations in Bahrain only in 1957. Due to the emerging financial system, different countries such as Abu Dhabi, Bahrain, Dubai, and Qatar have used the currency of the Gulf Rupee. Bahrain was involved in negotiation with the other countries to use Gulf Rupee. But, in 1965, due to the failure in negotiation, Bahrain replaced Gulf Rupee with Bahraini Dinar. In addition, considering the increase in the oil reserves, the financial system of Bahrain has improved and the Bahrain Monetary Agency (BMA) was established to control the financial system. After the establishment of BMA, the financial system in Bahrain becomes attractive (Molyneux, 2005).

The Central Bank of Bahrain is responsible for the stability of the country's financial system, and it is also responsible for ensuring that all the financial systems in Bahrain perform their operations efficiently and prudently. These systems also contribute to the financial stability of the nation. Nonetheless, because of the changes in global, regional and domestic macro-financial environment, the financial system in Bahrain has also changed due to the fact that financial system may also generate financial disturbances in the economy of the underlying country.

In the financial system, several components of financial infrastructure are included: corporate governance, financial reporting, auditing, accounting, and legal frameworks. The Central Bank of Bahrain (CBB) is also focused towards the settlement and payment systems of the financial system. The system is responsible for multiple vital functions involving the exchange of goods and services, resource allocation, facilitating risk management, saving mobilization and monitoring the use of resources (Alawode, 2008). Moreover, CBB is makes sure that all of these functions are performed efficiently and effectively. In case the financial systems face difficulties in their operations, the financial system in Bahrain will be unstable. However, considering the positive tremors in the economy of Bahrain, the banks can be involved in greater risk-taking.

This study is significant because it provides detailed information regarding the stability of financial systems in Bahrain. The banking sector in Bahrain offers several jobs to people, wherein 80% of the workforce is employed in banks. Hence, it is a big challenge for the country to create a stable financial system, since Bahrain has faced several issues and challenges in reducing financial stability problems. In addition, this study aims to increase the awareness of the reader on how the government of Bahrain resolves issues to create a stable financial system. In order to achieve the aforementioned objectives, several studies as source of data related to the financial system stability in Bahrain was used. Nonetheless, there are numerous gaps in the previous studies due to the failure to provide detailed information. Hence, the results of this study would be beneficial in identifying possible solutions that would reduce unemployment rate and eventually, develop Bahrain's economy.

II. LITERATURE REVIEW

2.1 Financial Stability

This pertains to the condition in which the financial systems in a country can perform their functions effectively and efficiently despite the adverse shocks in the economy. It also refers to the essential components of the financial

system necessary to achieve stability, such as financial infrastructure, financial markets, and financial institutions. The stability of financial infrastructure means that the financial system will be well structured in order to conduct the operations smoothly. Since financial stability is crucial for every country, it is the primary goal of the central bank, which will also aid in healthy economic development. On the contrary, if the financial system is unstable, it will incur massive losses to the economy. Due to the fluctuations in the economy, the economic agents will be incapable to make the decisions.

2.2 Stability of Financial System in Bahrain

Several challenges are faced by the government of Bahrain in order to make its financial system stable. Among the major issues are healthy competition between financial systems, debt of the government and unemployment of youth. This is where CBB enters with its primary objective to create a stable financial system. There is a direct relationship between economic development and financial sector; if the financial system in Bahrain becomes stable, it will improve the performance of the country's economy. In 2012, the development of financial system had a huge impact in the GDP development because more than 20% of Bahrain's GDP comes from its banking sector (Abduh, 2012). With the best performance of its banking institutions, other countries made huge investments in the economy of Bahrain, which further improved its financial conditions and created more jobs for its citizens.

According to Oxford Business Group (2018), the financial system in Bahrain is divided into three: international, regional and local institutions. AUB Group is the largest bank in the country, which was established due to the merging of Al Ahli Commercial Bank and United Bank of Kuwait. In the year 2017, the total assets of AUB bank reached \$33.2 billion. The banks provide commercial as well as Islamic services to the people. In particular, it offers Sharia-compliant financing with the name of Al Hilal. On the other hand, Bank ABC is the second largest financial system in Bahrain, which provides financing services to individuals since 1980. The total assets of Bank ABC amounted to \$29.5 billion in 2017. It is a conventional wholesale bank that is a market leader in project and structured finance, treasury, and trade finance. Bank ABC is also involved in the expansion strategy to become competitive in the market of Bahrain.

Last is the GIB bank, who holds the third position in the Bahrain financial system, with the total assets of \$25.5 billion at the end of 2017. The underlying bank also operates in other countries, such as Abu Dhabi, Riyadh, London, Jeddah, etc.

Bahrain is an Islamic country; therefore, the main focus of every bank is to provide services according to the principles of Sharia. The introduction on the top three banks of Bahrain revealed that they contribute positively to the economy of the country and their performance is also stable (Oxford Business Group, 2018).

Bahrain (2015) suggested that the financial conditions of banks in Bahrain are stable. In the year 2007, the banking sector in Bahrain contributed 13.5 percent of the country's Gross Domestic Product. Although the prices of oil have decreased in the whole world, the size of the banks remains large between 2008 and 2010 in which the banking sector was responsible for 11.5 percent of the GDP. However, in 2013, the GDP contribution of the banks in Bahrain dropped by 50 percent or approximately 5.9 percent. Table 1 provides the details about the contribution of banks in the GDP of Bahrain from 2007 to 2015.

Table 1: Banking Sector Size in Bahrain

	2007	2010	2011	2012	2013	2014	2015
Banking Sector size (times GDP)	13.4	11.5	6.8	6.9	5.9	5.58	5.64

Even though the banking size in Bahrain has been reduced, its financial system still performs at its best. In the year 2014, the financial system in Bahrain provides 15% of the GDP. Research revealed that there was not any significant effect from the drop in the size of the banking sector in the economy of Bahrain. In fact, retail banks play an essential role in the development of the financial sector. The size of wholesale banks in Bahrain is less as compared to domestic banks. In the last seven years, the financial sector of Bahrain has faced numerous drawbacks. The banking sector still performed its functions well despite the economic, social and financial shocks. As an example, in 2007, the retail banking sector assets only amounted Bahraini Dinar 18.6 billion, which was increased to Bahraini Dinar 30.25 billion in the year 2015.

According to the study in Books.google.com (2008), the Central Bank of Bahrain provided 37 licenses to financial institutions in 2007. The new license helped in the establishment of financial service companies, conventional and Islamic insurers, Islamic and conventional banks, and Sharia compliance companies. Also, the economy of Bahrain is an open economy in the Gulf Cooperation Council, wherein other countries can quickly establish their businesses in Bahrain. This is due to the fact that there are very minimum restrictions for the international companies to operate

their business successfully in the country. The relaxed structure of Bahrain's economy aids the wholesale banks to be easily involved in Islamic banking activities. Nonetheless, the Central Bank of Bahrain imposes some restrictions on banks: (1) separate the conventional accounts from Islamic accounts, (2) hire an assistant who has complete awareness of Sharia Compliance, and (3) constitute a Sharia supervisory board. There are several banks in Bahrain that provide strength to the country and help it to become competitive along with the other Gulf Cooperation Council peers. Banking professionals have realized that, in the future, banks will be involved in mergers to expand their business.

Bahrain has a small open economy, and its main focus is to achieve the two most important objectives: financial stability and price stability. The exchange rate works as an anchor for the country's financial and price stability. According to Bahrain's monetary policy, the primary goal of the exchange rate is the absence of price stability. Since the exchange rate of Bahrain does not have price stability, the inflation rate is also low in the country (Hossain, 2015). Also, Bahrain has very low barriers for entry. Each country can quickly enter the economy and start its operations. The Central Bank of Bahrain is responsible for the financial stability of the entire commercial and Islamic banks. Therefore, it is crucial for the CBB to supervise all the banks in Bahrain. Lastly, the foreign currency in Bahrain is faster than the currency of another country, i.e. the United States.

2.3 Islamic Banking Operations in Bahrain

According to the study conducted by Husain (2017), the banking industry in Bahrain began its operations in the last 50 years. In Bahrain, there is a dual banking system in which the financial banks' work parallel to the commercial banks. The first Islamic bank in Bahrain was established in the year 1979, and after that, the government provided a license to the Islamic banks in order to efficiently perform their operations in Bahrain. In the last 10 years, the banking industry played a vital role. The banking industry in Bahrain is diverse and complex, wherein foreign private shareholders are the owners of the Islamic banks. The foreign and domestic sources of funds are used for financing Islamic banks. The funding from domestic sources is 64%; however, the interbank deposits are also primary source of funds with the contribution of 18%. Meanwhile, the funds from the government are very small, which is only 4%. The Sharia compatible regulatory framework in Bahrain promotes Islamic finance. The international and national institutions also provide support for the establishment of Islamic banking. In accordance with the Sharia Law, the commercial financial institutions in Bahrain offer services including the services of banks and insurance (takaful). Islamic banks also provide corporate and Islamic government securities, which are called sukuk. The conventional financial system in Bahrain follows the International Financial Reporting Standards (IFRS), whereas the Islamic banks work according to the standards set by the Accounting and Auditing Organization for Islamic Financial Institution (AAOIFI) (Enoch, 2006). On the other hand, the Bahrain Monetary Agency is responsible for monitoring the authorities, since their roles are to supervise and regulate the financial sector.

2.4 Challenges of Alleviating Problems in Stability of Financial System in Bahrain

The banking sector in Bahrain shows strong performance in all the challenging periods. In the year 2011, Bahrain has faced political disturbances due to which the growth of assets reached 2.6%. According to the data provided by the Central Bank of Bahrain, the financial system proliferated in the last decade. Also, from 2007 in which the total assets of banks were \$49.3 billion, it has increased up to \$83.5 billion in 2016. The total asset even flourished by 57.8% in 2017, which positively contributed to the economy of Bahrain (Oxford Business Group, 2018). All the Arab countries are dependent upon the production of oil. Therefore, if there is any reduction in the oil prices, the banking sector of the country will face issues. It was a big challenge for the government of Bahrain to change its focus from the oil production to the other sectors.

Data for the year 2015 revealed that the oil sector in Bahrain now only contributes 20% of its GDP, but, in the last decade, the economy was entirely dependent upon the production and export of oil. The primary purpose of the switch of focus is to create a balanced and stable financial system, so that the economy of Bahrain can easily attract more investors. As compared to the other countries, Bahrain has lower entry barriers, and international companies can enter the market. In addition, the banking sector in Bahrain provides more jobs to people and according to research, more than 50% of its citizens are employed in the banking sector. According to the Economic Development Board, the oil sector contributed 2.9% in the GDP whereas the non-oil sector constituted 3.9% in the year 2015. The non-oil sector in Bahrain includes restaurants, hotels, and construction. The construction provides 6.4% contribution in the economy, whereas restaurants and hotels provide 7.3% of the GDP (writer, 2016). Aside from the government sector, the private sector also helps in the growth of the economy in Bahrain.

Due to the reduction in oil prices, the GDP of Bahrain fell to 19.7% but still did not affect the stability of financial systems. The other non-oil sectors that contributed to the success of the economy of Bahrain include services of the government, communication and transport, personal and social services, construction, business, and real estate

activities. In 2016, the total value for all the non-oil projects was \$3.8 billion. Moreover, the oil sector only contributed 20% in the GDP compared to the 80% contribution of the non-oil sector. This primarily helps the economy of Bahrain to have a stable financial system.

In 2013, Bahrain and UAE have the largest banking sectors in the world, which offered more employment opportunities to the people. Still, the global financial crises did not have any impact on the economy of Bahrain because of its stable financial system. In UAE, the banking assets are 144% of the GDP, whereas it is five times more in Bahrain. This only means that the economy of Bahrain is entirely dependent upon the banking sectors.

2.5 Reduction in Oil Prices Impacts on Financial System in Bahrain

Despite the reduction in oil prices, the economy of Bahrain was not significantly affected because it is no longer dependent only on oil. This is in comparison with the GDP of Kuwait, which is directly dependent upon the prices of oil. In 2015, it was stated that the economy of Bahrain is entirely dependent upon the non-oil sector. According to the International Monetary Fund, Bahrain acquired 3.9% growth in the economy for the year 2014, which was significantly higher than the economic growth of other Middle East countries. In the same year, the oil prices in Bahrain were reduced due to which the hydrocarbon sector increased by 4.7%. Also, the commercial banks in Bahrain grew by 4.6%.

Likewise, the reduction in the oil prices in Bahrain did not affect the performance of commercial and Islamic banks (Citizensforbahrain.com, 2015). There are a total of 404 financial institutions in Bahrain, which also provides employment to 14,000 people. Hence, more than half of the population in Bahrain works in the banking sector. In 2014, the total assets of the banking sector reached \$200 billion.

Alodayni (2016) suggested that Bahrain is an oil exporting country. Therefore, the reduction in the prices of oil has a direct impact on the economy as well as on the banking sector of the country. At the same time, Aloydani claimed that oil prices also have an impact on the financial stability of Bahrain. However, this is not true because the fluctuations in oil prices have no effect on all the GCC countries since some countries are no longer fully dependent upon the oil exports. Nonetheless, the financial crises still directly affect macroeconomic performance and financial system stability. There are several countries in the world from the Gulf Cooperation Council that are oil exporters, such as Kuwait, Qatar, Saudi Arabia, Oman, United Arab Emirates, and Bahrain. When there is any change in the international oil prices, it will impact the growth of GDP, exports and development programs, fiscal revenues and government budget. External factors may still affect the stability of the financial system of Bahrain. For instance, the fossil fuel export in Bahrain reached up to 60% of the country's total exports, which indicates the great contribution of this sector to the economy.

Furthermore, the economic stability of Bahrain is crucial for its political stability, which is directly dependent upon its diversification efforts and oil prices. Hence, the liquidity and credit risk situation in Bahrain is affected due to regional and domestic political risks. After the year 2000, Bahrain has reduced its dependence upon oil, and now oil contributes only three-quarters of the government revenues (Woertz, 2018). Due to the lower oil prices, Bahrain has faced deficit in its current account, which has also raised the fiscal deficit and reduced the foreign reserves. Thus, there is no doubt that gas and oil sector perform an active role in the economy of Bahrain, considering its 19% contribution in the GDP. When Bahrain realized that the oil prices were reduced, it diversified the investment in other sectors as well including services, manufacturing, and finance.

III. RESEARCH METHODOLOGY

This research examines the impact of banking sector in Bahrain on the stability of the financial system in Bahrain i.e. commercial and Islamic banks. The banking sector is affected due to the fluctuations in the economy of the underlying country. The aim of this paper is to assess international investors, to identify the reasons as to why they are satisfied with the economy of Bahrain, and they can easily invest a considerable amount because there are limited restrictions in Bahrain and a new business can quickly enter in the market without facing any restriction.

IV. RESULTS

All the published research articles and books stated that, in the late 2000, the economy of Bahrain was entirely dependent upon the export of oil. However, the country was involved in other sectors afterwards. At present the country is not significantly influenced by the reduction of oil prices.

A decade ago, the economy of Bahrain was entirely dependent upon the exports of oil. However, since the country developed the other sectors as well, the reduction in oil prices only affected 25% of Bahrain's economy. The financial sector in Bahrain is currently strong, hence, provides more opportunities to the international investors as they can easily infiltrate the financial market. This development also helps the citizens, since the commercial and Islamic banks in Bahrain provide jobs to more than 50% of the population.

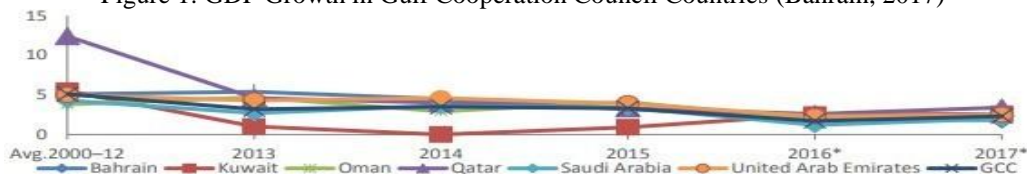
The other sectors developed include agriculture, manufacturing plants, construction and others, which directly and positively influenced the economy and help stabilize the financial system. When the government of Bahrain realized that with the continuous reduction in the prices of oil, the economy would be tremendously affected. Therefore, the economists guided the economy towards the right investments, so that it could release the economy from its dependence on oil. At first, Bahrain faced difficulties with these changes because it was entirely dependent on the export of oil before. But with the passage of time, the dependence on oil exports was reduced which led to the stable financial system of Bahrain. This stability easily attracted international investors, aside from the professional economists' idea to reduce the entry barriers.

V. DISCUSSION

There are 400 different local, regional and international licensed financial institutions in Bahrain. These financial institutions provide financial services that contribute 27% of the country's Gross Domestic Product. It was also observed that 80% of the workforce in Bahrain is employed in the financial sector. The complete financial system in the underlying country is supervised and regulated by the Central Bank of Bahrain, wherein the banking system includes Islamic and Conventional Banks. The primary purpose of Islamic banks is to offer products and services according to the principles of Sharia. At present, the current Islamic banks in Bahrain are comprised of 18 wholesale banks and 6 retail banks. On the other hand, the commercial banks have 36 different offices of overseas banks, 2 specialized banks, 69 wholesale banks, and 19 retail banks. According to a 2006 data, the assets of the banking sector reached \$180 billion, which was 12 times greater as compared to the annual GDP of the country (Bahrain.bh, 2018). The huge number and value of banks, regardless of classification, indicate the great influence of the financial sector to the economy of Bahrain.

From the year 2016, the stability of financial conditions in Bahrain was at stake. Lower inflation and interest rates created uncertainty in the economy. The ambiguity in the global financial markets increased when the United Kingdom departed from the European Union. In the second half of 2016, all the banks stay were well capitalized and profitable in Bahrain. Moreover, the impact of reduction in oil prices on the economy of Bahrain also influenced the stability of its financial system. In the same year, the energy prices in the member countries of the Gulf Cooperation Council (GCC) was reduced, which created uncertainty in their economy. As shown in Figure 1, the GDP growth in Bahrain in the year 2015 was 3.3% that was reduced to 1.8% in 2016. The main reason for the abridged GDP was the minimization in oil prices. In the following year, there was a reasonable increase in the GDP growth to 2.3% (Bahrain, 2017).

Figure 1: GDP Growth in Gulf Cooperation Council Countries (Bahrain, 2017)



One of the financial institutions in Bahrain is the Bank of China. This bank opened its first office in Bahrain. The agreement between other countries paved way for the entry of the Bank of China. For instance, the China Council and Bahrain Chamber of Commerce have signed an agreement that would help promote international trade between these two countries (Bahrain, Bahrain-China strengthens ties in financial services, 2015).

With these developments, several opportunities became available for the people in the Kingdom of Bahrain, while the international investors can also invest in the country's tourism, logistics, manufacturing, and financial sector. Hence, there is no doubt that the economy of Bahrain is the fastest growing economy in the world, which other countries can take advantage of through investments. Bahrain can now be regarded as the central and leading sector of Islamic finance.

The economy of Bahrain is diversified, and its financial sector is strong, which contribute to the domestic economy, employment and GDP of a country. When the foreign prices changed, the domestic prices in Bahrain provided a direct response, especially in terms of the prices of tradable goods. In addition, the domestic market conditions also created a direct impact on the non-tradable goods due to the supply shocks, capital movements, and fiscal and credit monetary policies. In order to increase the foreign investment, it is crucial for Bahrain to become financially stable. Through time, the financial system of the country stabilized in which the financial services in Bahrain contributed 25% in its GDP (Hossain, 2015). There are also several Islamic financial institutions in Bahrain: 19 Islamic

insurance companies and 6 Islamic banks. From 2000 to 2009, the number of financial institutions in Bahrain tremendously increased from 1.8% to 11%.

Table 2 has revealed the number of shares of different sectors in Bahrain from December 2015, June and December 2016. In June 2016, there was an accounted reduction in the number of shares due to the decrease of oil prices, which also influenced the stability of financial systems in Bahrain. Later, in December 2016, the shares of commercial banks in Bahrain reached 79.1%, which had a positive contribution in the economy of the underlying country. Aside from these, the number of transactions increased in the last quarter of 2016: There was a total of 1163 transactions including 127 transactions for investment, 272 transactions for service sector and 690 transactions for commercial banks. Since the transactions of commercial banks in June 2016 were only 286, this paved way for the decline in the economy of Bahrain. As shown in the table below, as compared to the other sectors in Bahrain, the commercial banks was the leading sector in terms of the number of transactions and distribution of shares. Hence, it can be concluded that the economy of Bahrain is dependent upon the performance of its banking sector.

Table 2: Distribution of shares of the different sectors in Bahrain

Sector	December 2015	June 2016	December 2016
Hotel and Tourism	1.5	3.6	0.04
Industrial	1.6	2.4	0.1
Services	6.9	40	2.1
Insurance	0.3	0.9	17.5
Investment	5	12.4	1.11
Commercial Banks	84.7	40.7	79.1

VI. CONCLUSION

Due to its paramount performance, the ranking of the financial system in Bahrain is B+. The Central Bank of Bahrain even stated that the banking sector also helps in capitalization and liquidity. The stability of the financial system and business environment was aided by the monetary policy in Bahrain. Thus, when the oil prices declined in Bahrain, it was not affected. However, it remained as the primary source of income for the country. Aside from these, there were foreign direct investments in the year 2016 that reached \$280 million, which further increased in 2017 amounting to \$695 million.

Furthermore, it was observed that the primary customers of financial institutions are business enterprises and households. They not only deposit the amount of money in banks, but they also use the products and services offered. From this data, it could be assumed that the performance of financial systems is directly dependent upon the financial condition of its customers. With the help of the Central Bank of Bahrain, whose main objective is to confirm the stability of financial systems, a strong financial sector was achieved.

Another proof that the financial system in Bahrain is stable is the fact that, despite the different shocks in its economy, the financial sector maintained its stability. At the same time, it also contributes positively to the development, employment rate and economic growth of Bahrain. Due to the fast growth of the Islamic finance industry, the financial institution also helps the economy in its success. The economic professionals also used liquidity management tools, which provided strength to the Islamic finance industry in Bahrain. The country's market is competitive and with a low-cost environment, which provides support to businesses to perform their functions successfully. The world investment report for the year 2015 supports this claim, which revealed that the foreign direct investment in Bahrain reached \$957 million or 55.4% of the GDP. Worldwide, Bahrain is a market leader in terms of the Islamic financial institutions. The introduction of Islamic finance in 1970 provided a firm support and aided in the economic growth of the country.

VII. RECOMMENDATIONS

The financial system in Bahrain is very robust and provides a positive contribution to the growth of the economy. The government of Bahrain has an option to expand the economy by reducing the restrictions on banking sectors. When other countries discovered the limited restrictions, they will invest their money in Bahrain, which will further increase the success of a country. Hence, when entry barriers are reduced, new banks can easily infiltrate the market of Bahrain and create more employment opportunities for its citizens. This, in turn, will reduce the poverty level, and improve their standard of living, considering that 80% of the working people in Bahrain are employed in the banking sectors. Despite Bahrain being an Islamic country and the main focus is to provide more Islamic financing services to its people, there is no vast difference between the performance of Islamic and commercial banks.

According to the report of Central Bank of Bahrain (CBB), the financial systems provide direct support to the economy due to which the economy of Bahrain is strong. Although there was a reduction in oil prices, the condition

of the economy remained the same. If there will be more challenges in the stability of financial systems, the external liquidity of Bahrain will become weak, which also increases the financial risk. In order to become competitive in the market, the CBB tried to fix the exchange rate with the US Dollars, so that the currency of Bahrain will remain the same. To further improve the situation, it is suggested that the government of Bahrain should adopt effective initiatives that will help reduce the fiscal imbalances and provide strength to the business environment and investment. With the best initiatives, the growth of the non-oil sector increased from 4% in 2016 to 4.7% in 2017, which could still be improved in the future.

VIII. LIMITATIONS OF THE STUDY

The research problem in completing the study was the unavailability of information due to the inadequacy of the information provided in the accessed books, articles, and research papers. Therefore, a more comprehensive and encompassing publications regarding the financial systems in Bahrain is needed.

IX. BIBLIOGRAPHY

- [1] Abduh, M., 2012. A Study on Finance-Growth Nexus in Dual Financial System Countries: Evidence from Bahrain.
- [2] Alawode, A.A., 2008. What is Financial Stability? Central Bank of Bahrain, pp.16-17.
- [3] Alodayni, S., 2016. Oil Prices, Credit Risks in Banking Systems, and Macro-Financial Linkages across GCC Oil Exporters. International Journal of Financial Studies.
- [4] Bahrain.bh, 2018. Banking and Finance. [Online] Available at: [HYPERLINK "https://www.bahrain.bh/wps/portal!/ut/p/a1/pVLLbsIwEPwVOHCMvHHsPI4uUFpKR"](https://www.bahrain.bh/wps/portal!/ut/p/a1/pVLLbsIwEPwVOHCMvHHsPI4uUFpKR)
<https://www.bahrain.bh/wps/portal!/ut/p/a1/pVLLbsIwEPwVOHCMvHHsPI4uUFpKR> .
- [5] Bahrain, C.B.o., 2015. Bahrain-China strengthens ties in financial services.
- [6] Bahrain, C.B.o., 2015. Financial Stability Report. [Online].
- [7] Bahrain, C.B.o., 2017. FINANCIAL STABILITY REPORT.
- [8] Books.google.com, 2008. The Report Bahrain. Oxford Business Group.
- [9] Citizensforbahrain.com, 2015. How will depressed oil prices impact Bahrain's economy? [Online] Available at: [HYPERLINK "https://www.citizensforbahrain.com/index.php/entry/how-will-depressed-oil-prices-impact-bahrain-s-economy"](https://www.citizensforbahrain.com/index.php/entry/how-will-depressed-oil-prices-impact-bahrain-s-economy)
<https://www.citizensforbahrain.com/index.php/entry/how-will-depressed-oil-prices-impact-bahrain-s-economy> .
- [10] Enoch, C., 2006. Kingdom of Bahrain: Financial System Stability Assessment. International Monetary Fund.
- [11] Group, W.B., 2015. IMPROVING THE QUALITY OF FINANCIAL INTERMEDIATION IN THE GULF COOPERATION COUNCIL (GCC) COUNTRIES. Finance & Markets Global Practice .
- [12] Hossain, A.A., 2015. Central banking and Monetary policy in Muslim Majority Countries. USA: Edward Elgar Publishing Limited.
- [13] Husain, A.M., 2017. ENSURING FINANCIAL STABILITY IN COUNTRIES WITH ISLAMIC BANKING. Washington D.C: International Monetary Fund.
- [14] Molyneux, P., 2005. Banking and Financial Systems in the Arab World. New York: PALGRAVE MACMILLAN.
- [15] Oxford business group, 2018. Bahrain's banking sector remains stable despite fluctuations in the regional market. [Online] Available at: [HYPERLINK "https://oxfordbusinessgroup.com/overview/demonstrating-resilience-sector-remains-stable-despite-fluctuations-regional-market"](https://oxfordbusinessgroup.com/overview/demonstrating-resilience-sector-remains-stable-despite-fluctuations-regional-market)
<https://oxfordbusinessgroup.com/overview/demonstrating-resilience-sector-remains-stable-despite-fluctuations-regional-market> .
- [16] Woertz, E., 2018. Bahrain's Economy: Oil Prices, Economic Diversification, Saudi Support, and Political Uncertainties. CIDOB.
- [17] writer, S., 2016. Bahrain says dependence on oil revenues slashed in 2015. [Online] Available at: [HYPERLINK "https://www.arabianbusiness.com/bahrain-says-dependence-on-oil-revenues-slashed-in-2015-628834.html"](https://www.arabianbusiness.com/bahrain-says-dependence-on-oil-revenues-slashed-in-2015-628834.html)
<https://www.arabianbusiness.com/bahrain-says-dependence-on-oil-revenues-slashed-in-2015-628834.html> .