



اَوْبُوْرَسِيْتِي تِيْكُوْلُوْ كِي مَبَارَا

**UNIVERSITI TEKNOLOGI MARA
CAWANGAN KELANTAN**

**“A STUDY ON TECHNICAL EFFICIENCY OF ISLAMIC BANKS
BEFORE AND AFTER FINANCIAL CRISIS USING DATA
ENVELOPMENT ANALYSIS (DEA): EVIDENCE FROM MENA
COUNTRIES”**

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DECLARATION OF ORIGINAL WORK

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Hereby, declares that:

- This work has not previously been accepted in substances for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees.
- This project paper is the result of our independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature : _____

Signature : _____

Date : _____

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ACKNOWLEDGEMENT

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

“In the name of Allah, The Most Gracious and Peace be upon His Messenger,
The holy Prophet Muhammad SAW”

Glory to Allah S.W.T., the most gracious, the most merciful and peace to upon his messenger Holy Prophet Muhammad SAW the adoration belongs to only Allah S.W.T.

Alhamdulillah, we are overwhelmed to complete this report. It has been the most lucrative and profitable experience to have been talented to do this research. We would foremost extend our sincere gratitude to all those efforts, which facilitated the completion of this project paper.

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Our hope is that this research is expedient and advantageous, as for guidelines for us and future generation.

Thank you.

Mohamad Ilham Bin Mohammad Rosdi

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ABTRACT

Purpose- The purpose of this study is to examine the technical efficiency of the Islamic bank in MENA countries before and after financial crisis using Data Envelopment Analysis (DEA). The study measures and compares the level of efficiency of the Islamic Banks in MENA countries in experiencing before and after financial crisis from the 2004 to 2010.

Design/ Methodology/ Approach- There are 14 countries to be measure in MENA. The study uses data envelopment analysis (DEA) to measure the relative efficiency of the selected banks in intermediating inputs into outputs. The study the analyses the difference in the average efficiency score of the before and after financial crisis which is 2004 until 2006 are before financial crisis while 2007 until 2010 are after financial crisis.

Finding- This study found that the performance of Islamic Banks in MENA countries is outperformed in technical and pure technical efficiency measures.

Research limitations/Implications- This study may be extended in various ways. Since, this study only covers a sample period of seven years which are 2004 to 2010, thus future research might cover more sample periods. Further studies could also take a bigger sample size by including broad sample size such as Asia countries.

Originality/values- This study identified the most and least efficient of 14 countries in MENA regions before and after financial crisis and the finding could be useful to regulators and the banks as a benchmark in operating the financial industries. This study may also improve the awareness among the least efficient banks to initiate the proactive measures in order to be sustainable in the industry.