

[< Back to results](#) | 1 of 1[Export](#) [Download](#) [Print](#) [E-mail](#) [Save to PDF](#) [Add to List](#) [More... >](#)Al-Shajarah  
Volume 2018, Issue Special Issue, 2018, Pages 111-134

## Efficiency measurement of islamic and conventional banks in saudi arabia : An empirical and comparative analysis (Article)

Khan, M.N., Amin, M.F.B., Khokhar, I., Ul Hassan, M., Ahmad, K.

### Abstract

[View references \(32\)](#)

Saudi Arabia, beside Malaysia and many other Muslim countries, is one of those countries where Islamic and conventional banking operate in parallel. Over the last decade, the country's banking industry is growing at rapid pace that accounts for the largest share in GCC. The present study measures and compares the performance of Saudi conventional and Islamic banking industry and identifies the areas where the strategic measures are required to improve the banking performance. It applies non-parametric Data Envelopment Analysis (DEA) for the data from 2008-2016 of Saudi banking industry and provides comprehensive empirical results at individual bank vis-a-vis industry levels. The empirical results demonstrate a mix trend among the banks in achieving technical, pure technical and scale efficiency. It is observed that with the common pledge to expanding market share and performance, both conventional and Islamic banks have been successful in improving their levels of efficiency. At individual bank level, Al-Rajhi is the only bank that has achieved the highest score in terms of technical, pure technical and scale efficiency, while in the conventional banking group, both Saudi Hollandi and National Commercial banks are found on the top position. Despite the growth of incomes and deposits of entire banking industry in Saudi Arabia, this study particularly recommends for the Islamic banks to redirect their short term and long-term marketing strategies and to focus on improving their management skills at the branch level. © 2018, International Islamic University Malaysia. All right reserved.

### SciVal Topic Prominence ⓘ

Topic: Banks | Banking | bank efficiency

Prominence percentile: 96.191 ⓘ

### Author keywords

Bank Performance   Data Envelopment Analysis   Efficiency Measurement   Islamic finance  
Saudi Banking Industry

### Funding details

Funding sponsor	Funding number	Acronym
King Saud University		
Canadian Bar Association <a href="#">See opportunities ↗</a>		

### Funding text

The authors would like express their gratitude to the Dean of Scientific Research at the King Saud University, represented by the Research Centre at the College of Business Administration (CBA), for supporting this research financially.

### Metrics ⓘ

0 Citations in Scopus

0 Field-Weighted Citation Impact



### PlumX Metrics

Usage, Captures, Mentions, Social Media and Citations beyond Scopus.

### Cited by 0 documents

Inform me when this document is cited in Scopus:

[Set citation alert >](#)[Set citation feed >](#)

### Related documents

Measuring the performance of islamic banks in Saudi Arabia  
Hassan, M.-U., Khan, M.N., Amin, M.F.B.  
(2018) *International Journal of Economics and Management*

Efficiency analysis of Islamic banks in Pakistan

Majeed, M.T., Zanib, A.  
(2016) *Humanomics*

Banking efficiency in Egypt: An application of data Envelopment

Jreisat, A., Hassan, H.  
(2016) *International Journal of Economics and Business Research*



View all related documents based on references

Find more related documents in Scopus based on:

[Authors >](#) [Keywords >](#)

References (32)

[View in search results format >](#)

All [Export](#)  [Print](#)  [E-mail](#) [Save to PDF](#) [Create bibliography](#)

- 
- 1 Fare, R., Grosskopf, S., Lovell, C.A.K.  
(1985) *The Measurement of Efficiency of Production*. Cited 1102 times.  
Boston, Kluwer Academic Publishers
- 
- 2 Al-Faraj, T., Alidi, A., Bu-Bshait, K.  
Evaluation of bank branches by means of data Envelopment Analysis  
(1993) *International Journal of Operations & Production Management*, 13, pp. 45-52. Cited 65 times.
- 
- 3 Al-Faraj, T., Bu-Bshait, K., Al-Muhammad, W.  
Evaluating the efficiency of Saudi commercial banks using data Envelopment analysis  
(2006) *International Journal of Financial Services Management*, 1 (4), pp. 466-477. Cited 6 times.
- 
- 4 Al-Jarrah, I.M.  
The use of DEA in measuring efficiency in Arabian banking  
  
(2007) *Banks and Bank Systems*, 2 (4), pp. 21-30. Cited 3 times.  
[http://businessperspectives.org/journals\\_free/bbs/2007/BBS\\_en\\_2007\\_4\\_Al-Jarrah.pdf](http://businessperspectives.org/journals_free/bbs/2007/BBS_en_2007_4_Al-Jarrah.pdf)
- 
- 5 Mostafa, M.M.  
Modeling the efficiency of top Arab banks: A DEA-neural network approach  
  
(2009) *Expert Systems with Applications*, 36 (1), pp. 309-320. Cited 57 times.  
doi: 10.1016/j.eswa.2007.09.001  
  
[View at Publisher](#)
- 
- 6 Emrouznejad, A., Anouze, A.L.  
A note on the modeling the efficiency of top Arab banks  
  
(2009) *Expert Systems with Applications*, Part 1 36 (3 PART 1), pp. 5741-5744. Cited 13 times.  
doi: 10.1016/j.eswa.2008.06.075  
  
[View at Publisher](#)
- 
- 7 Al-Muharrami, S.  
An examination of technical, pure technical and scale efficiencies in GCC banking, American  
(2008) *J. Finance and Accounting*, 1 (2), pp. 152-166. Cited 12 times.
-