

MIROSLAV MATEEV**American University in the Emirates, United Arab Emirates****REGULATION, OWNERSHIP AND BANK PERFORMANCE IN THE MENA REGION: EVIDENCE FROM ISLAMIC AND CONVENTIONAL BANKS****Abstract:**

This paper investigates the impact of regulation and ownership on the performance of banks in 19 countries in the Middle East and North Africa (MENA) region, over a period of 11 years (2005 - 2015). We test the hypothesis that the effect of regulation on efficiency and profitability depends on the type of bank ownership. We find capital regulation to have a strong impact on a bank's efficiency, but this effect does not depend on the level of ownership concentration of the bank. In line with previous empirical studies, we find that the impact of regulatory measures on bank profitability does not depend on bank ownership type. We also investigate whether the impact of regulation and ownership is different between conventional and Islamic banks, and find that the interaction effect of bank regulations and different types of ownership on a bank profitability is strongly significant only in the sample of Islamic banks. The analysis of bank performance before and after the recent global financial crisis reveals that bank regulations have no influence on cost efficiency of a conventional bank either before or after the crisis; however, the impact of regulations on an Islamic bank's efficiency is strongly significant in the full sample period and the post-crisis period.

Keywords:

global financial crisis, ownership, bank regulation, efficiency, profitability

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