**Handbook of Banking and Finance in the MENA Region**

The Handbook adds to the growing trend promoting Islamic banking and finance. It offers a number of suggestions and recommendations to policymakers and financial institutions on issues related to digitalization of financial activities, green finance, capital adequacy, liquidity risk, IPO valuation, and the effect of corruption on financial efficiency. The handbook is divided into three parts as a way of providing preliminary insights on various meso and macro factors associated with Islamic banking and finance sector in the Middle East and North Africa (MENA). These three parts comprised three chapters related to new advancements in finance and banking, eight chapters on banking sector contributions to the MENA region, and four chapters on macroeconomic factors and financial development.

The first part discusses the importance of digital banking (Ch.1), green finance (Ch.2) and fintech (Ch.3) to the Islamic banking and finance industry in MENA region. Chapter 1 introduces how the spread of internet access to remote places in multiple devises such as laptops, tablets, smartphones and wearables has transformed customers banking preferences to demand more services in digital formats. The chapter concludes that digitalization has positive social and economic impacts and encourages financial institutions in the region to invest steadily in intellectual capital especially human talent which is claimed to be weak in the Middle East. Chapter 2 presents a literature review on the concept of green finance, summarises the development of green finance in the MENA region and the challenges facing the implementation of green financing initiatives. As for the concept, the chapter referred to it as an innovative economic model and a framework emphasizing effective resource allocation and reduction in environmental risk through four economic polices: green credit, securities, insurance and investment. The chapter conducted a systematic literature review of studies between 2013 and 2022 and concluded that green finance can be achieved through implementation of various carbon emission proposals to be financed by Islamic financial institutions and governmental sustainability programmes. Chapter 3 argues on the importance of the application of new technologies (fintech) to revolutionise the financial services sector. The chapter notes that fintech start-ups have expanded in some MENA countries providing access to finance for those who were unable to secure finance in the traditional way. Despite the expansion in some MENA countries, the chapter highlights restrictions in other countries such as in Morocco which do not allow start-ups to compete with traditional financial institutions but only to complement them in order to improve financial inclusion.

The second part begins with Chapter 4, which assesses the effect of the civil war on banks profitability (ROA and ROE) between 2007 and 2018. The findings highlight the presence of behavioural changes in profitability determinants across the two periods. Chapter 5 examines the impact of surprise news of new, confirmed and death cases of COVID-19 on financial market volatility in MENA countries. Using GARCH to incorporate the surprise components in the estimated model during the periods between 1 January 2019 and 31 December 2020, the findings show the volatilities of the stock indexes of the MENA zone to reach significant peaks during the first three months of 2020. Particularly, the stock indices in Lebanon and Tunisia were significantly impacted by the announcement of new COVID-19 cases, while stocks in Saudi Arabia, Morocco and UAE were more affected by the death cases of COVID-19. Chapter 6 discusses the challenges of financial development in the MENA region and the importance of effective corporate governance to overcome some of highlighted challenges. Chapter 7 describes the development and structure of the banking system in Oman between 1970 and 2020. It also highlights the recent banking sector performance and the effect of COVID-19 on banks' profitability and non-performing loans. Chapter 8 proposes a framework that captures the level of financial inclusion at the individual bank level based on the four perspectives of the balanced scorecard. Chapter 9 assesses the independence of prices of goods, services and short-term interest rates in Egypt from European Union and the United States. The chapter concludes that Egypt's products and services markets and monetary policy are completely independent from the EU and USA. Chapter 10 analyses the impact of IFRS 9 on the effect of non-performing loans (NPLs) together with loan loss provisions (LLPs) on capital adequacy ratios (CARs). The sample comprised banks from the Gulf for the period 2012 to 2021. The findings show that the application of IFRS 9 does not significantly influence NPL enough to affect the performance of CAR and that LLP has negative impact on CAR. However, NPL has positive effect on LLP and CAR.

As for part three, Chapter 11 examines bank's liquidity risk based on Basel III (liquidity framework guidelines) for 124 banks operating in MENA region between 2014-2021. The findings show that net stable funding ratio (NSFR) has a positive impact on financial stability, but the stability is negatively impacted by NPLs, diversification, bank size and business cycle. The chapter supports the efforts of Basel to enhance liquidity risk management through the NSFR guidelines. Chapter 12 reviews the existing literature on financial reporting, investors' reactions toward bad financial news and the moderating effect of investor's sentiments such as termination of loss-making projects, share price fluctuation and firm's image. The chapter concluded that there is a significant relationship between intention and reaction of investors upon receiving the news. Chapter 13 discusses the Egyptian regulatory framework of the initial public offering (IPO) process and the listing on the Egyptian exchange for the period between 2016 and 2022. The chapter reviewed 19 prospectuses and observed common valuation practices of the financial advisors and noted that they apply the discounted free cash model to identify the stock fair value and that most offering prices of IPOs are adjusted downward to avoid overpricing. Chapter 14 assesses the effect of corruption on the relationship between financial development and economic complexity in 21 MENA countries for the period between 1995 and 2020. The chapter concluded that corruption worsens the effect of financial access, and the depth and efficiency of economic complexity. Chapter 15 identifies the factors that promote financial inclusion in the MENA region for the period between 2004 and 2020. These factors include GDP per capita, the percentage of money supply, the number of internet users and consumer price inflation. The findings show that GDP per capita (i.e. income), money supply (financial sector development) and the number of internet users all have positive effects on financial inclusion in the MENA region, while consumer price inflation has no effect.

Overall, the handbook provides insight on some of the current issues faced by financial institutions in the MENA region. However, the widely dispersed topics ranging from bank to macroeconomic levels only focused on some countries in the MENA region, thus cannot be generalised as the socio-economic development varies across the region. It would have been helpful if the parts are divided based on various countries in the MENA region. This will provide better insights on the development of Islamic banking and finance in each country and the issues and challenges faced by each of those countries.

Another weakness in some of the quantitative studies includes lack of clarity in defining factors in the analysis, excessive usage of acronyms and lack of discussion and implication. Another weakness is that different authors used different terminology in similar chapters. This may confuse readers not familiar with the different terminologies but addressing the same thing, hence consistency in the spelling, terminologies and acronyms throughout the book would be helpful to enhance readability.