The Efficiency of Liquidity Management in Islamic Banks
(Conservative vs. Profit)

Professor Abdul nafea AL Zararee (PHD)
Head of finance and banking department
Administrative and financial Sciences, Philadelphia University
Amman, Jordan
aalzarai@philladelphia.edu.jo

And
Dr. Jasim Al faris (Mosul University-Iraq)

ABSTRACT

The aim of this paper is to explain and examines the liquidity efficiency in Islamic Banks. The paper attempts to bridge the gap in the empirical literature on Islamic Banks by building model to measure liquidity efficiency, where measurement of liquidity management efficiency helps in the planning of liquidity, besides it helps in the anticipation of liquidity needs and also to build defensive intervals. This procedure well helps the Islamic banks to know exactly the needs of liquidity for building profit and to avoid the liquidity risk at the same time.

The core of present paper is the question of whether the liquidity management in Islamic banks is efficient or not, the primary dependent variable is the z-score as a measurement of Islamic banks liquidity management soundness.

Keywords: Islamic Banks; liquidity management; efficiency; measure model.