

THE EFFECT OF COVID-19 VIRUS ON BANKING EXECUTION

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A B S T R A C T	KEY WORDS
<p>This paper evaluates the outcomes of the Covid-19 epidemic on Europe, Asian banks and countries with oil as well it reviews bank stock bills from all over the world in order to evaluate the effect of the Pandemic on the banking productiveness. In addition, it studies the influence of finance sector strategical declarations on the working of bank stocks. Generally, the outcomes indicate that the predicament and the countercyclical offering task that banks are anticipated to act have put banking schemes under substantial strain, with bank stocks underachieving their local marketplaces and other non-banking financial companies. Policy initiatives have had varying degrees of success. Recently, the banking schemes has adjusted constantly – it has been reinvented to preserve with customer prospects and the requisite for cost decreases. The Epidemic has hastened digitalization in the banking scheme though, the necessity for innovation and digital plans have been an significant element in banking even before the Epidemic.</p>	<p>Banking performance, Banking systems, Impact of Covid-19.</p>

1. Introduction

The coronavirus pandemic differs from previous pandemics in that globalization and interconnectedness between countries play a crucial role in this outbreak. (*Mas-Coma, et al, 2020*). Nevertheless, the infection is spreading at a much quicker ratio at the moment. While globalization has a beneficial effect on employment and economic development, a huge number of confirmed COVID-19 cases has a detrimental impact may manifest itself during a pandemic disease (Farzanegan, et al .2020). Almost every country in the world has been affected by the pandemic, which has spread fast and put straining on health and economic systems. The influence of this Epidemic might be larger than that of the previous calamity, but it is still too

hasty to tell. It has disrupted many financial and affected firms and families, as well as the related vagueness. In March 2020, the United States Treasury market likewise revealed anxiety. Commercial bond markets and money market capitals were also sternly stressed. Most importantly, financial markets fast regained.

Banks are a vital economic pillar, and the managing performs they employ have an effect on the economy's retrieval amid the Epidemic. Banks have a substantial part in the economy since they support local and foreign trade. Any major disturbance in this system would underlay bad consequences on the entire society. Trust is essential to the smooth running of the monetary system and the economy in this sector. (van Esterik-Plasmeijer, 2017).

The banking system has always been at the core of crises. Yet, Because we are treating with a dilemma relating universal health concerns, the crisis has a distinct impact. In previous crises, banks were considered to be part of the issue, but this time, however, they are considered part of the solution. This approach reinforces the importance of banks in the COVID-19 crisis, and bank initiatives are impacting the economy as a whole. The outbreak has completely changed the world economy and has had a significant impact on the majority of businesses. The banking system is critical in this situation because it is essential from the economic point of view. The banking system has continued to change in recent years — It has been rebuilt to meet client requirements as well as cost-cutting demands. The Pandemic has pushed the banking industry's digitalization, although the need for innovation and digital policies was an aspect in the banking industry prior to the pandemic.

Moreover, Banks are a crucial economic leader, and their management strategies have affected the post-pandemic recovery of the economy. Banks play an important role in the economy by facilitating domestic and international commerce. The global banking system is expected to be strained as a result of the crisis and banks' countercyclical advancing role., having various impacts dependent on their features and pre-crisis vulnerabilities (Demirguc-Kunt, 2020). Henceforth, the current study set forward the following questions:

- How has the world economy was impacted by the COVID-19 outbreak.?
- What are the fruitful methods that banks were taking for confront the Pandemic?
- How have the banks' performance changed before and after COVID-19?

Besides, the descriptive study is taken in this research paper. Descriptive research is research in which information is collected without affecting the environment.

2. Study Objective:

The purpose of this article is to explore banking strategies used during complicated crises in oil-producing countries, as well as in Europe and Asia, with an emphasis on the current Pandemic. It compiles the available information and correlates publicly available documents on the banking sector's response to COVID-19. It is a question of how the banking sector can cope with complex crises and how complex crises challenge banking management practices. Furthermore, this paper will look at how the banking system was before and after COVID-19. The study examines whether the banking system was stronger and better constituted before the Pandemic, as well as recapping the lessons learnt from the last crises.

In the present study, the database was built by doing a thorough search for all relevant material on the financial system implications of the COVID-19 pandemic. The information was collected by reading scientific journals, company audit reports and expert opinions to answer the expected questions. A literature search was carried out using the following keywords to categorize these articles: Pandemic of COVID-19, banking methods, crisis, and financial catastrophe, performance.

This page provides readers with the latest recent information about the Pandemic's economic impact, notably the banking system. Articles were chosen, and then a decision was made on which ones to include in the analysis based on the abstracts, articles, and notes taken. A set of twenty-five articles is collected and only relevant articles were selected for the study. We selected articles for this paper based on our aims and research questions, and then created an overview of the most noteworthy works on the topic, as shown in Exhibit 1:

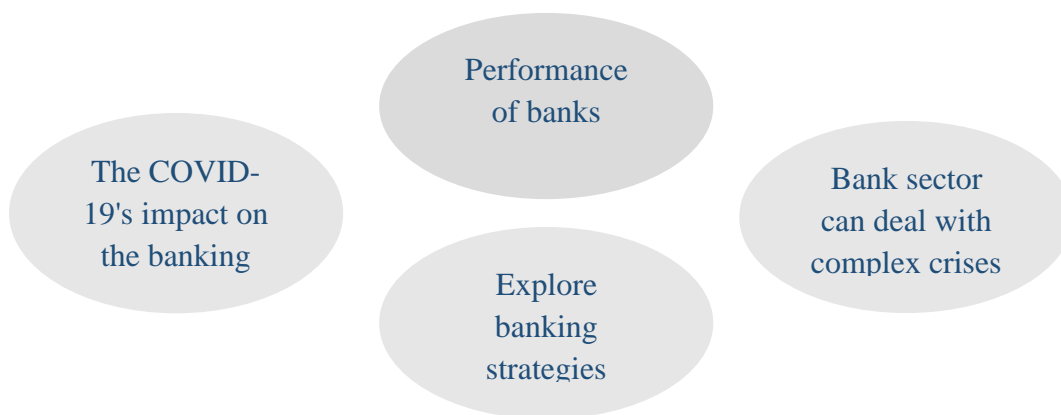


EXHIBIT 1: Topics of previous literature

Literature Review

Regarding the notion of banking performance, The achievement of the firm's objectives within the agreed-upon time period and at the lowest feasible cost while employing current finances is referred to as results. For example, the performance of an administrator may be described as "profitability" or "competitiveness" for the business or employee, the work environment or the client's satisfaction with the services provided. The variety of alternative methods stemmed from the concept dictated by the multiplicity of groups that comprise an organization. Profitability Ratios as a Bank's Performance Measurement Tool Several writers have defined corporate financial performance using both ROA and ROE measures..

While for Asset's Return, this inconstancy indicates funds rent-ability used and expresses the ability of these funds to deliver a specific level of operating profits. As many authors, including Adams and Santos (2005) as well as Eisenberg et al., have employed this measurement (Eisenberg, 1998). The ROA computation measure that will be used throughout the survey is:

$ROA = \text{net income} / \text{total assets}$

Return on Equity: The financial profitability coefficient is another name for this ratio. It is recognised as one of the most common financial indicators used to assess banks' performance. It shows the role played by equality in achieving the desired objective. It quantifies, in a way, the investor's level of return, meaning that the higher it is, the more efficiently the money allocated

is used to produce a good result. Numerous writers, including Bouri and Bouaziz, have employed this performance metric (2007).

Efficiency as a Tool for Measuring Bank Performance Efficiency is defined as an internal measurement of business performance; it is typically evaluated by cost, production, income and it is measured by the number of funds required to generate an entity of products or services (Johansen and Schole, 1997). In other words, it is the capacity to utilize as few resources as feasible to attain a certain degree of efficiency. It evaluates the lack of waste in resource utilization. Therefore, efficiency assesses banks' productive performance as well as their financial performance.

Yet, the character of what is operative determines its efficacy. It is the ability to achieve the desired or expected result with a view to achieving the goal. Objectives may be divided into one or several categories, such as time, number, cost, quality and cost-effectiveness. Effectiveness is also a characteristic of a person who successfully completes a task and achieves established goals. Efficacy is one of the attributes used by managers to assess employees in the workplace.

two non-parametric approaches Bourke (1989) investigated the performance of banks in twelve European, North American, and Australian nations from 1972 to 1981. He found that concentration, liquidity, inflation and size all had positive impacts on the performance and profitability of banks. Molyneux and Thornton's (1992) study replicates Bourke's methods (1989). Between 1986 and 1989, they investigated the factors of banking performance in eighteen European nations. Bourke's observations were validated by the outcomes.

To date, a profitability survey of 584 national and international commercial banks working in the 15 European Union countries from 1995 to 2001 using the Average Asset Yield (ROAA). The results indicate that the profitability of local and foreign banks within the European Union is influenced by the bank's unique characteristics (volume, capital adequacy, administration effectiveness), the organisation of money markets and macroeconomic conditions (inflation and real GDP growth) (Pasiouras & Kosmidou, 2007).

In addition, between 1985 and 2001, Athanasoglou et al. (2008) studied the impact of bank, industry and macro-economic variables on the profitability of Greek banks. Apart from the size of the banks, all bank-specific determinants have had a significant influence on the profitability of the banks, the assessment concludes that the profitability of the banks is not affected by concentration and ownership.

3. Covid-19 Impact on Banking System

As it is displayed in the below Exhibit 2:



EXHIBIT (2): The pandemic's impact on the banking sector (After, Sylwester Kozak, 2021)

This disease has the same global economic impact as a major banking crisis, producing uncertainty, increasing poverty and shutting down most commercial operations. Banking crises are often associated with a temporary but severe reduction of economic development and prosperity. It is essential to point out that in the year following the financial crisis, economic growth has fallen considerably, with negative repercussions on the economy for years, which means that the previous banking crises now have major economic consequences. Furthermore, Europe is on the risk of collapsing. The COVID-19 crisis increased the sense of urgency, reiterating Jean Monnet's warning that Europe would be put to the test during a crisis (Kenny, S., Lennard, J., & Turner, J. D., 2020).

The banking sector is changing and playing an important role in the economy by providing services that affect people's everyday lives. Banks provide financial stability and security to individuals and families. Savings are encouraged and invested in ways that assist the economy expand when the banking sector is robust. It's a trying moment that has ramifications not simply financially but also psychologically. (Ventriglio, A., et al, 2020). The fact that the job offer now outnumbers the need is one of the most fundamental developments brought about by the COVID-19 outbreak. However, in this situation, firms must operate with prudence, consideration of the problematic social climate as well as the close psychological climate (Pinzaru, F. et al.2020). Furthermore, the pandemic is having an effect on stock market indices in general.

During this time of predicament, banks play an important role in helping the population cope with the pandemic by aiding the government, small and big businesses, and individuals. Banks need to adapt to the challenges of the COVID-19 pandemic to help build resilience for businesses, individuals and others. However, the effectiveness of a bank-supported economic recovery is dependent on banks' resilience and financial soundness. Default loan losses and higher RWA will reduce bank capital (McKinsey & Company.,2020).

The COVID-19 pandemic has impacted many aspects of the banking sector, including their operations, new operations and procedures. Because of the vital importance of banking, they have been unable to close every branch and ensure people have access to financial resources. About a quarter of bank branches in many countries and territories have closed due to employee security, staff shortages and a decline in general trade during the epidemic. Many of the other 75% are working fewer hours and have fewer people. (KPMG, 2020b). They must concentrate on the plan that will define their destiny despite all of the concerns swirling around them. As a result, they must prioritise survival concerns in their business continuity planning, Changing Branch Hours, Staff Mix and Hours, Moving Appointment Only Branch Visits and Temporarily Closing Select Branches are just some of the options available (PwC, 2020b). All of these changes in how they function will surely affect the financial sector's future.

Banks with significant loan publicity, Specifically, export industries and small businesses can see their regulation rates increase significantly during or after the outbreak (Barua, B.,2021). Another factor to be evaluated is the borrower's performance and ability to meet their loan obligations (*Disemadi, H. S.,2020*). Many people have faced financial difficulties as a result of the COVID-19 epidemic, which can affect the performance of banking systems.

The COVID-19 pandemic could be the most significant financial sector threat in recent history. It has caused the world to shift toward banking to continue normal transactions such as paying

bills, buying groceries, and shopping for goods. The banking industry has adjusted some of its old practices and is now looking for new ways to make life easier for clients (*Naeem, et al.2021*). Additionally, the development of new payment methods has benefited from the use of the internet and banking applications. Online banking and payments are a quick and easy way to conduct business. This speedier digitalization will continue to grow, especially because uncertainty is strong right now, and major banks are better prepared for a significant drop in loan volume than traditional or conventional banks, which are more susceptible. (*Tarazi, A., 2020*). Because technology advancement and digitization make financial services more available to customers, customers respect a need-based sales strategy. The willingness of a bank to innovate has favorable effects on purchasing intentions (*Yip, et al. 2018*). Banks must emphasise digital transformation and transfer of traditional banking services under these circumstances, as this does not happen on its own.

According to Capgemini's World Retail Banking Report 2020, digital banking services are now preferred by 57% of clients, up from 49% prior to the epidemic. The financial industry, on the other hand, will take time to modify and reform. Some people feel that new trends and technology will eventually replace current banks, while others believe that technology will help and improve existing financial institutions. The entire banking sector, on the other hand, will make the shift to a more integrated and digital organization. Banks must continue to develop these techniques, as the trend toward digitization has reached previously unreceptive demographics, such as the elderly or people living in remote areas. Asian banks are a fantastic illustration because of this since they have hastened the launch and growth of digital consumer services while avoiding severe customer communication issues (*Dahl, J.,2020*).

Furthermore, liquidity risk assessments appear to be reduced when liquidity assistance measures are implemented. When liquidity support measures were announced, smaller banks and governmental entities also reported huge anomalous profits. has favorable effects Access to central bank refinancing and attempts to address bank funding shortages appear to have had a calming effect on markets during the crisis, as evidenced by the bank stock outperformance surrounding these events. Negative abnormal returns in bank equities, on the other hand, are linked to countercyclical prudential actions. Banks can drain some of their reserves according to prudential measures. They also convey clearly how determined officials are to lessen the pandemic's financial toll. But the fact that bank stock values decline whenever these measures are discussed suggests that they will be put into practice (*Claessens, S., 2005*).

At the end, the outcomes of financial policy pronouncements are vaguer. While such statements haven't been related to a rise in bank stock prices as a whole, they have been associated to a rise in individual bank stock prices, The liquidity premium seemed to be reduced by both corporate purchases and policy rate decrease. That is, banks with weaker fluidity experienced better stock returns during the announcement period. The assumption suggests that profit rate policy, as well as quantitative easing, remained important tools at the start of the crisis, as markets became more comfortable with these actions in the wake of the global financial crisis of 2008 (GFC) (*Reinhart, 2009*). This is illustrated by the figure Exhibit 3:

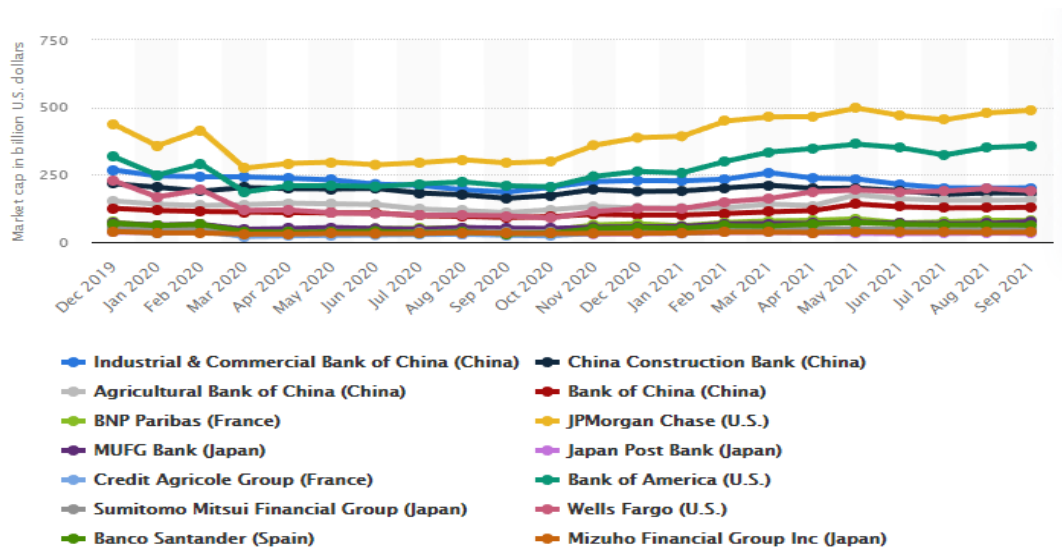


EXHIBIT 3 The largest international banks' monthly market capitalisation from December 2019 to September 2021, when the coronavirus pandemic occurred. (in billion U.S. dollars)

3.1 Measures taken by Banks

We can't deny that the corporation was completely unprepared for the economic downturn, which, as a result of the income shortfall, had to increase to cover operational expenses in cash. Banks in particular are anticipated to play a significant role in absorbing the shock by providing urgently needed capital for the financial industry. Under these unusual circumstances, central banks and governments undertook a wide range of policy measures. While some programs aimed to slow the short-term tightening of financial conditions, others sought to enhance the flow of credit to businesses, either directly or through the manipulation of the credit market. Although credit organizations are expected to play a substantial countercyclical role in bolstering the actual sector, their actions have a number of implications for the banking industry's long-term sustainability. For instance, asset quality may worsen when lenders exhaust their current buffers, jeopardizing the functionality of the system. Because the crisis is anticipated to continue even after the lockdowns are lifted and economies start to recover, the overall impact of these policy changes on the banking industry is largely unknown.

The lack of liquidity in the early stages of the emergency was obvious, it was made worse by the stock market and foreign exchange market volatility. We show that banks with lesser liquidity buffers suffered bigger price reductions than usual (especially in March), demonstrating a rise in the interbank liquidity premium. Additionally, the combined shock brought on by the price conflict between Saudi Arabia and Russia made bank stock price declines worse, particularly for institutions with considerable exposure to the oil sector.

The epidemic will cut global GDP by 3.2 percent in 2020, experts at the International Monetary Fund claim (IMF). Advanced economies (AE) saw the biggest drop in GDP (4.6 percent), while it fell the least in emerging market (EM) countries (2.1%), including Europe's developing nations (EDE) countries (2%). 2021) (International Monetary Fund). In the second quarter of 2020, the biggest losses were in the retail, commercial real estate, and hotel and tourism sectors, with

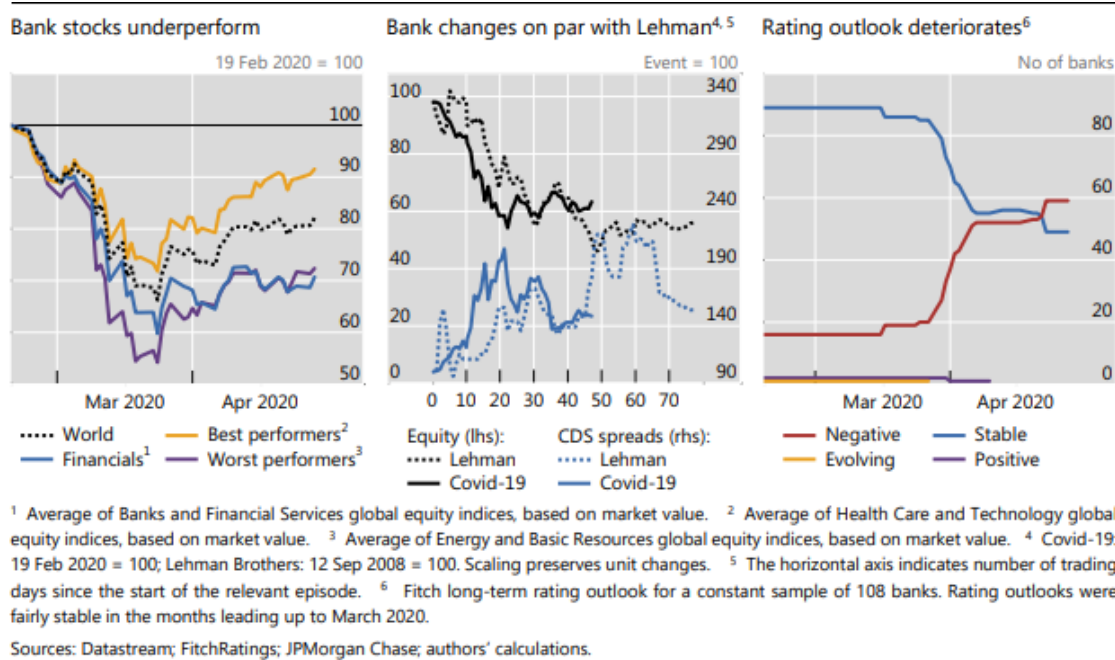
global sales falling by 80%, 60%, and 50% year on year, respectively. (International Monetary Fund. 2020). Various central banks contend that these detrimental processes spread to the financial sector, particularly banks, resulting in a significant tightening of lending regulations as well as an escalation of the financial situation (*European Central Bank, 2020*). Fear on the part of consumers over the scope of the pandemic's spread led to a decline in demand for loans, current money, and consumer goods and services. However, despite the COVID-19's influence waning in the first half of 2021 and the economy improving, the substantial risk to which the banking industry is exposed remained (*European Central Bank, 2021*). Faced with thousands of new infections every day, many major world economies, such as the United Kingdom, have been forced to adopt harsh sanitary standards, which are likely to decrease household earnings and the economic viability of businesses.

Uncertainty about how enterprises and, as a result, banks will react to potential alterations to public assistance rules and the requirement to cease credit holidays, and the pandemic's spread leads others to wonder: What level of credit losses would cause banks' profits and equity to decline to the point at which they will not be able to meet regulatory requirements for capital? Moreover, as the pandemic spreads, some people wonder: How many credit losses would it take for banks to lose enough money and equity to stop meeting regulatory requirements for capital?

Banks Performance

We contrast the stock price returns of banks throughout the first three months of the year with those of their various home markets. By mid-February, the pandemic's effects had already started to negatively impact non-bank and bank corporate performance, with their downward trajectories closely tracking one another. By the end of March, the values of business and bank stocks had decreased to less than 70% and 60% of their beginning-of-year levels, respectively. After that, non-bank companies continued to steadily enhance their performance, reaching over 90% of their levels from the previous year by the beginning of May. While stock returns for banks were 70% lower than they were at the beginning of the year, they did not experience the same level of recovery. Markets anticipate an increase in this bank risk premium.

This research further demonstrates that the reduction in stock prices is unique to banks and not to all financial firms, as investors seem to account for the increased strain the banking industry is experiencing. The market's pricing of bank risk appears to differ across bank characteristics. Following the COVID-19 crisis, banks with more exposure to the oil sector (i.e., those exceeding the 75th percentile distribution of oil exposure) saw lower returns than banks with less exposure. Surprisingly, smaller banks (i.e., establishments with less than the 2019 median mean assets) outperformed larger banks after the significant decline in stock prices in late March. The additional risks in banks with low capitalization did not seem to be priced more severely by investors.

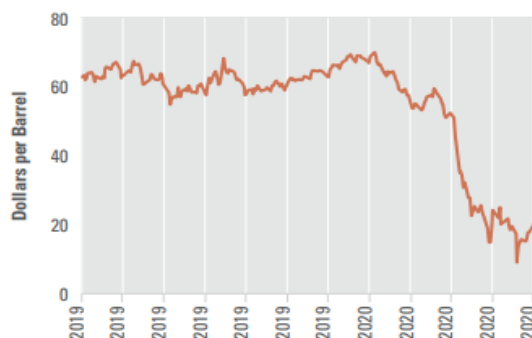


Banks have suffered the most throughout this crisis compared to other businesses as well as previous crises. For example, despite a recent partial rebound, the decrease in bank stock values is currently comparable to that which was seen during the same period following the collapse of Lehman Brothers in 2008 (Graph 1, above). The increase in CDS spreads fits the same description. In response to these changes, the long-term rating outlooks for banks have started to worsen, suggesting worries about the effect of Covid-19 on bank earnings.

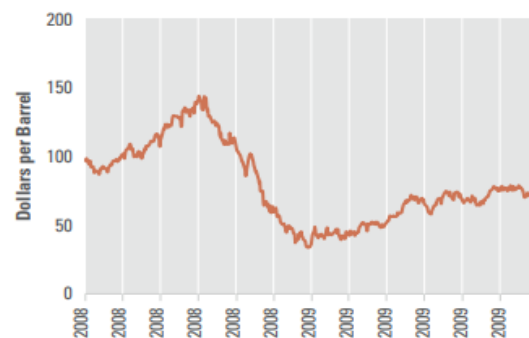
4.2 The impact OF COVID-19 on Arab Financial Systems

The cumulative effect of COVID-19 and an unprecedented decline in oil prices has put the financial systems of certain Arab countries on the verge of collapse. The Arab area is witnessing a historic reduction in demand for stocks and commodities, as well as tightening financial conditions, greater risk premiums, and weak banking sector resilience. This necessitates quick action by Arab governments and central banks to maintain financial sector liquidity and allow essential credit at whatever cost during the relief period, followed by additional financial measures throughout the recovery period.

Brent oil prices during the COVID-19 pandemic



Brent oil prices during the 2008-2009 financial crisis



Source: U.S. Energy Information Administration, Crude Oil Prices: Brent - Europe (DCOILBRETEU), retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/DCOILBRETEU>, May 11, 2020.

Increased volatility in oil markets is predicted to diminish risk appetite and change capital market investments, particularly in oil-rich nations. When generated uncertainty during the first three weeks of post-peak is compared for both the period 2008-2009 and the present crisis, the variability in the current downturn is over ten times greater than that of the Great Recession. This high level of uncertainty is projected to produce an adverse investment climate, particularly in Gulf Cooperation Council (GCC) economies. Low oil prices will have an indirect impact on oil-poor economies through fewer-than-expected remittances and decreased tourism and investment from GCC countries.

Furthermore, as a result of the simultaneous danger of COVID-19 and rising oil prices, the Saudi economy and financial sector have been encountering challenges. The pandemic has caused severe asset quality degradation in Saudi banks, substantial losses in savings accounts and a rise in loan demand notwithstanding the lack of true savings motivation. As a result, from SAR 34.77 billion in September 2019 to SAR 25.07 billion in September 2020, Saudi Arabia's banking industry's aggregate income decreased by 28%.



By the conclusion of the first quarter of 2020, major Arab stock markets had suffered a 23% average loss due to the collapse in oil prices and the COVID-19 epidemic. The COVID-19 epidemic and the drop in oil prices have devastated the stock market in Arab nations, bringing financial market performance below that of the 2008-2009 crash, particularly in oil-dependent economies. The GCC countries have suffered their worst capital market losses in decades, with the United Arab Emirates bearing the brunt of the burden. Non-GCC nations like Egypt, Morocco, and Tunisia are also in a dangerous position. Interruptions to vital economic activity, such as a drop in investment, tourism, and remittance inflows, as well as limited future development expectations, have resulted in an equally harsh stock market shock in these countries.

5 The efforts of the Global Central Bank

Many global central banks have reduced cash interest rates to maintain aggregate demand, including the Federal Reserve Board of The United States and the Central Bank of Canada, which reduced the cash exchange rate by half a percentage point on March 3, 2020, and the Bank of

England in response to the virus's growing risk of money. In the same spirit, the Central Bank of Canada announced a 0.5 percentage point cash rate drop to strengthen Canada's economic immunity to COV just one day after the Federal Reserve of the United States lowered its interest rate. In addition, the People's Bank of China announced a stimulus package for commercial banks by 5.0 to 1 percentage points, allowing the equivalent of \$79 billion to stimulate the national economy.

While the majority of global central banks have announced interest rate cuts, the ECB has been hesitant to respond to the COV outbreak with the same approach as the Federal Reserve, keeping interest rates unchanged at negative 0.5 per cent while the buyback rate has reached zero by relying on quantitative easing while keeping interest rates unchanged by pumping money through buy-back expansion. Government bonds and the purchase of €120 billion in private sector bonds by the end of 2020 have increased European banks' liquidity. Furthermore, the ECB has extended a package of loan facilities to European banks while encouraging SMEs to borrow at low-interest rates. On March 18, 2020, the Bank additionally strengthened a credit facility in response to THE CORONA virus by giving 750 billion euros through an emergency financing program set up for this reason "Programme Purchase Emergency Pandemic" (PEPP) (*European Central Bank, 2020*).

Later, the US Federal Reserve noted the need to strengthen its response to the virus by lowering interest rates by half a percentage point and launching a \$700 billion quantitative easing program that included the purchase of \$500 billion in US Treasury bonds as well as securities as collateral for mortgages worth \$200 billion. (*Federal Reserve System 2020*).

6 Banking and monetary sector

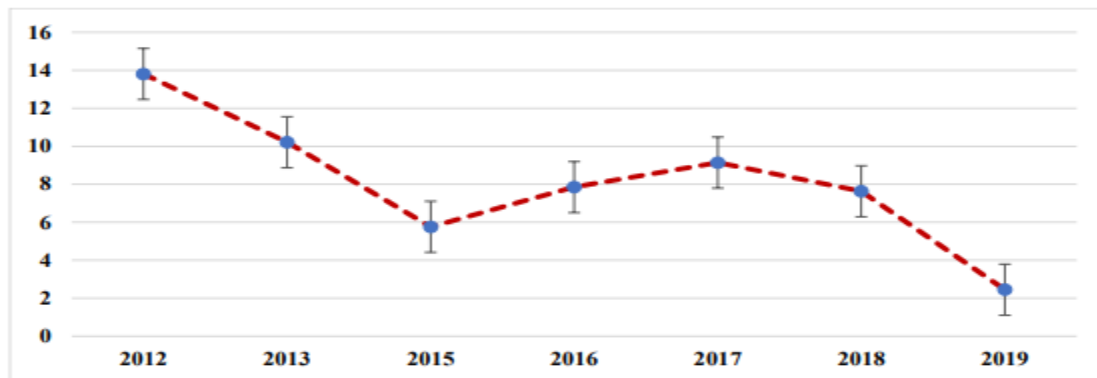
The mechanisms for transferring monetary policy to the real economy are disclosed when the Central Bank publishes its quantitative monetary policy indicators (interest rates, domestic credit, and asset prices) are launched, This has an effect on the growth of the economy and the rate of inflation. In this regard, In reaction to Virus Corona, the majority of governments throughout the globe have utilized monetary policy instruments, Others have used the legal monetary reserve ratio to increase merchant banks' capacity to make cash awards, while some have employed interest rates and the management of open market operations.

As a result, the majority of concentration banks and Arab monetary institutions cut interest rates at the same time, in similar amounts, in March 2020. This helped to increase liquidity levels, which had been negatively impacted in 2019 by the slowing of economic activity in several Arab countries. In contrast, Arab countries have implemented a monetary strategy of saving to boost domestic demand in the economy and the liquidity of the banking system, encouraging merchant banks to provide funding for small- and medium-sized health care projects, as well as companies participating in industries impacted by the Virus Corona collapse, like the services sector.

Central banks and Arab monetary organizations have also moved ahead 'supplied merchant banks with a package of incentives to lessen the impact of virus propagation on their clients, which will be detailed in the Arab nations study's next part. The influence of incentives on the financial safety indicators of the banking sector, as they relate to the quality of capital, the quality of assets, and profitability, as well as the scale of the hiccup in bank finance, must be considered,

as shown by banks and varies between banks with a sovereign surplus and banks with a sovereign deficit.

In comparison to those that had a deficit before to the Coronavirus pandemic, large banks with a sovereign surplus are required to give financial concessions and rewards to their consumers. For example, large banks (capital, asset quality, and liquidity) might give their consumers a period to repay easy-to-pay loan repayments. Longer periods range from three to six months, but small and medium-sized banks will only pay out loan instalments to their consumers for a month to three months.



The percentage increase in local liquidity in Arab nations

7 Stimulus packages in Arab countries

Coronavirus has been successfully combated by Arab central banks and financial organizations. In response to the Corona crisis, Saudi Arabia adopted a \$34.4 billion (16.5 percent of GDP) stimulus package in the first quarter of 2020 to support credit, liquidity, The government said that it will cover 60% of Saudi private sector employees' salaries, totalling 9 billion Saudi riyals, due to a lack of cash and the private sector.

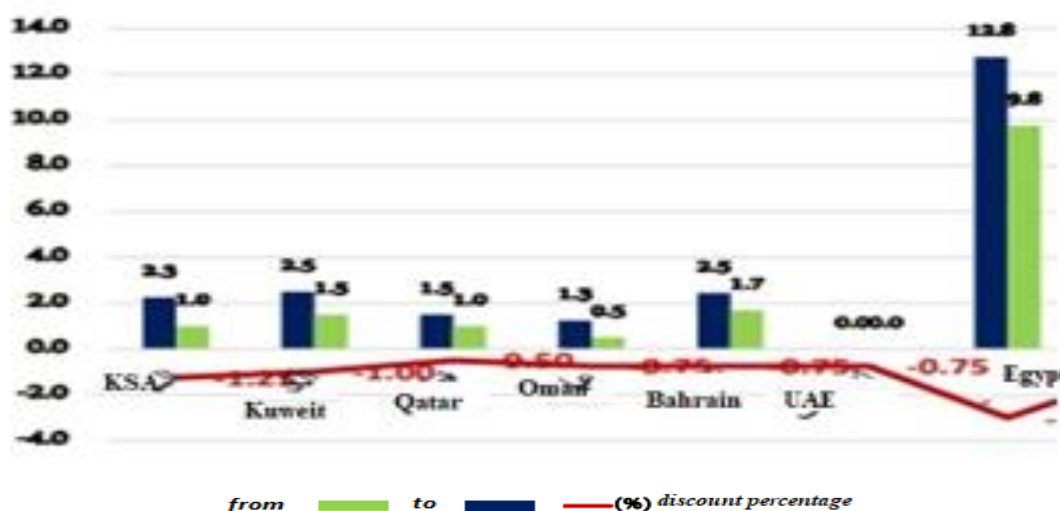
In mid-April 2020, a package of further initiatives costing SAR 97.5 billion¹, or \$26 billion, was approved, bringing the Kingdom's total packages to \$4.60 billion, when the UAE announced a total stimulus package worth \$76 billion (AED 238 billion, equivalent to about 19 per cent of GDP). 4.23 billion DW 75 billion Qatari riyals (equal to around 12% of GDP), and the Kuwaiti government has introduced legislation in parliament allowing for the employment of KD 500 million (equivalent to 6.1 billion USD) (4.1 per cent of GDP), Kuwait has also initiated an initiative with commercial banks to establish a financing fund of KD 10 million to address the issues of the CO-19 epidemic and reduce its spread, as well as support the Kuwaiti government's emergency and urgent finance needs in the face of the crisis. To combat the consequences of the virus on Bahrain's economy, the government issued incentive packages totalling BD 560 million, or 5.1 billion dollars. The measures, which span three months, include the payment of salaries to Bahraini citizens working in the private sector, the exclusion of stores and small and medium-sized businesses from government levies, and the Bahraini government's impending introduction of a \$4.11 billion (\$3.4 billion) package to help the economy are all high priorities.

Egypt has also announced a series of actions worth EGP 100 billion, including the postponement of credit benefits for 6 months and the provision of credit facilities in this regard, as well as the prohibition of any assistance with temporary work as a result of a virus or penalties for late payments, including corona. On April 3, 2020, the Egyptian government received \$9.7 million from the The World Bank will support the nation's efforts to combat the Corona pandemic. The funds will be used to support Egypt's healthcare system development initiative, which aims to improve healthcare quality while also increasing demand. (World Bank, 2020).

8 Efforts of Arab Monetary Institutions and Central Banks

As a result of the Federal Reserve's two rounds of rate reduction, the majority of central banks and Arab financial institutions have embraced growing financial strategies by lowering profit rates. Regarding this, the Saudi Arabia Monetary Agency (SAMA) announced a reduction of 75 basis points in the interest rate on purchase agreements (Saudi Arabian Monetary Agency, 2020), as well as a 75 basis point drop in the interest rate from 1.25 per cent to 0.50 per cent. In the face of the CORONA virus outbreak, SAMA sought financial stability.

Additionally, the Central Bank of the United Arab Emirates has made changes to its various cash profit rates (United Arab Emirates Central Bank, 2020). Even though his deposit certificates are the primary channel via which changes in the interest rates of the banking system's monetary policy are conveyed, it reduces the interest rate on his one-week deposit certificates by around 0.75 percentage points. It Additionally, it reduced the coalition loan interest rate by around 50 basis points. The Central Bank of the United Arab Emirates' Board of Directors has suggested lowering the required reserve for on-demand deposits for all banks by 50%, from 14% to 7%. The Central Bank of the United Arab Emirates provided assistance of 256 billion dirhams (\$69.2 billion). A cash flow of up to AED 50 billion from central bank reserves would be used to offer loans and advances to banks operating in the country at no cost, backed by a guarantee. It is free of bank additional capital in addition to 50 billion dirhams. Banks can use the bank's decision to lower reserve requirements for all banks' on-demand deposits from 14% to 7% to help them manage liquidity and lend to the UAE economy. The Central Bank will continue to keep an eye on the economic and financial situation and will be ready to support if it becomes essential to lessen the effects of the crisis (Arab Monetary Fund, 2020)



Key interest rates were changed in March 200 by international banks and Arab monetary agencies.

9 Conclusion

The COVID-19 crisis puts banks management approaches to the test, pushing managers to master new skills and develop courageous team members. Banks handled the mass move to remote working exceptionally effectively during this time, while maintaining a presence in offices for important functions. Practically speaking, banks had a number of challenges, one of which was deferring lending rates for business clients in spite of numerous demands to do so. The banking sector's efforts to become digital have intensified, testing its durability and adaptability. Banks, according to the data, try to match customer expectations by launching new products and services. Furthermore, while no one can foretell the future, it is unquestionably necessary for organizations to modernize their IT infrastructure.

Apart from COVID-19's immediate and long-term implications, the financial sector has effectively completed the lockdown period. The state of the economy as a whole is significantly impacted by the banking industry. Infrastructure, education, technology, quality of life, and innovation are all improved by banks. The growth process's stability and long-term viability are critical. The only constant in our modern world is the velocity of change, and because banks play such a significant role in economic development, they have always been visible to the general public and will do so in the future.

Recommendations

- a- Because banks are the backbone of contemporary economies, bank restructuring policies may have significant political and economic repercussions. This is especially important at this time when COVID-19 is attacking financial institutions and so many economies are collapsing.
- b- Bank restructuring is one of the most challenging challenges that policymakers face. On the basis of limited information, decisions may be made quickly and occasionally in the midst of an emergency.
- c- Arab central banks should strive to provide appropriate liquidity to the financial sector at all costs during the relief and recovery periods. This approach will help banks to remain viable while also facilitating corporate financing, particularly to small and medium-sized businesses, to avert major bankruptcies. Because of the lengthy uncertainty surrounding the COVID-19 epidemic, nations with flexible exchange rate regimes must accommodate low long-term interest rates. It is also critical that central banks' facilitation of extra liquidity outweighs substantial credit withdrawals by major enterprises and investors as a result of the widespread pandemic.

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