

Measuring the Impact of the Corona pandemic on bank credit in the Kingdom of Bahrain

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Abstract

The Coronavirus (COVID-19) pandemic is a disease caused by the new Coronavirus, whose symptoms began to appear in China in December 2019. The World Health Organization has classified COVID-19 as a severe pandemic, and some cases of the disease have caused deaths. The new coronavirus can spread from person to person. For this reason, countries closed their airports, stores, and places of economic importance, which led to the fall of some countries from the economic point of view due to the pandemic and the complete closure of the country. The current research examines the impact of the Corona pandemic on the performance of bank credit in the Kingdom of Bahrain in a sample of banks in the Kingdom of Bahrain, which are three conventional banks and three Islamic banks. The research was based on the financial reports for the third quarter of the year 2020. A person from the selected banks in order to reach the desired results. The method used in the research is a descriptive and analytical approach. The research found results, the most important of which is that some banks in the Kingdom of Bahrain suffered a severe loss by comparing their financial reports in September of 2019 before the Corona pandemic with September of 2020 in the Corona pandemic. The questionnaire demonstrated a decrease in bank credit to banks by customers from a month ago, March to September of 2020.

Keywords: Corona impact, pandemic, bank credit, Bahrain

1. Introduction

The current reality proves that the world in general has been affected economically, due to the Corona pandemic that has befallen the whole world. In the Kingdom of Bahrain, airports, some shops, cafes, cinemas, game centers and restaurants have been closed, while some remote services such as food delivery by restaurants and the establishment of a car cinema have been used to implement the social distancing system. The Corona pandemic and the system followed in the Kingdom of Bahrain for the sake of social distancing have affected the Kingdom's banks, which led to the deterioration of cases of banks during the period of the Corona pandemic in the Kingdom. In this research, the effects of the Corona pandemic on the Kingdom of Bahrain will be discovered, specifically on the bank credit of the Kingdom of Bahrain. Through previous studies, it was found that the Corona pandemic is related to bank credit in the Kingdom of Bahrain, and the state, the central bank, and commercial and Islamic banks in the Kingdom of Bahrain have paid great attention to the subject of measuring the impact of the Corona pandemic on the banking credit of the Kingdom of Bahrain banks, so few researches and studies appeared in this field due to the novelty of the pandemic on the world.

Despite the importance of studying the impact of the Corona pandemic on the banking credit of the banks of the Kingdom of Bahrain, by looking at previous studies it is noticed that there is a lack of studies that dealt with his studies in the Kingdom of Bahrain and the Gulf in an Arabic form and the lack of research in European countries on the subject, all because of the novelty of the topic on the world in general and not It finds sufficient interest so far, within the limits of scholars' knowledge of previous studies in Arab libraries. Financial reports used from six banks in the Kingdom of Bahrain from the third quarter of 2020 until the date of September 30. It is including three Islamic banks and three commercial banks for the Kingdom of Bahrain, and the third quarter of 2020 used because of the novelty of the Corona pandemic topic around the world and all data was used important financial information that benefits research during the Corona pandemic in the Kingdom of Bahrain from March to September.

The study attempts to measuring the impact of the Corona pandemic on the banking credit of the Kingdom of Bahrain. This study will provide reasonable support to the financial institutions in the Kingdom of Bahrain (commercial and Islamic banks) in terms of:

- Understanding and absorbing the Coronavirus pandemic and the extent of its impact on bank credit at banks and will assist decision-makers in commercial and Islamic banks.
- Knowing the impact that banks will be affected by in terms of bank credit, and how will contribute to addressing the problem.

- The possibility of opening many fields for researchers who are interested in doing more research on the impact of the Coronavirus pandemic on the performance of bank credit in the Kingdom of Bahrain.
- This study may open doors to address the economics of banking sectors in the Gulf and in the Kingdom of Bahrain in particular.

2. Literature Review

2.1. Background

Standing Firm on Shifting Sands Standing Firm on Shifting Sands, for KPMG, a company with a large and long-standing position in the Kingdom of Bahrain for more than 50-years in accounting. This report talked about the Corona pandemic and its impact on banks during the first and second quarter of 2020 until July of this year. The report also talked about the general impact on the banking sector due to the Corona pandemic, and the report also spoke about eight impacts on banks in terms of mergers and acquisitions considering the Corona pandemic (KPMG-International, 2020).

The effect of central bank support for liquidity during pandemics, of the Federal Reserve Bank of New York. This study is based on presenting all the effects that the Corona pandemic effects on the Federal Reserve Bank in New York and how the central bank is supported in case of epidemics such as the current one, which is the Corona pandemic. Evidence for the year 1918 regarding the influenza pandemic has been used and is compared to the current pandemic, which is Corona. Solutions will be addressed to the problems facing banks during the Corona pandemic.

Bahrain Islamic Bank: The report of Bahrain Islamic Bank for the third quarter of 2020 included many financial and summary statements to conclude the changes and differences that occurred in the third quarter of 2020 and compare them with the third quarter of 2019. Inclusion of the financial statements of Bahrain Islamic Bank in university scientific research is considered a priority due to the bank's high position in Bahrain among the customers of Islamic banks (BisB, 2020). Bahrain Islamic Bank's condensed report includes the condensed consolidated statement of income for the nine months ended September 30, 2020, the condensed consolidated statement of financial position as on September 30, 2020, the condensed consolidated income statement for the nine months ended September 30, 2020, and the condensed consolidated remuneration statement in Changes for the nine months ending September 30, 2020.

Ithmaar Bank, the university report included the condensed consolidated preliminary financial results for the nine months ending September 30, 2020 from Ithmaar Islamic Bank (Ithmaar-Bank, 2020). In Ithmaar Bank's report for the third quarter of 2020 on the condensed financial reports, it included many important financial statements for the third quarter of 2020, such as the condensed consolidated interim statement of the financial position, the consolidated interim consolidated income statement, the consolidated interim consolidated income statement, and the summary consolidated interim changes in rights Ownership for the nine-month period ending September 30, 2020, the condensed consolidated interim statement of changes in property rights for the nine-month period ended September 30, 2019. All financial data mentioned in the report may inform the conclusion of the outputs of university scientific research.

Al Salam Bank, the financial study of Al Salam Bank is the financial reports and results that the bank showed in its financial report for the third quarter of 2020 (Alsalam-Bank, 2020). The report of Al Salam Islamic Bank included many important and basic accounting and financial statements throughout the period of the Corona pandemic in the Kingdom of Bahrain, up to the date of September 30, 2020. Among those lists are the independent auditors' report on reviewing the interim condensed consolidated financial information, the position statement The condensed consolidated financial information, the condensed consolidated income statement, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement, the report also included the notes on the condensed consolidated interim financial information, and the unaudited supplementary disclosures for the end of September of 2020.

Ahli United Bank, which is a summary financial report for the third quarter of 2020, which is about the period of the Corona pandemic in the Kingdom of Bahrain until September of this year (AUB, 2020). The report explains the bank's condensed consolidated financial statements in the third quarter of 2020, which is until September and includes the consolidated income statement, the consolidation of the balance sheet, and also includes the consolidated comprehensive income statement, the consolidated statement of change in equity, the consolidated cash flow statement, and all these financial statements are In short, due to the incomplete year of issuing a detailed financial report on the bank's financial condition.

The National Bank of Bahrain, which is the national commercial bank of the Kingdom of Bahrain, has been included in the condensed consolidated interim financial information for the nine months ending on September 30, 2020 in university scientific research due to the bank's strength in the Kingdom of Bahrain and its high reputation in terms of non-Islamic and national commercial bank (NBB, 2020). The report of the National Bank of Bahrain includes the financial and accounting data that concern the current problem of the Kingdom of Bahrain, which is the Corona pandemic, so the third quarter of the year 2020 was taken until September in order to know all the impacts that the bank affected in the period of the Corona pandemic, and the topics of accounting data were included in the following report , Condensed consolidated statement of financial position, condensed consolidated statement of changes in equity for the nine months ended September 30, 2020, summary consolidated statement of changes in equity for the nine months ended September 30, 2019, condensed consolidated statement of profit and loss, and condensed consolidated statement of cash flows.

The Bank of Bahrain and Kuwait, which is a Bahraini Kuwaiti bank in the Kingdom of Bahrain and is considered a commercial bank, has been included brief financial statements for the third quarter of the year 2020 until September in order to give information and add it to the university scientific research to conclude by influencing the banks in the shadow of the Corona pandemic (BBK, 2020). The brief report of BBK included the condensed consolidated interim financial statements and among those data, the consolidated interim statement of the financial position as on September 30, 2020, the consolidated interim statement of other comprehensive income for the nine-month period ending September 30, 2020, and the consolidated interim statement of cash flows for the nine-year period For the months ended September 30, 2020, the initial consolidated statement of maturity for the nine-month period ended September 30, 2020, and the consolidated interim statement of changes in equity for the nine-month period ended September 30, 2020.

2.2. *The Corona Pandemic*

According to (WHO, 2020), COVID-19 is a disease caused by a new strain of the Coronavirus. “CO” means Corona, “VI” for virus, and “D” for disease, it is Corona Virus Disease of 2019. Previously, this disease referred to as “New Corona Virus 2019” or “2019-nCoV.” The COVID-19 virus is a new virus associated with the same family of viruses as the severe acute respiratory syndrome (SARS) that spread earlier and some types of the common cold. According to the Ministry of Health in the Kingdom of Bahrain (MOH, 2020), Coronavirus has been identified as an emerging virus that is considered a new strain of Corona virus, and it was discovered in China recently at the end of 2019, and among the most important symptoms that afflict the patient is difficulty breathing, high temperature, and coughing. The Ministry of Health in the Kingdom of Bahrain has learned about the ways of transmitting the virus from one person to another, which is through direct contact between them and the flying spray between people when speaking, while coughing or even sneezing.

The Ministry of Health in the Kingdom of Bahrain has issued many instructions about avoiding the transmission of the Corona virus between people, such as washing hands with soap and water periodically and well, provided that washing takes place within 20 seconds, sterilizing hands, cleaning surfaces that may be frequently and periodically touched, and also covering the mouth. When coughing and sneezing, always use a muzzle and avoid touching anyone who suffers from the disease, if it is coughing or a high temperature.

According to (Anton Pak, 2020), the new Corona virus has affected the world and has become global starving and a health crisis in the whole world, and the spread of Corona virus has greatly affected the global economy and financial markets. Unemployment has increased and increased disruptions in transport, services, and manufacturing industry, and it has caused a significant decline at home in several countries. No, because of the health measures that most countries have put in place, including quarantine and complete closure of countries, to maintain the spread of the Corona virus significantly.

According to the World Health Organization (WHO, 2020), It classified the spread of Corona disease as a pandemic on March 11, 2020, due to the arrival of more than 3 million virus infections and more than 200 thousand deaths in more than 213 countries around the world, it has affected the global economy significantly through reduced productivity The loss of life, the closure of businesses, the confusion in trade, the destruction of industry and tourism in all countries.

2.3. *Bank Credit*

According to (Twin, 2020), The term bank credit is the amount of credit available to individuals or businessmen from banks and financial institutions in the form of loans, so bank credit is the total amount of money that people, whether an individual or a company, can borrow from a bank or financial institution. The borrower's bank credit depends on his ability to repay loans and the total amount of credit available for lending by the bank or financial institution. The types of bank credit may be auto loans, personal loans, which is real estate; in general, they are loans.

According to (Fareed, 2019), during the second quarter of 2019, Bahrain witnessed a growth in the level of bank credit in terms of personal loans to 5.35%. The rate of loans in the Kingdom of Bahrain increased to 5.22% during the first quarter of 2019 compared to the last quarter of 2018, as the loan rate was 5.19%.

Bank credit is usually referred to as a loan to borrowers, with or without collateral or guarantee, for business or personal needs, with the intent to obtain annual interest on the loan amount.

According to (wallstreetmojo, N.D), demands are constantly increasing in today's world, but there are limited means to meet these demands. Therefore, borrowing money will allow business, professional, and personal needs to be funded as a resource.

Bank loans issued to borrowers upon completion of the required paperwork that the bank needs. The interest rates and terms of repayment are duly specified in the loan agreement. Bank reports cover financial statements, income tax returns, estimated financial statements from three to seven years and adjustments that depend on the loan model and person to person.

2.4. *The Relationship Between the Variables of the First and Second Study*

- **First Study**

The first study of this research is a report from KPMG on the state of companies and banks in the conditions of the Corona pandemic that is roaming the world, especially in the Kingdom of Bahrain.

According to (KPMG-International, 2020), the repercussions of COVID-19 continued to increase during the year 2020, consecutively from Asia to different parts of Europe and then to the rest of the world. In addition, to reduce the public health crisis, most industrialized economies have implemented temporary population closures.

Although the full impact has not yet been calculated, the negative impact on market sentiment and valuations from the virus's spillover is expected to continue. This necessitates the expectation of an unexpected global recession in most industrialized economies. In mid-March 2020, financial markets faced great uncertainty, reaching 2015 levels with central banks pumping liquidity globally to support capital markets, an unprecedented scenario with a complete shutdown in the world's largest real economies. On the resumption of development activities.

Mergers and acquisitions slowed in the first half of 2020, with weak valuations, liquidity shocks, and a new wave of non-performing loans and related provisions weakening the capital strength of the banking sector. In late 2020 and beyond, this is likely to further intensify the domestic-global integration trend.

- **Second Study**

The second study used in university scientific research is an American study conducted in New York City, which is about the effect of the central bank's support for liquidity in the event of epidemics. Cases similar to Corona virus and its effects on banks or central banks have been studied, and evidence and a case similar to a pandemic have been reached. Corona, the influenza pandemic of 1918.

According to (Anderson, Chang, & Copeland, 2020), the coronavirus pandemic poses the problem of how financial stability will be affected by the central bank's liquidity support and the encouragement of an economic recovery. We analyze the impact of the 1918 influenza pandemic on the banking system and the Federal Reserve's position during the pandemic, using newly collected data for the Report on Cross-county Influenza Mortality Rates and State Bank balance sheets in New York State.

In the report, it was found that banks witnessed withdrawals of deposits in the most affected areas. Banks that were part of the Federal Reserve System were able to access liquidity from central banks, which allowed them to continue or even extend their lending.

However, banks that were not part of the scheme did not borrow from the interbank market, but rather trimmed loans, indicating that the central bank's liquidity was little or no. In addition, even banks with direct access to the discount window cannot borrow sufficiently to cover massive deposit withdrawals and liquidated assets in the provinces hardest hit by the 1918 pandemic, indicating the limits to the effectiveness of liquidity provision to the Federal Reserve. Finally, the report concludes that the pandemic has only caused short-term disruption to the financial sector.

2.5. *Financial Reporting Analysis*

- **The third study (BisB)**

According to the condensed consolidated statement of income for the nine months ended September 30, 2020, and it is considered one of the most important and basic financial statements in accounting. The income statement included the profit and loss achieved by Bahrain Islamic Bank in the year 2020 for the nine months ending in this year, that is, from January to September. The expenses and revenues of the bank are compared for the nine months ending in the year 2019 and 2020, so the third quarter of 2020 is calculated and all financial differences between it and the year 2019 are concluded. The analysis of the income statement resulted in the third quarter of 2020 that its revenues decreased from the third quarter of 2019 by a difference (This resulted in a decrease in expenses for the year 2020 compared to the year 2019 for the third quarter of them. A decrease in expenses resulted in an amount of (757) thousand Bahraini dinars, due to the reduction in employee costs in the year 2020 to reach the cost difference of (808) thousand Bahraini dinar. In the end, the third quarter of 2020 resulted in a loss of up to (2.530) million Bahraini dinars, but the third quarter of 2019 enjoyed a profit of up to 5.045 million BD.

According to the report includes the consolidated and condensed statement of changes in equity of Bahrain Islamic Bank, and a comparison is made between the third quarter of 2020 and 2019 to clarify the results and measure the impacts. The report proves that at the end of September 2020, the bank's equity balance resulted in 104.582 million BD, but in 2019 by the end of September, the bank's equity balance resulted in its equity amounting to 121.620 million BD. The statement clarified that more treasury shares were purchased from the previous year at an amount of (28) thousand Bahraini Dinars, and also that the shares allocated to employees during the period decreased by a difference of (92) thousand Bahraini Dinars, and also the report proves that the Zakat on the bank increased in the year 2020 from In the year 2019, a difference of (149) thousand Bahraini dinars. However, with all the loss that the bank made for the year 2020, the government supported the bank with an amount of 1.814 million Bahraini dinars, but the support was not completed in 2019.

According to regarding the consolidated and condensed statement of financial position, it has been proven that in the year 2020 for the month of September, the bank's assets have decreased from their assets at the end of 2019, and the financial report also confirmed that the bank has increased its obligations for the end of the third quarter of 2020 over the year 2019 by a difference of 37.331 million Bahraini dinars. The bank's financial report proved that the total shareholders' equity in the investment accounts with the bank decreased by 27.613 million Bahraini dinars compared to the year 2019.

In addition, at the end of the financial report included the brief and consolidated statement of cash flows up to the nine months ending in the year 2020 proving that in 2019 the cash flows were more than the cash flows for the year 2020. The report proved that cash or the like had decreased by (21.695) million Dinars for the year 2020, given the year 2019.

- **The fourth study (Ithmaar Bank)**

According to the summary consolidated financial position statement of Ithmaar Bank for the Kingdom of Bahrain confirms that there are financial differences between the third quarter of 2019 and the third quarter of 2020 ending on September 30. The financial statement resulted in an increase in the bank's assets by 134.919 million BD in the quarter the third of the year 2020 for the third quarter of 2019, and this evidenced by a slight increase in cash and balances with banks and central banks by 1.886 million Bahraini dinars in the third quarter of 2020. Ithmaar Bank also increased in the third quarter of 2020 the Financial instruments and investment securities at the bank by a large percentage For the third quarter of 2019, by a difference of 236.023 million Bahraini dinars, and the bank also increased its fixed assets by an amount of 2.150 million Bahraini dinars for the year 2019 for its third quarter. Conclusion of the increase in the bank's fixed assets, Financial instruments, and investment securities of the bank, as well as the increase in cash and balances with the Central Bank and other banks, this shows an increase in all assets of the Investment Bank in the third quarter of 2020 over its third quarter of 2019.

Regarding Ithmaar Bank's obligations in the third quarter of 2020. Ithmaar Bank's liabilities increased in the third quarter of 2020 from its third quarter in 2019 in terms of current accounts for customers by a difference of 81.971 million Bahraini dinars. However, the bank's liabilities decreased in the third quarter of 2020 from In terms of receivables for banks, financial institutions and others, investor dues and any other obligations for its third quarter of 2019, with 68.401 million BD. However, Ithmaar Bank's total liabilities for the third quarter of 2020 were more than its liabilities in the third quarter of 2019 by 13.570 million dinars.

The financial report also resulted in an increase in the equity of unrestricted investment account holders in Ithmaar Bank in the third quarter of 2020 compared to the third quarter of 2019 by a difference of 152.728 million Bahraini dinars. In addition, a decrease in the non-controlling interests in the bank for the third quarter of 2020 resulted in a decrease of 56.279 million Bahraini dinars, instead of the third quarter of 2019, an amount of 65.264 million BD. At the end of the Ithmaar Bank's consolidated financial position report, the statement shows us a decrease in the bank's equity in the third quarter of 2020 by 57.982 million Bahraini dinars, but the bank's equity for the third quarter of 2019 was 80.373 million Bahraini dinars.

It proved that the Ithmaar Bank income statement report shows the profits, losses or revenues achieved by Ithmaar Bank and the expenses paid by the bank. The comparison made between the third quarter of 2020 and the third quarter of 2019, and the difference between the nine months ending in the two years until September deduced. The income from unrestricted investment accounts in the bank for the third quarter of 2019 was less than the third quarter of 2020 by a difference of 8.005 million Bahraini dinars. Moreover, the return to unrestricted investment accounts and impairment provisions for the bank in the third quarter of 2019 was slightly more than the third quarter of the year 2020. The financial report also concluded that the group's share of income from unrestricted investment accounts as {Murabahah} was more in the third quarter of 2020 than in the third quarter of 2019, with a difference of 8.641 million BD. Income from {Murabahah} and other financing, income through Instruments, investment securities, and other income for Ithmaar Bank in the third quarter of 2020 was more than the income in the third quarter of 2019, as the total income for the third quarter of 2020 was 129.975 million Bahraini dinars. The third for the year 2019 was the total income of 122.591 million BD. The financial statement clarified that the bank's operating income in 2020 for the third quarter was more by 10.640 million dinars compared to the third quarter of 2019.

The bank's expenses in the third quarter of 2020 were amounting to (50.796) million Bahraini Dinars. The bank's expenses in the third quarter of 2019 amounted to (47.838) million Bahraini Dinars, if the expenses of the third quarter of 2020 were more than the expenses of the year 2019 for the third quarter of a value of (2.958) million Bahraini dinars.

If at the end of the income report of Ithmaar Bank, a loss of (712) thousand Bahraini Dinars occurred in the third quarter of 2020, but the third quarter of 2019 achieved a profit of 5.280 million BD. Stock losses in the third quarter of the year 2020 amounted to (4.18) Bahraini fils, but the dividends for the third quarter of 2019 amounted to 2.67 Bahraini fils.

It is considered that Ithmaar Bank's cash flow report showed a decrease in net income before taxes in the third quarter of 2020, amounting to 5.493 million dinars for the third quarter of 2019, and the report also proved that there was an increase in operating loss before changes in assets and liabilities. Operating for the third quarter of 2020 is more than the third quarter of 2019, with a difference of (6.144) million BD. The report also proves that bank balances due after ninety days, including central bank balances related to the minimum reserve requirements, increased in the third quarter of 2020 by 151.074 million Bahraini dinars, but it was in the third quarter of 2019 with a decrease of (706) thousand Bahraini dinars. The report resulted in a surplus in net cash provided by operating activities by 192.064 million BD in the third

quarter of 2020, but it was facing a deficit in the third quarter of 2019 amounting to (4.043) million BD. The cash flow report also confirmed the existence of a deficit in the net cash provided through investment activities for the third quarter of 2020 by (181.239) million BD, but it was a surplus in the year 2019 for the third quarter, amounting to 64.651 million BD.

The report proved the existence of a net shortfall in cash and cash equivalent for the third quarter of 2020 at a value of (520) thousand Bahraini Dinars, but the net increase in cash and cash equivalent for the third quarter of 2019 amounted to 47.264 million BD, so at the end of the financial report of the cash flows of Ithmaar Bank is proven An increase in cash flows and cash equivalents at the beginning of the period and at the end of the period for the third quarter of 2020 over its third quarter of 2019.

- **The Fifth Study (Al Salam Bank)**

In the statement of the financial position report of Al Salam Bank in the Kingdom of Bahrain. A comparison made between the third quarter of 2019 and the third quarter of 2020. Moreover, the result made with an increase in the assets and liabilities of Al Salam Bank and a decrease in property rights for the third quarter of 2020 from its third quarter of 2019.

The financial report confirmed an increase in the bank's assets in the third quarter of 2020 from its third quarter in 2019, by a difference of 178.881 million BD. There was an increase in cash and balances with banks and the central bank, as well as in sovereign sukuk, as well as an increase in the bank's financing assets, an increase in financial leasing assets, an increase in investment assets in associates and an increase in other assets, for the year 2020 in its third quarter compared to the third quarter of 2019, but in In contrast, assets in appointments to financial institutions, financing assets, and non-commercial investments, as well as investment properties and development characteristics, decreased in the third quarter of 2020 compared to the third quarter of 2019. In addition, Al Salam Bank's obligations for the third quarter of 2020 increased from the third quarter of 2019 by a difference of 117.555 million Bahraini dinars. This is due to the increase in the bank's obligations in the third quarter of 2020 in terms of current accounts to customers and an increase in the bank's obligations towards financing {murabahah} for the third quarter of 2019.

The financial report demonstrated a decrease in property rights at Al Salam Bank for the third quarter of 2020 compared to the third quarter of 2019, by a difference of (27.921) million Bahraini dinars, which resulted from a shortage of reserves and retained earnings with the bank, as well as an increase in the loss in treasury shares.

According to, the income statement of Al Salam Bank for the Kingdom of Bahrain for the third quarter of 2020, the income statement for the third quarter of 2020 compared with the third quarter of 2019 in order to find the differences and measure the impact that the Corona pandemic has caused on the country. The financial report states that the total operating income for the third quarter of 2020 increased by 74.249 million dinars compared to the third quarter of 2019, which was 68.181 million Bahraini dinars. The report also shows an increase in the net income of Al Salam Bank for the third quarter of 2020 compared to the third quarter of 2019, by 4.991 million Bahraini dinars. The financial report revealed that there were more operating expenses in the third quarter of 2020 than in the third quarter of 2019, by a difference of (1.180) million Bahraini dinars.

The report revealed that there were profits in the third quarter of 2020 by 8.038 million Bahraini dinars, but less than the third quarter of 2019, in which the profit amounted to 17.131 million Bahraini dinars. The report showed a decrease in the basic and diluted earnings per share, to 3.8 Bahraini fils, while it was 7.9 Bahraini fils for the third quarter of 2019.

According to the cash flow report shown in the third quarter of 2020 by Al Salam Bank proves the changes made and the differences between the third quarter of 2020 and the third quarter of 2019. It proved in the report that there is a big difference between operating income before the changes in assets and operating liabilities for the third quarter of 2020 and the third quarter of 2019. The third quarter of 2019 achieved a profit of 17.275 million Bahraini dinars; while the third quarter of 2020 achieved a loss in this respect amounting to (1.031) million Bahraini dinars. A loss in terms of net cash from operating activities for the third quarter of 2020 was also proven, amounting to (132.064) million Bahraini Dinars, while it achieved a profit in the third quarter of 2019 amounting to 46.366 million BD. The report confirmed that there was a loss in terms of net cash from investment activities in the third quarter of 2020, amounting to (21.889) million dinars, while it had achieved a profit in the last year of the third quarter by 5.608 million dinars. However, the bank achieved a profit in terms of net cash from financial activities by 136.601 million dinars in the third quarter of 2020, while it achieved a loss in the third quarter of last year by (6.646) million dinars. In the end, a profit made in cash flows and their equivalents at the end of September of 2020 by 281.972 million dinars, which is more than the previous year, which was estimated at 261.889 million Bahraini dinars.

- **The sixth study (Ahli United Bank)**

According to eleven it indicates that the income statement of Ahli United Bank of the Kingdom of Bahrain establishes the difference between the third quarter of 2019 and the third quarter of 2020, until September for the two years. The differences and changes between the third quarter of the two years are compared in order to measure the impact of the Corona pandemic on a bank. Al Ahli United in the Kingdom of Bahrain.

The financial report proves a decrease in the operating income of the bank in the third quarter of 2020 compared to the third quarter of 2019, by a difference of \$174.708 M. The report also showed a decrease in operating expenses, taxes, and zakat for the third quarter of 2020, compared to the third quarter of 2019, by a difference of \$9.422 M. Ahli United Bank achieved profits in the third quarter of 2020, but it was less than the third quarter of 2019. The achievement profits up to

438.753 million US dollars, while the last quarter in the world estimated at 634.973 million US dollars. In addition, the net profit attributable to the owners of the bank in the third quarter of 2020 decreased by 409.330 million US dollars, while it was equal to 558.420 million US dollars in the third quarter of last year. The basic and diluted earnings per ordinary share in the third quarter of 2020 decreased from the year 2019 of its third quarter, as it was equal to 4.1 US cents in the current year, while it was equal to 5.6 US cents last year.

According to the consolidated list of comprehensive income of Al Ahli United Bank confirms the changes between the third quarter of 2020 and the year 2019. A decrease in the total comprehensive income for the period in the third quarter of 2020 evidenced by the year 2019 for its third quarter, and the difference estimated at 317.798 million US dollars. The report also confirms a decrease in the total comprehensive income attributable to the bank's owners in the third quarter of 2020 compared to the third quarter of 2019, by a difference of 290.734 million US dollars.

According to the cash flow report of AUB confirms the existence of significant changes in cash flows in the two years (2020 and 2019) for their third quarter, until the end of September of the two years. The report proves a decrease in net cash from operating activities in the third quarter of 2020 compared to the third quarter of 2019, by \$1.487 B. The net cash from investment activities for the third quarter of 2020 was estimated at 18.270 million US dollars, while the net cash used in investment activities in the year 2019 in its third quarter was estimated at (871.138) million US dollars. The report proved that the net cash used in the financial activities of the bank in the third quarter of 2020 was (496.425) million US dollars. The net cash used in the financial activities of the bank in the third quarter of 2019 was (599.108) Million US dollars, if the net cash The user in the bank's financial activities for the year 2020 was less than in 2019 for their third quarter.

The report also proved that there was an increase in cash and cash equivalents in 2019 for their third quarter by 513.166 million US dollars, and cash and cash equivalents increased in the third quarter of 2020, but by less than last year, as the increase was only 18.094 Million US dollars. In the end, the report proves an increase in cash and cash equivalents on September 30, 2020 by 4.036 Billion US dollars, which is greater than last year, which was at 3.617 Billion US dollars. In addition, that increase in 2020 was due to the presence of cash and its equivalent in a greater value at the beginning the year 2020 for the beginning of the year 2019, which was a difference of 935.959 million US dollars.

With regard to the consolidated list of changes in the rights of Ahli United Bank, a difference in the bank's equity during the year 2020 and 2019 for their third quarter until the end of September is evidenced. The report confirmed that the balance of Ahli United Bank on January 1, which attributed to the bank's owners in 2020, was \$4.266 B, which is greater than the balance at the beginning of 2019, which was \$3.909 B. The report also confirms that the bank donated one million US dollars for both years but did not mention any additional shares issued for the year 2020, while the value of additional shares issued in 2019 amounted to 4.200 Million US dollars. The report also mentioned that the earnings of ordinary shares for the year 2020 represented a loss of (438.722) million US dollars, which is greater than the loss of ordinary shares for the year 2019, which was valued at (397.756) million US dollars. The report also confirms a decrease in the total comprehensive income for a period in the third quarter of 2020 compared to the third quarter of 2019, and the difference is estimated at \$290.734 M. At the end of September, the balance of the return to owners in 2020 was proven to be 3.979 Billion US dollars, which is less than the balance of the end of September 2019, which was a value of 4.071 Billion US dollars. The bank's total equity on September 30, 2020 was less than the equity for 2019, and the difference between them was \$ 84.333 M.

According to the consolidated statement of financial position of Ahli United Bank proves several changes in the assets, liabilities, and rights of the bank during the third quarter of 2020 and the third quarter of 2019, and a statement of the difference between them. In the third quarter of 2020, the report proved that the bank's assets were worth 40.665 Billion US dollars, which was more than the third quarter of 2019, which had a value of 40.280 Billion US dollars. The report also proved that the bank's liabilities in the third quarter of 2020 increased over the third quarter of 2019 by \$676.152 M, due to the increase in interest payable on the bank and other liabilities in 2020. As for the bank's equity, it decreased in the third quarter of 2020. For the third quarter of 2019, a difference of 290.961 million US dollars.

- **The seventh study (National Bank of Bahrain)**

According to the report of the profit and loss statement of the National Bank of Bahrain confirms the differences and changes that affected the bank during the Corona pandemic on the Kingdom of Bahrain by measuring the difference between the results of the report of the third quarter of 2019 with the third quarter of 2020. The statement was confirmed in the third quarter of 2020. For the year 2020, the bank's profits and interest expenses increased for the third quarter of 2019, and in the end, it formed a net profit of more than the third quarter of 2019 with a difference of 15.9 million Bahraini dinars. Operating profit of a difference of 16.5 million BD. On the other hand, the report showed an increase in the bank's operating and employee expenses in the third quarter of 2020 compared to the third quarter of 2019, with a difference of BD (19.6) million. The report concluded a decrease in the bank's profits in the period for the third quarter of 2020 for the third quarter of 2019 by a difference of 13.5 million dinars due to a decrease in the profit before the results of associates and allocations for impairment. Moreover, a decrease in the shares of profits (net) from sister companies for the third quarter of 2020 for the quarter. The third for the year 2019. At the end of the report, it proved that the basic and diluted earnings per share in the third quarter of 2020 reached 25 Bahraini fils, while it was in the third quarter of 2019 with a value of 33 Bahraini fils.

According to the consolidated financial position of the National Bank of Bahrain evidences the changes that occurred to the bank in terms of assets, liabilities, and equity, and they compared between the third quarter of the years 2019 and 2020. The financial position report confirmed that the assets of the National Bank of Bahrain increased to 4,219.4 million Bahraini Dinars in the third quarter of 2020, while it was 3,170.5 million Bahraini Dinars in the third quarter of 2019. The report proved that the National Bank of Bahrain increased its liabilities in the third quarter of 2020 from the quarter. Third for the year 2019 and the bank's obligations in 2020 were 3,721.7 million BD, while it was 2,665.3 million BD in 2019. The financial position report proved that the National Bank of Bahrain has decreased its equity in the third quarter of 2020 compared to the third quarter of 2019 by 16 million BD This is due to a decrease in other reserves and retained earnings in the third quarter of 2020, which amounted to BD 192.2 million, while it was in the third quarter of 2019 by 236.5 million Bahraini dinars.

According to the NBB cash flow statement that shows confirms the changes and differences between the third quarter of 2020 and the third quarter of 2019. The financial report has proven that the profit for the period after the adjustments for the third quarter of 2020 estimated at 59.6 million Bahraini dinars. The third quarter of 2019 was more than 2020 and estimated at 61.1 million BD. The report also proved that in the year 2019, in its third quarter, the net cash flow from operating activities became estimated at 179.8 million Bahraini Dinars, but in the third quarter of 2020 the flows decreased to form flows used in operational activities to reach (18.8) million Bahraini Dinars, and the report also proved. In the third quarter of 2020, 90.5 million BD was net cash from investment activities, while Panama was (7.2) million dinars net cash used in investment activities. The report also clarified the existence of net cash used in financial activities in the third quarter of 2020, estimated at (103.1) million Bahraini Dinars, and the third quarter of 2019 was less than it, estimated at (36.6) million Bahraini Dinars. The net decrease in cash and cash equivalents during the period in the third quarter of 2020 amounted to (31.4) million Bahraini dinars, while the net increase in cash and cash equivalents during the period for the third quarter of 2019 amounted to 135.7 million Bahraini dinars. At the end of the cash flow report, a difference between the third quarter of 2020 and the third quarter of 2019 resulted in a decrease in cash and cash equivalents at the end of the period for the year 2020, until the difference reached 142.4 million Bahraini dinars.

- **The eighth study (The Bank of Bahrain and Kuwait)**

According to the profit and loss report from BBK confirms all the differences in the income and expenses of the bank in the third quarter of 2020 and the third quarter of 2019. The financial report proves that the net interest and similar profits of the bank in the year 2019 for the third quarter until September 30 are more than the third quarter of 2020, a difference of 23.7 million BD. The report proves that the total operating income of BBK for the third quarter of 2019 was more than the third quarter of the current year, with a difference of 27.1 million Bahraini dinars. The bank's operating expenses exceeded its expenses in the third quarter of 2020, with a difference of BD (1.6) million. Subsequently, the net profit of BBK for the third quarter of 2020 resulted in a value of BD 36.9 million, which is less than the bank's net profit for the third quarter of 2019, which was valued at 49.6 million BD. At the end of the report, it proved that BBK's net profit at the end of the third quarter of 2020 after taxes was equal to 39.4 million Bahraini dinars, which is less than its net profit after tax for the third quarter of 2019, which was equal to 55.9 million Bahraini dinars.

The profit and loss statement confirmed that 0.029 BD is the basic and diluted earnings per share of the bank for the third quarter of 2020, while the basic and diluted earnings per share of the bank at the end of the third quarter of 2019 was equal to 0.044 BD.

According to the consolidated interim statement of changes in equity of BBK, the balance of the bank's rights recorded at the end of September for the third quarter of 2020 and for the year 2019, and a comparison made between them. It been proven that the balance of one date for the month of September of the year 2020 was equal to 547 million Bahraini Dinars, which is greater than the value of the balance of the beginning of the year 2019, which was equal to 500.6 million Bahraini Dinars. The report also proves that in 2019, the total comprehensive income for the period was equal to 65.5 million BD, but in the third quarter of 2020, it was a comprehensive loss for the period equal to (27.3) million BD. At the end of September of 2020, a balance of 457.6 million dinars proved, while the balance at the end of the third quarter of 2019 was 500.6 million dinars.

According to the consolidated statement of financial position of BBK includes the difference between the third quarter of 2020 and the third quarter of 2019 in terms of property rights, liabilities, and assets of the bank. The financial report proved that the bank's assets at the end of the third quarter of 2020 were less than the assets of the end of the third quarter of 2019 by a difference of 160.5 million Bahraini dinars. Investing in associates and joint ventures in the third quarter of 2020 for the third quarter of 2019. Regarding BBK's obligations, the report demonstrated an increase in the bank's obligations in terms of deposits and amounts owed to banks and other financial institutions, an increase in borrowing under the repurchase agreement, an increase in interest payable and other liabilities. With the bank in the third quarter of 2020 for the third quarter of 2019, which represented a difference of 9.228% in total, the report also demonstrated a decrease in the bank's obligations in terms of current and savings deposits and other customer deposits and term loans in the third quarter of 2020 compared to the third quarter of 2019 by 4.968%. At the end of the third quarter of 2020 and 2019 it proved that the third quarter of 2020 was the obligations of the A bank with less than the bank's obligations in the third quarter of 2019, a difference of 71.1 million BD. The financial report also demonstrated an increase in the capital, general reserve, retained earnings, an increase in the deficit of foreign currency translation adjustments, and a deficit of

cumulative changes in the fair value for the third quarter of 2020 from the third quarter of 2019, which proved the decrease in the bank's rights for the third quarter of 2020 compared to the third quarter of 2019. A difference of BD 89.4 million.

According to BBK's cash flow report confirms the changes that took place in the third quarter for the years 2020 and 2019. The bank's net cash flow from operating activities for the third quarter of 2020 was equal to BD 243.5 million, which is more than the net cash flow from operating activities for the third quarter of 2019, which was equal to only 77.7 million BD. The report demonstrated an increase in net cash used in investment activities and financial activities for the third quarter of 2020 more than the third quarter of 2019 and the report demonstrated an increase in outflows for foreign currency translation adjustments in the third quarter of 2020 compared to the third quarter of 2019. Changes in cash and cash equivalents in the third quarter of 2020 with a loss estimated at (56.5) million Bahraini Dinars, but it was achieving an inflow of the bank in the third quarter of 2019, estimated at 126.6 million Bahraini Dinars. The cash and cash equivalents at the beginning of the period for BBK in the third quarter of 2020 were more than the third quarter of 2019. Resulting in an increase in cash and cash equivalents at the end of the period in the third quarter of 2020 compared to the third quarter of 2019 by a difference of 8.4 million BD.

2.6. Central Bank of Bahrain (CBB)

2.6.1. Definition of the central bank of Bahrain

The Central Bank of Bahrain, which is a financial and administrative supervisory body in the Kingdom of Bahrain, was established on September 6, 2006. Maintaining monetary and financial stability in the Kingdom of Bahrain is the responsibility of the Central Bank of Bahrain. The Central Bank of Bahrain is the only supervisory authority that monitors and supervises the financial sector in the Kingdom of Bahrain. Among the competencies of the Central Bank of Bahrain are banking, insurance, investment, and money market activities.

The Central Bank of Bahrain inherits the proven track record of 33 years for the BMA and a wide range of functions. It implements the monetary policies and foreign exchange rates of the Kingdom, manages the reserves and issuance of debts to the government, issues the national currency, and supervises the payment and settlement systems in the country. It is also the only regulator of the financial sector in Bahrain, covering the full spectrum of activities related to finance, insurance, investment industry and capital markets.

The broad scope of CBB's responsibilities allows for a clear policy strategy to follow across the financial sector in the Kingdom as a whole. It also provides financial services companies operating in Bahrain with a transparent and effective organizational structure.

According to (CBB, 2020), the vision of the Central Bank of Bahrain is to strengthen Bahrain's position as a major global financial center through the application of sound monetary and fiscal policies consistent with the best international standards and norms.

The mission of the Central Bank of Bahrain is to guarantee the monetary and financial stability of the Kingdom of Bahrain. Through this, the Central Bank of Bahrain provides all central banking services to the government and the financial sector in the Kingdom of Bahrain at reasonable costs that are appropriate to international prices, can be relied upon and support the achievement of national goals and support confidence in the Kingdom's position as a major financial center.

The Central Bank of Bahrain also ensures that the control and supervision of the financial sector in Bahrain receives the highest international standards, and limits to the lowest possible direct and indirect costs of controlling financial institutions and their clients.

The Central Bank of Bahrain also facilitates and succeeds innovation in the markets, through the development of Islamic banking and financial services, and the successful use of training and technology to improve the competitive potential of the financial sector in the Kingdom of Bahrain.

The Central Bank of Bahrain also encourages the establishment of an open and competitive financial field that receives people and companies from outside Bahrain or within Bahrain who are considered new in the markets, provided that this does not lead to the emergence of unusual regulatory risks.

The Central Bank of Bahrain is working with international organizations, including the Bank for International Settlements, as well as the International Monetary Fund, the Special Committee for the Supervision of Financial Activities (FATF), the International Organization of Securities Commissions, and the International Organization of Insurance Supervisors, to strengthen the stability of the global financial system.

The bank also encourages a culture of excellence in the work environment at the Central Bank of Bahrain, which emphasizes adherence to the highest standards of integrity, efficiency, professionalism, teamwork, and innovation.

2.6.2. Objectives of the central bank of Bahrain

The objectives of the Central Bank of Bahrain clarified in the Central Bank of Bahrain and Financial Institutions Law of 2006, and Article No. 3 of the law regarding the objectives of the Central Bank of Bahrain is stated:

- Formulating monetary, credit and other policies related to the financial sector in the Kingdom of Bahrain.

- Providing the government and the governmental financial sector with banking services.
- The growth and confidence of the financial sector in the Kingdom of Bahrain.
- Protecting clients of financial institutions and depositors and increasing confidence in the Kingdom's role as a global financial center.

While Article No. 4 of the Central Bank of Bahrain Law and Financial Institutions clarifies the functions of the Central Bank and its various powers:

The duties and powers of the Central Bank of Bahrain include issuing national currencies, issuing licenses to regulate and supervise individuals providing financial services subject to supervision and control by the Central Bank, and providing government-banking services.

2.6.3. Central bank of Bahrain measures to contain Coronavirus

According to (CBB, 2020), the Central Bank of Bahrain has taken several measures from March to September of 2020 to contain the impact of the Corona pandemic on banks.

Through the spread of the new Corona virus, COVID-19, in the world, the government of the Kingdom of Bahrain has introduced many measures that limit the spread and containment of the virus, and the Central Bank of Bahrain has provided many directives to mitigate the financial impacts that affected the Kingdom of Bahrain due to the Corona pandemic. The parties of society, namely merchants, individuals and financial institutions, and all procedures were carefully followed in order to maintain the stability of the financial sector in the Kingdom of Bahrain.

Among the precautionary efforts provided by the Central Bank of Bahrain:

1. On the date of March 16, 2020:

- The Central Bank of Bahrain lowered the main interest rate, and the Central Bank reduced the main interest rate on the deposit facility for a week and made it 1%, which was 1.75%. The bank also decided to reduce the interest rate on deposits overnight to 0.75% while it was 1.50%. Therefore, the bank lowered the one-month deposit interest rate from 2.2% to 1.45%. It also cut the borrowing rate from 2.45% to 1.70%.

2. On the date of March 18, 2020:

- The Central Bank of Bahrain has launched some precautionary instructions to prevent the spread of the Coronavirus, as it has explained to merchants that have POS devices to sterilize them periodically and urge customers to use non-touch payment. He also urged all those authorized by the bank to follow all preventive measures launched by the Ministry of Health, and a periodic report will be submitted to that effect. The maximum value of transactions made via NFC, which is contactless payment, has been increased to BD 50.
- The Central Bank of Bahrain set a ceiling of only 0.8% on merchant fees imposed by Abu Dhabi and financing companies on debit card transactions, to reduce costs for merchants and companies, (0.35% for the buyer, 0.25% for the issuer, and 0.2% for the Benefit Bahrain company) .
- The Central Bank has also issued measures to contain any financial crisis on the banking sectors in Bahrain for a period of six months. Its aim is to provide more liquidity to give all the possibility to local banks to provide financing to customers. He also asked retail banks, finance companies and microfinance institutions to postpone all installments for all borrowers or credit card holders without fees or interest for a period of six months.
- The bank has offered easy repurchase arrangements for six months at 0% to all retail banks.
- The Central Bank reduced the cash reserve ratio for retail banks from 5% to 3%, and reduced the value of new housing loans or Bahrainis, with the exception of loans that belong to the Mazaya program.

3. On the date of March 20, 2020:

- The Central Bank of Bahrain urged consumers, residents, and citizens, to communicate with them to submit any complaint on the Tawasul program or through the Central Bank of Bahrain website or by calling their phones instead of visiting the Consumer Protection Office in person at the bank's headquarters in order to implement social distancing.

4. On March 23, 2020:

- The Central Bank of Bahrain approved the establishment of a decision to the money changers to sterilize all incoming and outgoing banknotes in bulk, in order to reduce the risk of infection with Corona virus, as it requested the money changers to sterilize the money with a virus pesticide ultraviolet rays or by isolating the money for a period of 72 hours, and the bank requested the cashiers of the importance of The use of (PPE) for personal protection established by the Ministry of Health.

5. On the date of September 20, 2020:

- The Central Bank of Bahrain decided at this time and six months after the decision to postpone the loans, to increase the period of delaying the payment of loans to bank customers until the end of the current year in a manner that does not affect the bank's liquidity and financial solvency, and the interest rates and fees prescribed by the banks on the period of postponement must be calculated.

6. On the 22nd of September 2020:

- The Central Bank of Bahrain announced that lenders cannot impose any fees except for insurance on loan deferment for a period of four months for Bahrainis and Bahraini companies. Late payment fees should not be charged on the September balance due on credit cards.
7. **Other measures** have been put in place by the Ministry of Finance, the Ministry of Labor and Social Development, the Ministry of Industry and the Ministry of Electricity and Water Affairs; an economic financial package was announced during a press conference, estimated at 4.3 billion Bahraini dinars.

2.6.4. Bahrain government measures to contain Coronavirus

According to (MOFINE, 2020), the Government of the Kingdom of Bahrain and the Ministry of Finance have launched decisions in favor of the banking sector of the Kingdom of Bahrain in order to contain the Corona pandemic from March to June of 2020.

1. **Date of March 17, 2020:**

- According to Article 87 of the Constitution of the Kingdom of Bahrain and the Social Insurance Law, the government will provide 215 million Bahraini dinars from the unemployment fund to finance the salaries of the private sector for the second quarter of 2020
- The government of the Kingdom of Bahrain allocated 150 million Bahraini dinars for electricity and water bills for individuals and companies for the month of April until June of 2020. Companies were exempted from municipality fees in the second quarter of the year 2020, and the exemption amounted to 25 million Bahraini dinars.
- The government of the Kingdom of Bahrain exempted industrial and commercial companies from leasing fees for government industrial lands for the second quarter of 2020. It also exempted tourism fees for tourism companies in the second quarter of 2020.
- The government of the Kingdom of Bahrain doubled the amount of liquidity by 100 to 200 million Bahraini dinars.
- A set of decisions from the Central Bank of Bahrain to raise the banks' lending capacity by 3.7 billion Bahraini dinars, in order to give banks flexibility in dealing with delaying installments.
- The Government of the Kingdom of Bahrain has directed a Tamkeen program to amend the status of affected companies and restructure loans worth 60 million Bahraini dinars.

2. **On the 29th of June 2020:**

- The Bahraini Minister of Finance announced the extension of the incentive measures to support the private sector and citizens.
- The government of the Kingdom of Bahrain supported the salaries of citizens in the private sector by 50% for the third quarter of 2020.
- The Government of the Kingdom of Bahrain covered the local electricity costs for citizens in their first residence during the third quarter of 2020, and the economic sectors affected by the pandemic were supported through the Tamkeen Fund.

3. **Research Framework and Design**

3.1. *The Nature of the Study*

This research analyzes the effect of changing the Corona pandemic on the banking credit of the Kingdom of Bahrain, and this is during the beginning of the Corona pandemic in the Kingdom of Bahrain and according to the classification of the World Health Organization (MOH, 2020) that Corona became a pandemic from March of 2020, and the research study is considered causal. The research evaluates the performance of banks in the Kingdom of Bahrain and six banks have been selected, including three of them are conventional banks and the other is Islamic, for the third quarter of 2020, meaning from January to September of 2020, and they are compared with the third quarter of 2019 to find all the differences and changes that are The bank reaped the richness of the Corona pandemic in 2020.

The method of statistics was adopted through the questionnaire in order to obtain more accurate information in terms of bank credit at banks and their impact from the Corona pandemic,

This study relied on the Descriptive Analytical Method because it is consistent with the phenomenon of the subject of the research. The aim of the approach was to study the reports of the society on which the study was conducted and the nature of the relationship between the study variables of an independent and dependent variable, and this approach is based on the interpretation of the existing situation of the phenomenon or problem by identifying the conditions of banks According to its financial reports and the description of the relationships and correlations between the variables, as this approach is not limited to the process of describing the phenomenon but also includes analyzing and measuring data and arriving at an accurate description of the phenomenon or problem of the research and its results.

This study is based on the provisional study, which is the study in which information is collected over a short period of time due to the novelty of the Corona pandemic in the world, as data are collected from samples for Islamic and

traditional banks on a specific topic in a certain period of time, and the temporary studies differ from the long ones in that they Few variables measure a large number of subjects, and interim studies are less expensive and shorter in time and are characterized by the rapid emergence of their results.

3.2. Study Population and Sample

The study population consists of the banking sector of the Kingdom of Bahrain. The study sample is a part of the study population and a part of the banks of the banking sector was chosen according to the sampling method because it is difficult to be able to survey all the elements of society due to the time and high cost of the study, and the study of the sample instead of the community leads to more accurate results due to Less stress and less or no errors that can be made when collecting data from a large number of objects.

A number of (6) banks were selected from the banking sector in the Kingdom of Bahrain. Three conventional banks and three other Islamic banks were selected:

- Islamic Banks
 - Bahrain Islamic Banks
 - Ithmaar Bank
 - Al-Salam Bank
- Conventional Banks
 - Ahli United Bank
 - Bahrain National Bank
 - Bank of Bahrain and Kuwait.

3.3. Research Framework

Previous reports of banks and previous research on the topic on the impact of the Corona pandemic on bank credit in the Kingdom of Bahrain have been viewed.

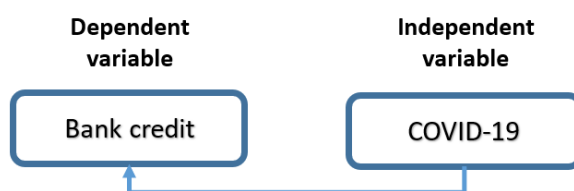


Fig. 1. Research Framework

Source: Researcher's preparation, based on previous studies, 2020

3.4. Research Hypothesis

Research bases on:

Main hypothesis

- An inverse relationship between the Corona pandemic and bank credit in the Kingdom of Bahrain

This means the more the duration of the Corona pandemic in the world and the more cases and deaths due to the Coronavirus disease in the Kingdom of Bahrain, the bank credit with the banks of the Kingdom of Bahrain may decrease, and vice versa, the more the Corona pandemic decreases and continues in terms of the decrease in infections and the decrease or disappearance of the death rate, the bank credit may increase. At the banks of the Kingdom of Bahrain.

3.5. Measuring Study Variables

This section contains the study variables, and the financial reports that were used from the banks 'financial reports for the third quarter of 2020 will be relied upon as a main tool and the questionnaire as a secondary tool for data collection.

The financial reports consist of the interim condensed consolidated financial statements and include:

- The financial position of the bank.
- Consolidated Statement of Income.
- Consolidated List of Comprehensive Income.
- Consolidated List of Changes in Equity.
- Consolidated Statement of Cash Flows.

The first section: It contains a question related to personal and professional information, which is the type of bank in which the respondent to the questionnaire works, and this option is not mandatory for the solution.

Section Two: According to (McLeod, 2019), the dimensions were measured using the four-point Likert scale for the frequency, where the number (0) indicates none at all, and the number (1) is very simply and the number (2) is normal, like in 2019, and the number (3) Most of 2019.

3.6. Statistical Methods

To answer the study's questions, achieve its objectives, and verify its hypotheses, the Cronbach Alpha statistical method is used.

The Cronbach Alpha analysis was used, as well as percentages, to find out the degree of the relationship between the variables (the Corona pandemic and bank credit). The SPSS statistical program, which refers to an acronym for the Statistical Package for Social Sciences, will be used. The questionnaire was distributed to 22 customer service employees at six banks selected for the research.

Questions were put in the questionnaire, including:

- Bank name
- Evaluating the bank's clients' access to new financing during the month of March until September in the year 2020.
- Evaluating the non-compliance of the bank's customers to repay the finances taken from the bank after the decision to stop the loans (October and November only).
- Evaluation of clients in terms of obtaining an addition to their current financing for the year 2020.

Four Ratings are included, starting from (0) to (3), as:

- (0) = Not at all
- (1) = There is very simply
- (2) = Natural as in 2019
- (3) = Most of 2019

4. Research Results

4.1. According to Financial Reports

Financial reports that include important financial statements for the research community (banks of the Kingdom of Bahrain) have proven that bank credit has been affected by the Corona pandemic. The financial reports have proven that some banks in the Kingdom of Bahrain, which are studied, have lost heavy losses, and that others have earned profits.

According to the financial reports of banks, the financial statements were compared between the third quarter of 2020 and the third quarter of 2019, and the following reports revealed:

- **Bahrain Islamic Bank:** The bank's financial position list proved that in the third quarter of 2020 the bank's assets decreased from the year 2019, and its liabilities increased in the third quarter of 2020 over the year 2019, and the income statement resulted in a large loss in the bank for the third quarter of 2020 for the year 2019, the loss was estimated at (2,530) thousand Bahraini dinars.
- **Ithmaar Bank:** The Ithmaar Bank Financial Position List proved that in the third quarter of 2020 the bank's assets increased over the year 2019, and its liabilities decreased slightly in the third quarter of 2020 compared to the year 2019, and the income statement resulted in an average loss in the bank for the third quarter of 2020 More than the year 2019, the loss was estimated at (712) thousand Bahraini dinars.
- **Al Salam Bank:** The list of the financial position of Al Salam Bank proved that in the third quarter of 2020 the bank's assets increased by a small percentage over 2019, and its liabilities increased in the third quarter of 2020 compared to the year 2019, and the income statement resulted in a slight profit in the bank for the third quarter of 2020 less From the year 2019, the profit was estimated at 8,038 thousand BD, but it is much less than in 2019.
- **Ahli United Bank:** The bank's financial position list proved that in the third quarter of 2020 the bank's assets increased by a very small percentage over 2019, and its liabilities increased in the third quarter of 2020 over the year 2019 by a small percentage, and the income statement resulted in a small profit in the bank for the third quarter. For the year 2020 less than the year 2019.
- **National Bank of Bahrain:** The bank's financial position list proved that in the third quarter of 2020 the bank's assets increased over 2019, and its liabilities increased in the third quarter of 2020 over the year 2019 by a large percentage. The income statement resulted in a profit in the bank for the third quarter of 2020 less than In 2019, with a value of more than 10 million Bahraini dinars.
- **Bank of Bahrain and Kuwait:** The Bank of Bahrain and Kuwait's financial position list proved that in the third quarter of 2020 the bank's assets decreased from 2019, and its liabilities decreased by a small percentage in the third quarter of 2020 compared to the year 2019, and the income statement resulted in a large loss in the bank for the third quarter of the year For the year 2019, the loss was estimated at (27.3) million Bahraini dinars.

So, If it is concluded from the financial reports for the third quarter of 2020 and comparing it to the third quarter of 2019 that there is a huge loss for the banks despite the profits of Al Salam Bank, Al Ahli United Bank, and the National Bank of Bahrain, but the profit that has been achieved is much less than its profits in the third quarter of 2019. The reports proved. The loss of Ithmaar Bank, Bahrain Islamic Bank and Bank of Bahrain and Kuwait in the third quarter of 2020, the Corona pandemic has affected the banking sector of the Kingdom of Bahrain significantly.

4.2. According to Questionnaire

The questionnaire, after it was distributed to 22 employees from selected banks in the research, including Ithmaar Bank, Bahrain Islamic Bank, National Bank of Bahrain,

Bank of Bahrain and Kuwait, Al Salam Bank and Al Ahli United Bank, proved that there was a clear and negative impact on bank credit due to the Corona pandemic.

The selected banks on the questionnaire demonstrated that there was a significant decrease in financing to customers, and very simple new financing existed from the period of March to September, due to the suspension of loan collection by a decision of the government of the Kingdom of Bahrain, which led to the near lack of people's will to obtain new financing.

The selected banks in the questionnaire demonstrated the commitment of bank clients to repay their loan installments after the period of permission for the Kingdom of Bahrain government to stop paying loans to citizens and residents.

The questionnaire, through the selected banks, demonstrated that there was a high decrease in the customers' desire to obtain an addition to their current funds during the Corona pandemic between March to September, and this proves that citizens and residents have obtained sufficient support from the government of the Kingdom of Bahrain by stopping the repayment of loans during this period.

5. Conclusion

In conclusion, the study was conducted to measure the impact of the Corona pandemic on the banking credit of the Kingdom of Bahrain in the year 2020, and the study was used by six banks in the Kingdom of Bahrain, namely Ithmaar Bank, Al Salam Bank, Bahrain Islamic Bank, National Bank of Bahrain, Bank of Bahrain and Kuwait and Al Ahli United Bank.

Financial reports were used for the selected banks for the third quarter of 2020, and their financial statements were compared between 2020 and 2019 for their third quarter. Three of the selected banks were deduced, namely, Bahrain Islamic Bank, Ithmaar Bank, and Bank of Bahrain and Kuwait, despite the conclusion of the profits of the other banks, namely Bank Ahli United, Al Salam Bank and National Bank of Bahrain, but their profits have resulted in less than the profits of the previous year 2019. The questionnaire was used and distributed to 22 employees in the various selected banks. The questionnaire was analyzed according to the Cronbach Alpha analysis, and all banks demonstrated a decrease in bank credit due to the Corona pandemic and the subsidies provided by the Kingdom of Bahrain to citizens and residents, which enabled them not to take new loans. Or add to their existing loans.

Our study is important for the banking economy today because our study proves the extent of the impact that banks have been affected in terms of bank credit in particular by a global viral pandemic, which is Corona. In addition, it is important for researchers to study the current conditions more accurately to find adequate and adequate solutions to the current situation in 2020, and the possibility of addressing any economic crisis that affects the Kingdom of Bahrain in the coming years due to a specific and recent disease pandemic.

6. Recommendations

By discussing the topic of measuring the impact of the Corona pandemic on the banking credit of the Kingdom of Bahrain, the following was recommended:

Through the results of the research, Bahrain Islamic Bank, Ithmaar Bank, Bank of Bahrain, and Kuwait have proven a heavy loss in the third quarter of 2020. As for Al Salam Bank, Al Ahli United Bank and National Bank of Bahrain, they have reaped profits in the third quarter of 2020. Corona pandemic.

1. I recommend banks that have suffered a loss during the Corona pandemic to reduce their expenditures, as the winning banks have done, to reduce their expenditures.
2. I recommend losing banks during the Corona pandemic to increase their operating income. The operating income that followed the profitable banks has also increased by increasing the income benefits.
3. The Central Bank of Bahrain has recommended that it implement a policy of support again for the losing banks in the Corona pandemic crisis, by reducing the legal reserve ratio and increasing the interest rate on financing after it was reduced during the pandemic.
4. I recommend that the Central Bank of Bahrain offer easy 3-month 0% buyback arrangements for banks that were losing money during the pandemic.

5. I recommend banks to present offers and prizes to encourage investment and financing, and that will move the banking credit sector in Bahrain after the Corona pandemic.

7. Challenges

I encountered difficulties during my writing of the research and from it

1. The topic of the research is recent, and I have not been able to obtain previous studies on the Corona pandemic and its impact on bank credit.
2. The research study relied on the interim study because the topic of the Corona pandemic is recent, and the studies were based on a short and modern time.
3. No accurate information was obtained through the questionnaire. Only 22 samples were taken from the employees of the selected banks, due to the refusal of many employees to respond to the questionnaire.

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