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Market Concentration and Banking Financial Performance: Moderating Effect of Market Share

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ABSTRACT

This paper investigates the relationship between banking concentration and financial performance, using financial ratio as an endogenous indicators of bank performance. It also investigates the influence of the moderator role of market share to alter the effect of concentration on bank performance. The study used panel data of 92 banks in the MENA countries, 21 of them are Islamic and the remaining 71 are conventional during the period 2005 – 2015. The empirical findings reveal that the relationship between concentration and profitability was not confirmed in Islamic banks and then the moderating effect of market shares was a significant determinant to affect the performance of banking system.

KEYWORDS Banking concentration; Islamic Banks; conventional banks; market share; financial performance

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