

The Performance of Saudi Banking Industry 2000 -2011: Have the Banks Distinguished Themselves from One Another?

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Abstract : This paper studies the technical efficiency of Saudi banking sector using stochastic frontier model. A sample of 12 banks over the period 2000-2011 is selected to investigate their technical efficiencies in mobilizing deposits, producing investment and generating income. The banks are categorized as Saudi-owned banks, Saudi-foreign-owned banks and Islamic banks. The findings show some consistent pattern of these bank types; and there exist significant disparities among the banks in term of technical efficiency. The Banque Saudi Fransi stands out as a benchmark bank for the industry, and it is a Saudi-foreign owned bank type. The Saudi owned bank types have shown fluctuating performance during the period; and the Islamic bank types are no significantly different from Saudi-owned bank types.

Keywords : technical efficiency, production frontier model, Islamic banking

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