

## **Risk Management in Islamic Banks: A Case Study of the Faisal Islamic Bank of Egypt**

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**Abstract :** This paper discusses the risk management in Islamic banks and aims to determine the difference in the practices and methods of risk management in those banks compared to the conventional banks, and to make a case study of the biggest Islamic bank in Egypt (Faisal Islamic Bank of Egypt) to identify the most important financial risks faced and how to manage those risks. It was found that Islamic banks face two types of risks. The first type is similar to the risks in conventional banks; the second type is the additional risks which facing the Islamic banks only as a result of some Islamic modes of financing. With regard to the risk management, Islamic banks such as conventional banks applied the regulatory rules issued by the Central Banks and the Basel Committee; Islamic banks also applied the instructions and procedures issued by the Islamic Financial Services Board (IFSB). Also, Islamic banks are similar to the conventional banks in the practices and methods which they use to manage the risks. And there are some factors that may affect the risk management in Islamic banks, such as the size of the bank and the efficiency of the administration and the staff of the bank.

**Keywords :** conventional banks, Faisal Islamic Bank of Egypt, Islamic banks, risk management

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