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Financial Sector Reforms in the Arab Countries

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Abu Dhabi - UAE

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These economic studies are the product of the staff of the Economic and Technical Department at Arab Monetary Fund (AMF). The Fund publishes these studies which survey issues pertinent to monetary, fiscal, banking, trade and capital market policies and their impact on Arab economies.

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I. Introduction

Historically, the Arab countries differed significantly in terms of economic policy orientation, degree of openness of the economy, availability of resources, and economic structure. While some of the countries have followed economic policies that were based on government intervention, protectionism, and the dominance of the public sector, others allowed larger role for the private sector, and for market forces in the process of economic production and resources allocation. Those differences have had significant effects on the level of development of the financial system, the types of reforms implemented, their speed, and comprehensiveness.

Nevertheless, almost all the Arab countries have developed and implemented financial reform programs, and some of them were within comprehensive macroeconomic reform strategies, that targeted increasing the efficiency of financial intermediation through liberalization, modernization, enhancing transparency, and applying stricter regulations in order to achieve better risk management. Those financial reform programs usually were implemented gradually, where the early stage involved mainly some measures to free the interest rates, the foreign exchange market, and moving from direct credit control to the use of indirect monetary policy instruments. The next stage usually involved reforming the banking system through restructuring and privatization, developing the non-banking financial markets, especially stock exchange markets and government securities primary markets, and redefining the relations between the banking sector and the public sector. A later stage of financial reforms usually involved reforming the regulatory and supervisory environment, moving towards a more advanced monetary policy framework, developing secondary markets for government securities, reforming the non-banking financial intermediaries – such as the insurance sector and pension funds, and developing modern payment systems.

In this regards, it is worthy to mention that the gradual approach to implementing financial reforms do not mean that it is always been done in the above-mentioned order, or that each stage is self-contained. The financial reform process, in general, is a continuous process that contains overlapping activities aimed at achieving a modern financial system that will promote the efficient allocation of resources, and will accommodate both the technological progress and the new financial innovations. Accordingly, while almost all the Arab countries are currently actively working on reforming the financial sector, and while some of them are advancing in this process and some are lagging behind, there are still lots of space for increasing the efficiency of the financial system in all the Arab countries.

This paper attempts to provide an overview of the financial reform process in the Arab countries. The paper provides in the following section some details regarding the financial reforms attempted, categorized under six distinct categories: monetary policy reforms; banking system reforms; financial markets development; other financial services reforms; supervisory, regulatory and institutional reforms; and development of technology and payment systems. The final section will provide a conclusion and some insights on the road ahead for financial reforms in the Arab countries.

II. Financial Sector Reforms in the Arab Countries

A. Monetary Policy Reforms

Reforming the monetary policy was one of the earliest economic reform attempts in the Arab Countries, especially in the countries that are not members of the Gulf Cooperation Council (GCC)[1]. As a large number of the non-GCC Arab countries have faced significant internal and external macroeconomic imbalances during the 1980s, they started major efforts to stabilize their economies around late 1980s. The main objectives of the standard stabilization programs at that time were controlling the monetary expansion, reducing the budget deficit, and devaluating the exchange rate. In this devaluating context, the early attempts to control the monetary expansion focused on enforcing quantitative ceilings on banking credit and sub ceilings on the credit to the public sector. However, as concerns with stabilization priority started to recede, and the reform efforts started to focus on structural issues, those countries started to work on implementing monetary policies that are more efficient, less distortionary, and more market-oriented. Accordingly, those countries increasingly moved toward monetary policy reforms aimed at improving the monetary policy framework, and using indirect monetary policy instruments as opposed to direct credit and interest rates controls. In this regards, reforming the monetary policy was a major part of the reform strategies of countries such as Egypt, Tunisia, Algeria, Morocco, Jordan, Yemen and Mauritania.

(1) GCC members are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates.

For example, Egypt started in the 1990s to move away from the direct monetary policy instruments such as credit ceilings and administered interest rates, to a more market oriented instruments. First interest rates were freed as well as exchange rate. Foreign exchange operations resulted in large monetary expansion that was sterilized through issuing treasury bills. Reserve requirements were adjusted, discount window operations were rationalized, and later repo operations were introduced. The authorities followed a monetary targeting regime, while developing further the indirect monetary policy tools. Those tools first included operating a deposit auction scheme with the Central Bank of Egypt (CBE), then creating two standing facilities for overnight borrowing and depositing at the CBE in order to activate the money market and making the overnight rate the operational target for the monetary policy that moves in a corridor within the standing facilities' rates. They also modified further the reserve requirements, and the repo operations. Recently, the authorities are actively moving toward making the monetary policy more transparent, and are setting the requirements for switching to an inflation-targeting regime.

In Tunisia, the central bank has developed market-based instruments that included repo operations, standing facility for lending, and reserve requirement. Currently, the monetary policy is focusing on the real effective exchange rate (REER) stability, mainly through controlling credit growth as an intermediate target, and targeting the interest rate as the operational target, and the central bank is working toward implementing an inflation-targeting regime in the future.

In Algeria, the interest rates used to be controlled administratively, and credit used to be given on concessional terms to public companies. However, in 1990 a new money and credit law was issued to give the Bank of Algeria more independence and control over the monetary policy. The council of money and credit was established, credit controls were reduced, with public and private companies were put on equal footing regarding credit. Also, the authorities started the process of freeing the interest rates, and the Bank of Algeria is currently implementing a floating exchange rate system, and manages it by taking account of fundamental developments of the real effective exchange rate.

As regards the rest of the non-GCC Arab countries, some of them have followed monetary policy regimes that relied, to different degrees, on the use of the exchange rate as a nominal anchor. Lebanon, for example, have pegged the exchange rate to the US Dollar while keeping the interest rates free, which helped the use of the Dollar as a *de facto* legal tender, but suffers from a fiscal dominance over the financial system. Jordan also pegged the exchange system to the US Dollar, freed the interest rates during the period 1988-1990, and started implementing indirect monetary control in 1993 when the Central Bank of Jordan started to issue its own certificates of deposit (CDs) to conduct the open market operations. Meanwhile, Morocco followed an exchange rate targeting regime, developed indirect monetary policy tools to manage liquidity, and are making efforts to increase the independence of Bank Al-Maghrib through issuing a new law that serves this purpose.

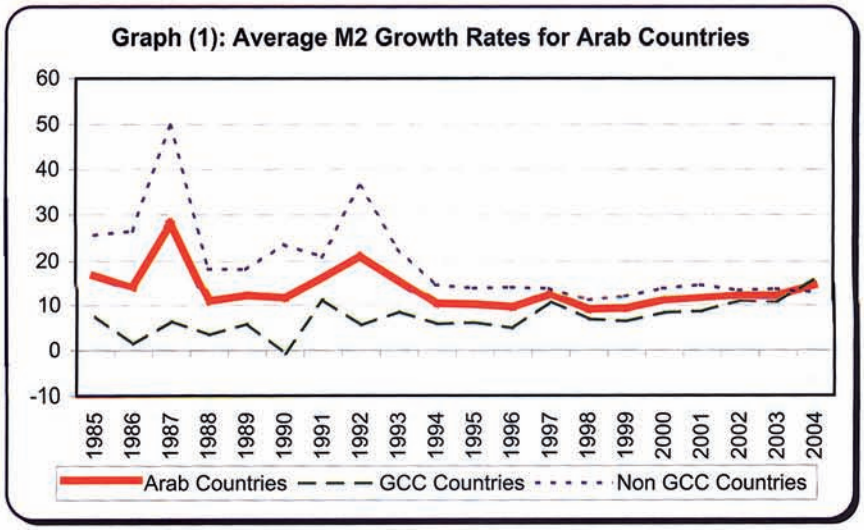
Sudan, Yemen, and Mauritania also moved ahead with developing indirect monetary policy instruments. Sudan developed government and central bank securities based on the Islamic principles that were used, along side foreign exchange swaps, to manage liquidity. Both Yemen and Mauritania have moved away from direct credit control, freed the interest rates partially, and developed some government securities to be used in monetary management.

Libya and Syria were lagging behind in developing monetary policy regimes and instruments that are based on market principles. However, both countries have started the monetary policy reforms during the last couple of years, as the Central Bank of Libya initiated an interest rate liberalization process in 2004 that included the unification of its deposit rates, liberalization of the banks' deposit rates, and replacement of the banks' multiple lending rates by a ceiling above the discount rate. Regarding Syria, where credit and interest rates were historically directly controlled by the government, the authorities tried in 2002 to reactivate the role of the central bank and the money and credit council through the issuance of the basic money law. The authorities started to give some degree of flexibility to the interest rates, and are currently trying to develop a new framework for the monetary policy.

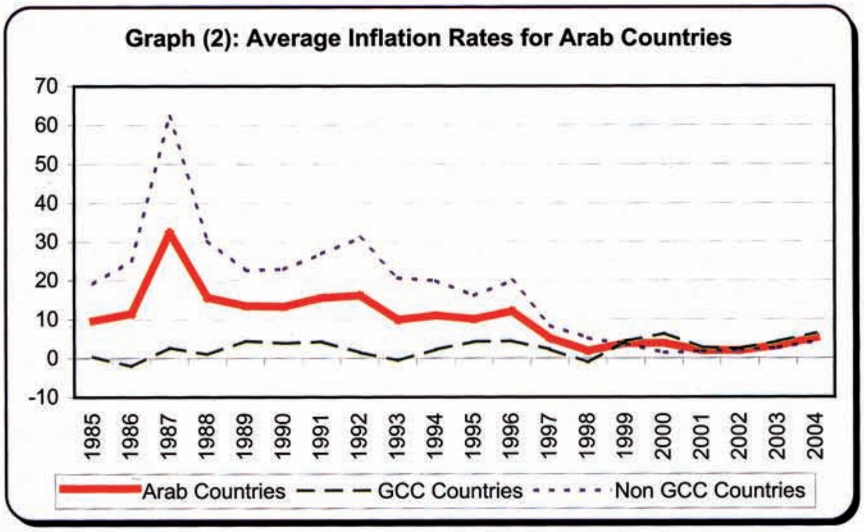
On the other hand, GCC countries, as a group, have historically followed a stable monetary policy regime based on exchange rate targeting, as they fixed the value of their currencies to the US Dollar. This monetary policy regime was supported by large foreign exchange reserves and free capital movements with no exchange controls. The monetary authorities of this group of countries were able to follow an accommodating monetary policy, where the expansion of the monetary base is controlled by the requirement of backing the banknotes by foreign currency reserves. However, to control the expansion of the money supply, some of the GCC states have used a combination of traditional monetary policy instruments – such as reserve requirements – and some forms of direct controls. For example, the authorities in Oman have imposed ceilings on interest rates during the period 1977-1993, the Central Bank of Kuwait is imposing a ceiling on lending interest rates and a ceiling on the loans-to deposits ratio since 2004, and the authorities in Qatar are also imposing a similar ceiling on the loans-to deposits ratio.

Nevertheless, the GCC countries are moving ahead with monetary policy reforms, and have set as an objective a single currency by 2010. Almost all the GCC countries have recently developed a number of indirect monetary policy instruments that are based on the market mechanism. The creation of such instruments was a significant step, which helped the authorities managing the liquidity resulted from the recent surge of oil prices and the associated capital inflows. For example, Saudi Arabia have developed a set of new tools such as repos/reverse repos, foreign exchange swaps, and placement of some public financial institutions' deposits with banks to meet liquidity requirements. Meanwhile, Kuwait have introduced a system of auctioning deposits, and issued a 3-month central bank papers. Qatar has introduced the Qatar Money Market Rate (QMR), which allows banks to borrow and deposit overnight funds with Qatar Central Bank.

Overall, monetary policy reforms were successful in the Arab countries. Market based monetary policy regimes were developed, and most countries have moved away from direct credit and interest rate controls towards indirect monetary policy instruments. As graph (1) shows, the Arab countries as a group, and the non-GCC Arab countries in particular, have succeeded in reducing monetary expansion over the last two decades, and as a result, inflation rates have been reduced gradually over this period as is shown in graph (2).



Data source: Table (1) in the appendix.



Data source: Table (2) in the appendix.

B. Banking System Reforms

Although, there is a substantial variation in the degree of banking sector development and sophistication among the Arab countries, the sector was historically, by far, the main channel of financial intermediation in most of those countries. Accordingly, reforming the banking system was, and remains, the key element of the financial sector reform programs in the Arab countries as a group.

The major problems that the banking system have faced in many of the Arab countries, initially reflected the dominance of the government and the public sector over its activities, the lack of competition, the high levels of concentration, and the distortions created by the administratively determined interest rates and allocation of credit. However, with the development of comprehensive macroeconomic reform programs with a market orientation in some of the major countries of the region, the banking system started to face new challenges related to the market system orientation and increased competition, in addition to the problems related to the effects of being a major source of finance for the government and the public sector. Accordingly, the recent reform efforts involved dealing with both sorts of problems.

As regards the country specific issues, GCC countries are having well developed, technologically advanced banking systems that are well integrated into the world economy. However, some GCC countries, such as Bahrain, are having a more diversified and sophisticated banking systems than the others. The banking systems in some of the countries, such as Qatar, Oman, and Kuwait, were dependent to a large degree on the public sector. Some others, such as Saudi Arabia and United Arab Emirates, have limited the access of foreign banks to their market. Nevertheless, the GCC countries are currently working on further developing their banking systems, both in terms of the quality of risk management and the preparation for increased competition. This process have gained a special attention recently, due to the decision to allow GCC national banks to open branches in the member countries, and as the pressure increased from international institutions, such as the WTO, to open up the financial systems to outside competition.

As for the non-GCC Arab countries, the banking system developments, problems, and reforms were more profound. For example, in Morocco, the banking reform process started in the late 1980s with a movement towards freeing the interest rates and the exchange rate, eliminating credit ceilings, reducing the government role in directing credit, and enhancing competition through the elimination of the advantages previously given to the public financial institutions. The second phase of the reform process involved issuing a new banking law in 1993 that aimed at increasing the competition among banks through the adoption of the concept of universal banking, and restructuring the public sector banks. The third phase of reforms, started in the early 2000s, and focused on restructuring the specialized lending institutions.

Meanwhile, Egypt, which used to have only public sector banks during the 1950s and 1960s, has started to open gradually the banking system during the 1970s, as private and joint venture banks were allowed to operate. The reform process has stalled during the 1980s, and was activated again during the 1990s as a part of the market oriented reform program. However, the banking system has suffered, during the late 1990s – early 2000s, from significant problems related to the non-performing loans (NPLs) of both the public and private sector, and the foreign exchange exposure. As a result, the authorities are currently following a vigorous banking system reform strategy. The strategy includes a bold privatization program of public and joint banks, merger to create large sound banks able to compete, addressing the problem of NPLs of both private and public entities, and recapitalization of banks.

The problem of NPLs has had serious implications on the banking systems of some other non-GCC Arab countries, as well. For example, Tunisia started to tackle the NPLs problem in 1996 through a comprehensive plan; and Yemen is currently working on finding solutions to the problem while restructuring the public banks. Algeria addressed the problem of NPLs of the public enterprises by issuing long-term treasury bonds to repurchase some of it. However, as the problem continued and resulted in a distorted risk pricing that hampered the development of an appropriate credit culture, the government started in 2005 to include in the budget, for the first time, explicit subsidies to loss-making public enterprises to replace new bank credit.

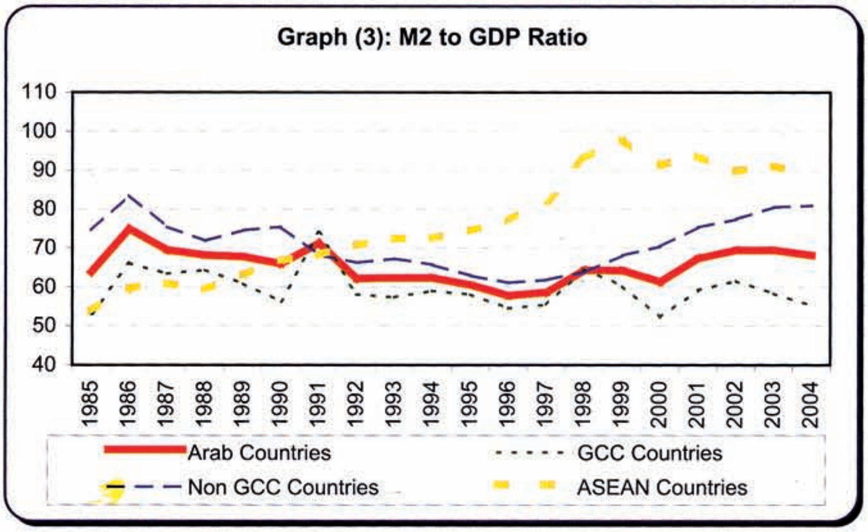
Another important aspect of banking sector reforms in the Arab countries is reducing the role of the public sector in the banking industry through privatization, and opening the banking sector for private and foreign banks. Beside Egypt, which as mentioned before, have opened the market in the 1970s and is recently following a bold privatization program in the banking sector, Algeria is working on the privatization of a public bank, and preparing for the privatization two others. Meanwhile, Sudan, Yemen and Libya are doing efforts toward privatizing some of the public banks. Also, Sudan and Syria, have recently taken steps to open their markets for private and foreign banks.

Finally, the majority of the non-GCC Arab countries have worked on strengthening the banking system. This process have involved restructuring some of the public banks and increasing the capital requirements, such as the cases of Egypt, Jordan, Yemen, Sudan, Mauritania, Morocco and Algeria.

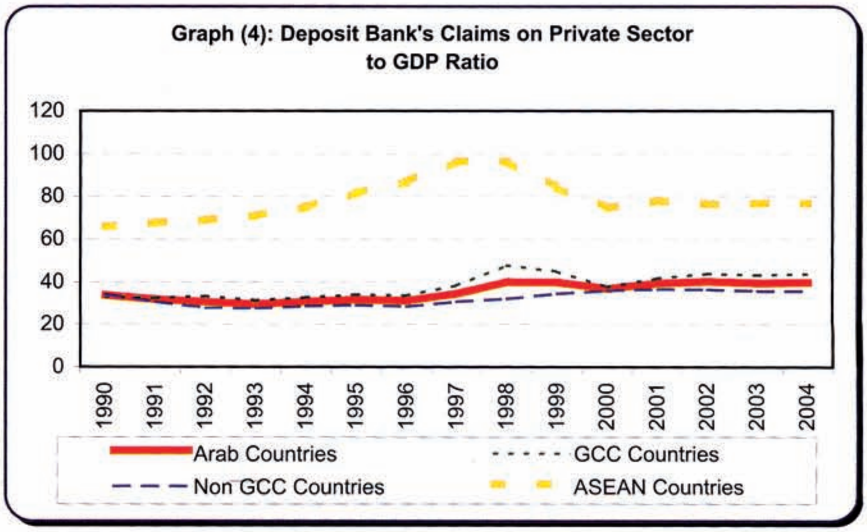
Taking into account the above-mentioned reforms, the banking systems in most of the Arab countries, especially in the non-GCC countries, remain in need for catching up with the worldwide developments in the banking industry. The reform efforts had some degree of success in many countries, but still need strengthening to increase the efficiency of the banking system in financial intermediation, and to be able to face the potential fierce competition resulting from the current globalization trend. As shown in graph (3), the banking system reforms in the Arab countries have led to a slight increase of financial depth, as measured by the ratio of the money supply (M2) to the GDP, but this achievement remains modest when compared to the ASEAN countries[(2)] for example.

Similarly, the banking systems in the Arab countries are still lagging behind, in comparison to the ASEAN countries, in the allocation of financial resources to the private sector and in limiting the crowding out effect of financing the public sector. This is could be noticed as the average ratios of the banking claims on the private sector to the GDP are lower than those of the ASEAN countries, and the average ratios of the banking claims on the public sector are higher than those of the ASEAN countries. [graphs (4) and (5)].

(2) ASEAN countries are Indonesia, Malaysia, Singapore and Thailand.



Data source: Table (3) in the appendix.



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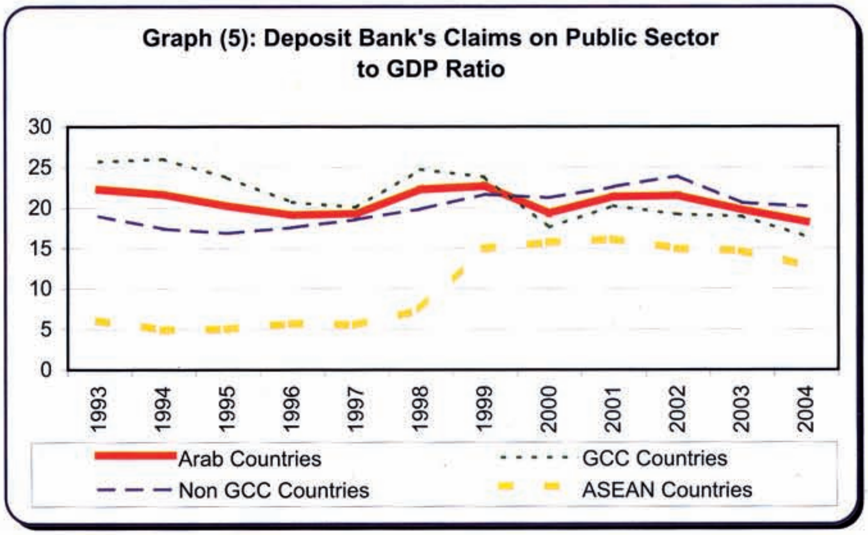


Data source: Table (5) in the appendix.

C. Financial Markets Development

Stock Market Development

As a part of their efforts to encourage private participation in the economic activities, and to channel the financial resources in an efficient and cost effective manner, the Arab countries attached great importance to establishing well functioning stock markets. Accordingly, some Arab countries have taken steps to establish such markets during the period of late 1970s – early 1980s, but those efforts started to pick up during the 1990s and early 2000s.

As regards the GCC countries, they all have established official stock exchanges. Kuwait established its market in 1977, but the early experience of the market showed a speculative bubble on the informal Souq Al-Manakh in 1982. As a result, the authorities issued a new market law in 1983 that established the Kuwait Stock Exchange and commissioned the market committee (MC) as a regulating agency. However, the bubble burst experience has led to a large aversion from the investors, and to stagnation in the market. In 1992, the market was reopened, and started to grow strongly after the KSE adopted the Kuwait Automated Trading System (KATS) in 1995. The market gained a significant boost in recent years, due to the large amount of liquidity associated with the rise of oil prices, and as foreigners were permitted to trade in the market starting 2000.

Saudi Arabia used to have an unofficial over the counter market for stocks since the early 1970s, which remained up to the early 1980s. In 1984, the authorities started to organize the market officially, enhancing its regulatory environment, and facilitating the registration and clearing activities. In 1990 the authorities initiated an automated information system for stocks, and initiated in 2001 a new system for trading, clearing, and settlement called (TADAWUL) which provides a continuous order driven market and settles transaction in real times. Saudi Arabia has opened its stock market gradually for foreigners. First, GCC citizens were allowed access to the market in 1994, then other foreigners were allowed to participate through investment funds in 1997, and finally foreigners were allowed to participate directly in 2006. The Authorities have also recently strengthened the regulation of the market, as the Financial Market Authority was established in 2003, as an independent entity responsible regulating the market.

Bahrain has followed both Kuwait and Saudi Arabia in establishing an official stock market, as it opened the Bahrain Stock Exchange (BSE) in 1989. However, the activities in the market were not strong, and the authorities tried to activate the market through relaxing the ownership restriction for non-Bahrainis. The authorities allowed GCC citizens to own up to 100 percent of listed companies, while raised the ceiling for the other foreigners from 24 percent to 49 percent. Those measures, plus the establishment of an electronic trading system, have helped the market to register a relative pick up in activity.

Oman has established the Muscat Securities Market (MSM) in 1989. However, the activities in the market were limited compared to the other GCC markets, despite the fact that MSM is open to foreigners. The authorities have restructured the market in 1998, where the Capital Market Authority (CMA) was established as a separate regulator, the Muscat Depository and Transfer Company was set up to provide depository and transfer services, and electronic share trading was introduced.

Qatar has opened the Doha Stock Market (DSM) in 1997, and the electronic trading system was established in 2002. Trading by GCC citizens is allowed, and recently, trading by foreigners is opened gradually, as they were allowed in 2005 to own up to 25 percent of listed Qatari companies.

United Arab Emirates have established two stock markets, the Abu Dhabi Securities Market (ADSM) and Dubai Financial Market (DFM), in 2000. The two markets were linked together electronically in 2004, and trading by GCC citizens were allowed, and recently, trading by foreigners is opened gradually. The authorities strengthened the regulatory and supervisory environment by establishing the Emirate Securities and Commodities Authority (ESCA), and by clarifying listing and disclosure requirements. The authorities have established in September 2004, a third market targeting listing companies from outside the UAE, The Dubai International Financial Exchange (DIFX), which is considered the centerpiece of the ambitious Dubai International Financial Center (DIFC).

As regards the non-GCC Arab countries, the level of development of their stock markets differ to a large degree. Some of those countries used to have active stock markets, whose developments were constrained by economic policies based on government intervention. Others started recently to establish such markets. For example, Egypt used to have an active stock market during the first half of the 20^{th} century, but was inactive after the revolution and the nationalization movement. The authorities reactivated the market in 1992, which was boosted by the privatization program, allowing trading by foreigners, giving tax exemptions on capital gains and profit distribution, introducing an electronic system for trading, and granting the Capital Market Authority (CMA) wide regulatory powers. The authorities have worked recently on making the market more attractive, by allowing margin trading, strengthening the regulations, assigning foreign exchange funds for foreigners participating in the market, and by lifting the daily limit on share price movements.

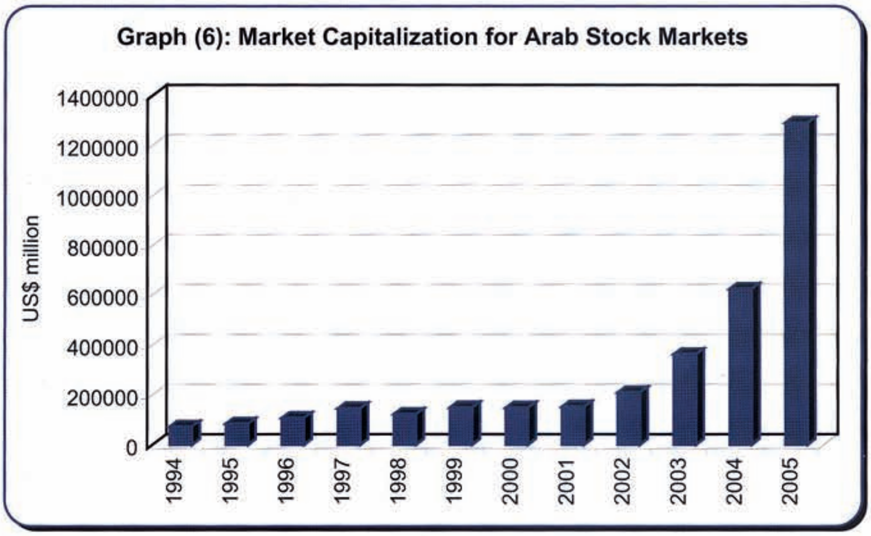
Similar to Egypt, the Moroccan stock market had a long history, as it was established in 1929. After a prolonged period of stagnation, the authorities tried to reactivate it in 1993, through creating a supervisory body for the market, established an agency for settlement of financial transactions, introducing an electronic quotation system, putting no restrictions on foreign participation, and allowing the establishment of investment funds. Furthermore, the regulations governing the market were strengthened in 2004 by redefining conditions for the listing of shares and to insure the security of transactions.

Jordan too, had a long history with public dealing with shares, as it started around early 1930s. However, the official organization of the market started with the establishment of the Amman Financial Market (AFM) in 1978, which worked initially as both the stock exchange and the regulatory body. Starting from 1997, the market witnessed significant changes to increase transparency and efficiency. Three institutions emerged out of the old AFM: the Jordan Securities Commission, the Amman Stock Exchange, and the Security Depository Center. Those institutions guaranteed the separation between regulatory and trading functions. On the technical level, the market received a boost in 2004, when the securities Depository Center signed an agreement with the central bank to use its RTGS payment system for the settlement of securities trading between brokers, which allowed the settlement cycle to move from a T+4 to a T+2.

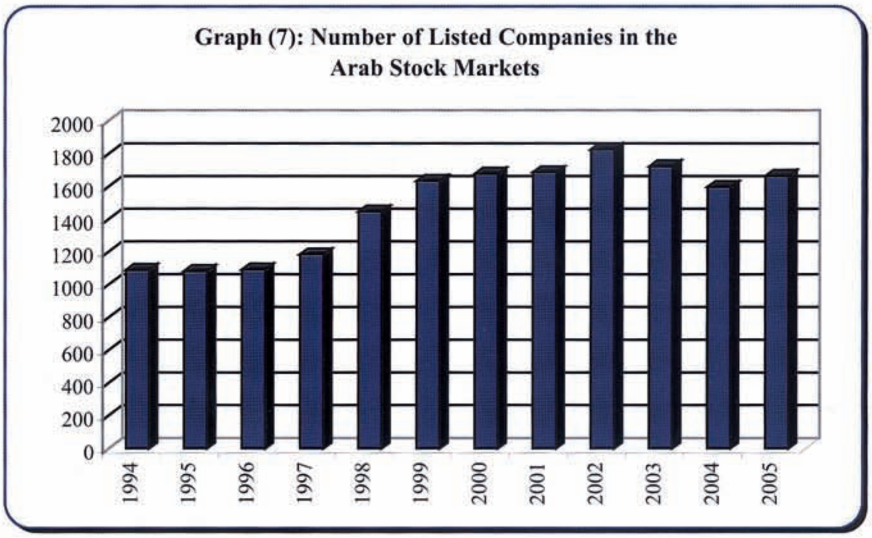
As regards the rest of the countries, Lebanon reopened the Beirut Stock Exchange (BSE) in 1995 with trading starting in 1996. However, despite efforts to boost trading in the market, which included the introduction of continuous electronic trading in 2000, the market is still considered thin. Algeria's market is still in the infancy stage, as there are only three listed stocks and the trading is almost nonexistent. However, the Surveillance Commission

(COSOB), an independent authority, has exerted major efforts since 1993 to develop the market, as brokers have been licensed and a central depository created. Tunisia's market, which was opened in 1990, has witnessed rapid growth over the past decade after the issuance of the 1994 law provided for a modern and robust regulatory framework for the securities markets. Sudan established the Khartoum stock exchange 1994. The market activities increased with the activation of the privatization program, and the issuance of government securities. Iraq activated its market recently. The Palestinian market opened in 1997, and the capital market authority was established in 2004 to become the sole regulator of the market. Syria is attempting to establish a stock market, and took the first step by issuing in 2005 a law to establish the capital market authority. Meanwhile, Yemen announced in 2006 that they are planning to establish a stock market with the cooperation of the Dubai Financial Market.

As a result of the strong movement to activating the stock markets all over the Arab world, which was accompanied by the activation of bold privatization programs in some of those countries, huge investment plans, and the injection of large amounts of liquidity associated with the current surge in oil prices, the Arab markets have witnessed a boom in recent years in a way that was reflected strongly on capitalization, prices, number of listed companies, and the turnover ratios [graphs (6) to (9)]. This movement has attracted attention to the Arab capital markets, especially in the GCC countries, and resulted in waves of speculations and corrections, that increased the volatility of the markets. As a response, the authorities are currently increasing their efforts to raise the efficiency and the transparency of the markets.



Data source: Table (6) in the appendix.



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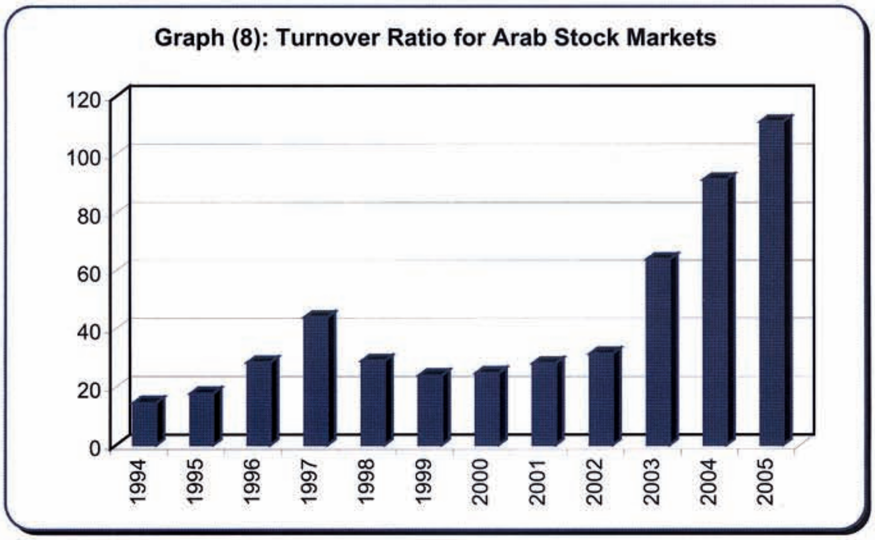

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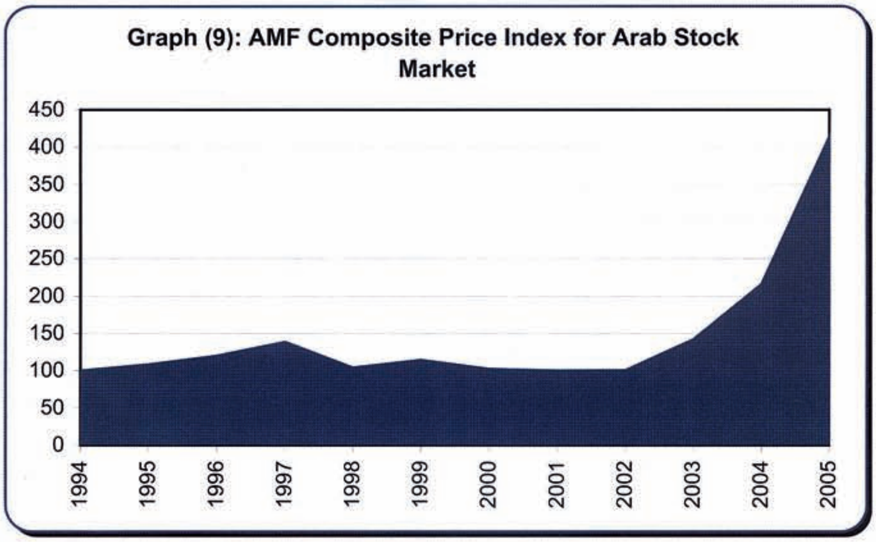

Data source: Table (9) in the appendix.

Debt Market Development

Arab countries recognized the need for active and efficient debt markets within the process of fiscal and monetary policy reforms, as those markets were needed for the efficient management of public debt, for providing market based monetary policy instruments, and for setting the benchmarks for pricing in the financial sector. While Arab countries in general have succeeded in developing primary markets for government papers, they still however lag behind in having active secondary markets for those papers, and in having mature debt markets for private papers. Recently, some Arab countries tried to develop the market through the activation of a primary dealers' systems, and enhancing the process of auctioning, registering and dealing on the debt papers. But, the debt market development remains one of the most import areas for improvement within the financial sector in the Arab world. Currently, there are thirteen Arab countries that issue government bonds, and significantly fewer have some sort of private debt markets. The experience of the Arab countries in this area is mixed.

For example, in Saudi Arabia, the government has been issuing bonds since 1988 for deficit financing. The papers currently available are: Government Development Bonds (GDBs), issued every month with maturities of 2, 3, 5, 6, 10 years, Treasury bills started to be issued weekly in 1991 with maturities of 1, 4, 13, 26, 52 weeks, Floating Rate Notes (FRNs) started to be issued in 1996 every month in 5, and 7 years maturities. During the last two decades, the Saudi government debt market went through evolutionary changes in terms of issuance procedures, pricing, maturity spectrum, settlement and the use of repos. SAMA is currently working on developing the market further, through the introduction of a primary dealers system, switching to auction system, and encouraging investment banking culture. However, the secondary market for government securities still has a limited turnover. As regards corporate bond issuance, it started in 2003, driven by the business expansion trend and the need to diversify funding resources away from bank credit.

As regards the rest of the GCC countries, the debt market is still not well developed. The local debt market in the UAE is in its emerging stages, although recently it has been activated by several bond issues in the local market. However, trading in the secondary market is not very active. In Bahrain, there are 20 Bahraini government and corporate bond issues, and lately the government has concentrated on issuing Islamic securities. Oman made the first issues of the government and corporate bonds in 1991, but the market is still very thin.

Among the non-GCC Arab countries, Egypt's market was activated in 1992 after the issuance of the new capital market law. The authorities made significant effort to develop the market for government papers, and did number of enhancements on the auction system, introduced the primary dealers system in 2004, enhanced regulations, and developed an electronic system for settlements. The Egyptian market have witnessed a number of corporate bonds issuance, and currently a bank debts securitization bonds are in the process of development.

In Morocco, the development of the government bonds market started in 1988, with the launch of the primary auction mechanism. The market development started to gain momentum with the implementation of the government policy of securtizing the state loans, switching from external debt to internal debt, and reforming the monetary policy management. The authorities introduced the primary dealer system in 1995, and launched the treasury bills secondary market in 1996. The government recently has improved the settlement activity in 2002. Currently, there are three debt issues that could be traded in the market beside government papers; they are certificate of deposits issued by banks, financial companies bonds, and regular corporate bonds.

In Lebanon, the bond market represents the largest component of the country's non banking financial sector, and is dominated by the government on the issuance front, and commercial banks on the investment front. The market has, beside the government bonds, issues of treasury bills, and certificates of deposits in local currency. It also has corporate bonds denominated in foreign currency. Currently, the authorities are trying to improve the market in a context of a program to enhance public debt management.

As regards the rest of the countries, in Tunisia the bonds market is dominated by government securities, which represent 85 percent of outstanding bond instruments. The primary market for government securities has been extensively reformed in recent years, while the secondary market is in its infancy. The other main bond issuers in Tunisia are banks and leasing companies. In Algeria, fixed-income and money markets are in their infancy.

Bonds swapped for public sector companies' loans represent 90 percent of Treasury domestic debt, but these bonds are not traded. Treasury also issues a few tradable papers of short duration.

D. Other Financial Services Reforms

As mentioned above, the banking sector was, and still is, the major financial intermediary in the Arab countries, while the development of the stock markets is gaining momentum in recent years. However, the rest of the financial services, and mainly the insurance and the pension sectors, are lagging behind in development in most of the Arab countries.

The insurance sector development varies significantly among the Arab countries. For example, Bahrain has an on-shore traditional insurance industry that is well developed and collects a significant percentage of GDP in gross premiums annually. An Islamic insurance (Takaful) was established in 1989 that has seen a growing demand on its products. Bahrain has an offshore insurance sector that serves mainly Saudi Arabia. The Bahrain Monetary Authority recently issued rulebook includes a section on insurance that establishes a comprehensive regulatory framework applicable to all insurance companies. In the United Arab Emirates the insurance sector is one of the most active in the Gulf States. However, it is relatively small, less systematically important, and less developed than the banking sector. In the other GCC countries, the insurance sector is still small, and the authorities are making some efforts to open it for competition, and to regulate and supervise it in a more efficient way.

As regards the non-GCC Arab countries, the developments are even less apparent, but some of those countries are trying to enhance the situation gradually. For example, in Egypt, the authorities allowed private companies to operate in the Egyptian market, and are planning to reform the public companies. In Algeria, the authorities have liberalized the insurance sector in 1995, and enforced local prudential requirements, but life insurance is not yet regulated. The authorities in Jordan, Syria, and Mauritania have taken steps to allow private sector participation in the insurance activities, but, as mentioned above, the markets are still insignificant and lacking efficiency.

Other financial services, beside banking, insurance, stock and debt markets, are either non-existent or dominated by the government. Private pension activities do not exist in a almost all the countries, and are government-based in some countries. Mortgage firms and securitization activities are still at an early stage in only very few countries. Mutual and investment funds are new institutions in a number of countries, mainly GCC countries. Simple derivatives, such as foreign exchange swaps and forward contracts, exist in a few countries, but derivatives' markets in general are very rare. Accordingly, lots of efforts are needed in the coming years in order to develop such services and markets.

E. Supervisory, Regulatory and Institutional Reforms

Reforming the supervisory, regulatory, and institutional environment recently represented a major priority for the Arab countries. After attempting, as a first stage of reforms, to open the financial markets to competition, reforming the monetary policy, and restructuring the banking system, the authorities in the Arab countries have recognized lately the importance of having an environment that gives confidence to the financial sector, which could be achieved through having a transparent set of rules that are internationally recognized as best practices in regulating and supervising the financial sector, and having the independent institutions that are capable of enforcing those rules in an efficient way. This process recently included steps by the authorities in many countries to prepare the banking system for the future implementation of the requirements of Basel II accord. Also, the Arab countries have recognized the importance of fighting the illegal activities of money laundering and terrorist financing, and all of them have in this regard passed bold laws, and activated units to insure the successful implementation of those laws.

The GCC countries have focused on enhancing the regulatory environment for the banking system, and implementing reforms regarding the regulation of the capital market, including separating between the regulatory and the market activities. For example, in Saudi Arabia, where SAMA acts as the regulatory and supervisory authority over commercial banks, the authorities have adopted international supervisory standards and practices in different areas, such as credit risk management, methods of calculating loan and liquidity ratios, defining the powers and responsibilities of the members of the boards in banks, and adopting the accounting standards. The authorities have also created the Financial Market Authority in 2003, to work as an independent regulator.

In the United Arab Emirates, The Central Bank upgraded significantly its banking supervision function in the mid-1990s. The authorities have made a remarkable progress in developing a legal framework that is sound and comprehensive in relation to the banking and financial sector. The authorities also recognized the importance of the separation between the regulatory and management functions in the capital market, as they created the independent Emirate Securities and Commodities Authority (ESCA) to regulate the market.

In Kuwait, the authorities have made progress in the past few years in bringing banking supervision into line with international standards. They developed an early warning system, and enacted a legislation that brings Islamic financial institutions under the supervision of the central bank. Recently, the central bank have made a progress towards the future application of Basel II accord, as it required the banks to follow risk management programs that must address credit, interest, liquidity, market, and operational risk. As regards the capital markets, the authorities have separated the regulatory and market activities soon after the crash of 1982, as the authorities issued the new market law in 1983, were the Kuwaiti Stock Exchange and the market committee was established as separate entities.

The authorities in Bahrain have worked on implementing an integrated regulation and supervision of the whole financial sector at the Bahrain Monetary Authority. In 2002, the authorities have transferred the supervisory responsibility for the insurance sector and the securities markets to the monetary authority, which has been responsible for banking regulation and supervision, and for payments system oversight since its founding in 1973. The authorities are attempting to reinforce the regulatory and supervisory role of the monetary authority as an integrated regulator, and to strengthen its independence, by drafting a new law that will establish it as an independent central bank, and will clarify its responsibilities. Meanwhile, the monetary authority is preparing to introduce an integrated licensing framework for all financial institutions, prepared comprehensive manuals compiling regulations for all financial institutions, refined regulations on the governance of financial institutions, and is developing criteria for evaluating the prudential implications of major acquisitions and investments as part of its implementation of the Basel II capital accord.

In Qatar, the central bank have enforced banking international standards, as it requires banks in Qatar to comply to prudential ratios set by Basel Core Principles, and to be ready to comply with capital adequacy of Basel II by the year 2006. In addition, and similar to the case of Bahrain, the central bank is studying the possibility of establishing a single regulator system for both banking and financial sectors. On the supervision front, the central bank have launched a remote inspection mechanism known as Central Reporting System, that allows its inspectors to supervise and audit banks in depth.

Finally, in Oman, the central bank have worked on implementing international standards in the process of regulating and supervising the banking system, an anti money laundering law was issued in 2003, and the authorities have established a separation between the regulatory and management functions in the capital market.

As regards the non-GCC Arab countries, enhancing the regulatory, supervisory, and institutional framework have represented a major area of importance within the financial reform programs of most countries. For example, the authorities in Egypt did an overall review of all supervisory controls, and accordingly, those controls were modified to comply with international standards, including capital adequacy requirements of Basel committee, provisioning, controlling credit and foreign exchange exposure, and evaluating banks according to (CAMEL) principles. Currently, The authorities are trying to enhance the regulatory and supervisory environment for the banking activities. Those efforts included the issuance of a new unified banking law, the development of market code for the interbank foreign exchange market, and further developing the regulatory rules governing banks. The authorities have also worked on strengthening the role of the Capital Market Authority as the regulatory body, and on improving and modernizing the regulatory framework for the capital market.

In morocco, the authorities worked since late 1990s on improving the regulatory and supervisory environment for the banking system in order to converge to the international standards. Those efforts included capital adequacy, provisioning and risk management. The authorities also made efforts to organize insurance activities, where it allowed banks to perform such activities in the areas of personal and lending insurance, organizing the code of conduct for the persons working in insurance activities, and strengthened supervision on the activities. Meanwhile, in Tunisia the legal framework for commercial and financial transactions has been extensively modernized, and a landmark law was established in 1994 that provided for a modern and robust regulatory framework for the securities markets.

Algeria has started at end of the 1980s, a major effort to modernize the laws and regulations governing financial intermediation. This process included the issuance of a new banking law of in 1990. However, The failure of the largest Algerian private bank in 2003 exposed important gaps in supervision and regulation. Accordingly, the central bank took steps to increase its supervisory capacity, including recruiting and training additional inspectors. The authorities worked on enhancing the management of the public banks through having their managers signing performance contracts with the ministry of finance.

In Jordan, The authorities worked on enhancing the regulatory environment by issuing three important laws in 2000: a banking law that gave more power to the central bank, and established Islamic banking. A deposit guarantee law, and public debt law regarding government securities and the role of the central bank in the process. Laws were also issued covering securities in 1997 that was amended in 2002, regulating insurance activities in 1999, and electronic transactions in 2001. The authorities in Yemen, Syria, Libya, and Sudan are recently having plans to reform the regulatory and supervisory environment of the financial sector.

F. Development of Technology and Payment Systems

The Arab countries recognized the importance of modernizing the payment systems in order to increase efficiency, reduce the costs *of transactions, and to facilitate the implementation of the* monetary policy. The GCC countries have led this trend, and the non-GCC Arab countries recently made major steps towards modernizing their systems.

As regards country experience, Saudi Arabia has an advanced and efficient payment system, Saudi Arabian Interbank Express (SARIE), based on real-time settlement (RTGS). The payment system includes Automated Cheque Clearing Houses, Saudi Payments Network (SPAN) which supports ATM's and Point of Sale Terminals, Shares are traded via an electronic trading system (TADAWUL) which provides a continuous order driven market and settles with a T+0 features. Bonds are currently traded via telephone and swift system, and SAMA is now working with the capital market authority (CMA) for inclusion of bonds in the electronic trading system.

The United Arab Emirates have three payment systems operated by the central bank: a check clearing system (CCS), the test key telex system (TTS), and SWITCH payment system for bank cards. While Kuwait is having the Kuwait Clearing Company (KCC), where equity and debt trades on the KSE are cleared and settled through. The Kuwaiti authorities are currently working on the implementation of an RTGS system, which is planned also by Bahrain. Qatar has adopted a national RTGS payment system, and the central bank has been able to facilitate online payments for e-commerce and e-government transactions through this National Payment Gateway System. The authorities also adopted a check image system that enables banks to clear checks within 24 hours at early stages of implementation with an ultimate goal of clearing a check in a few minutes.

As for the non-GCC Arab countries, many of them are having plans to modernize their payment systems, centered on implementing an RTGS system for large payments. For example, in Egypt the authorities are in the process of modernizing the payment system, and targeting the adoption of an RTGS system soon. They took first steps in this process, which included the creation of the national payment council, and operating a swift system. Algeria started the process of modernizing the payment system, and succeeded in operating an RTGS system. Both Jordan, Yemen and Sudan are working in the same direction, as The national payment council was established in Jordan, and the work is getting completed in a RTGS system; The Yemeni authorities are in the process of developing an RTGS system too; and in Sudan, the government recently initiated the service of ATMs, and are trying to develop an RTGS system for large payments. Meanwhile, in Morocco, the authorities are currently working on the process of developing the payment system, including a system of dealing with government securities. In Libya, the central bank has a plan to reform the payment system by the year 2007. The plan includes the acquisition and use of automated systems and the introduction of noncash payment instruments that it has developed with the technical assistance of the World Bank.

III. Conclusions Regarding the Remaining Agenda for Financial Sector Reforms

The Arab countries have achieved significant progress over the last two decades in developing market oriented financial sectors. The majority of the Arab countries have implemented reform programs that targeted increasing the efficiency and competitiveness of the banking system, developing stock markets, moving towards financing the public sector through more market-based mechanisms, developing an efficient regulatory and supervisory environment for the financial sector, and conducting monetary policies with indirect instruments. Those efforts have helped the Arab countries in general in increasing financial intermediation, and relatively narrowing the gap with the international standards for financial services. However, reforming the financial sectors in the Arab countries are far from done, and there are still many aspects that need to be tackled in order to achieve the efficiency, depth, and dynamism in line with the financial sectors in the developed countries and the newly industrialized countries.

In the area of monetary policy, there are needs in most of the countries to create or further develop the money markets, to redefine the relation between the monetary and the fiscal policy and strengthen the monetary authorities' operational independence, to increase the transparency of the monetary policy actions, and to enhance the macroeconomic data and models needed for developing the monetary policy strategy and implementation.

As regards the banking sector, further reforms are needed in some countries in order to solve the problems related to the reliance of the public sector on banking finance. Recapitalization of banks, and enhancing the process of provisioning are needed in order to clean up the financial statements of the banks and to tackle the problem of non-performing loans. Privatization, mergers, and opening the market for foreign participation are needed in order to increase the competition and the efficiency within the banking system.

Stock markets' regulations and supervision need to be strengthened in many Arab countries, in order to avoid the shortcoming of phenomena like insider trading and conflict of interests. The transparency of the markets needs to be increased in order to raise their efficiency. Also, in some countries, the activation of privatization programs may help the process of developing their stock markets.

Primary debt markets are needed to be developed in a number of the Arab countries, and secondary markets are needed to be activated in almost all the countries. Development of the debt markets would help finding a market based, non distortionary channel to finance the government deficits, would help in increasing the monetary policy efficiency, and would help constructing the yield curves needed for setting the benchmarks for pricing the financial products. The experience of some of the countries have showed that organizing the process of issuing the public papers and creating a system for primary dealers could be the first step needed in order to activate the debt markets.

Insurance and pension sectors are in urgent need for reforms in many Arab countries. Opening those two sectors for the private sector, and reforming the public sector companies, would be a priority. Also, regulations governing those two sectors need to be reformed and strengthened. There is a large space for developing other financial services too. Derivative markets, specialized mortgage companies, leasing companies, and investment funds, could be developed in most of the Arab countries. However, regulating those new activities in an efficient way would be a prerequisite for the successful implementation of them, and for reducing the risks associated with them.

Finally, it is worthy to mention that, setting the regulations for the financial sector according to the international standards is not enough. Equipping the regulatory and supervisory authorities with the capacities needed in order to guarantee the efficient application of those regulations is a must. Also, reforming the institutional setting would facilitate the efficient regulation of the financial sector.

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Table (1): M2 Growth in the Arab Countries

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Arab Countries*	**16.8**	**14.1**	**28.3**	**11.0**	**12.2**	**11.7**	**16.2**	**21.1**	**15.7**	**10.4**
GCC Countries	**7.6**	**1.5**	**6.6**	**3.6**	**6.0**	**-0.5**	**11.3**	**5.6**	**8.6**	**6.0**
Bahrain	9.1	-2.0	9.4	4.0	4.4	-11.6	23.2	4.9	5.7	6.0
Kuwait	-1.5	0.4	2.5	6.9	4.8	1.3	1.3	0.7	5.6	5.4
Oman	21.1	-6.8	5.3	5.9	9.4	10.0	5.5	3.1	3.2	6.7
Qatar	9.2	11.2	8.6	-8.4	13.9	-4.6	2.4	8.0	12.4	9.1
Saudi Arabia	1.1	9.2	4.1	6.4	0.9	4.6	14.6	2.1	3.4	3.0
United Arab Emirates	6.9	-3.2	9.7	6.5	2.8	-2.7	20.9	15.1	21.3	5.6
Non GCC Countries*	**25.9**	**26.7**	**49.9**	**18.3**	**18.3**	**23.8**	**21.1**	**36.5**	**22.8**	**14.8**
Algeria	15.0	1.4	13.6	13.6	5.2	11.4	20.8	27.6	22.7	13.0
Egypt	18.3	21.0	21.0	21.5	17.5	28.7	19.3	19.4	13.2	11.2
Jordan	6.6	10.6	15.7	15.5	16.5	8.3	15.8	3.3	4.5	3.3
Lebanon	56.1	171.9	354.3	47.8	13.4	55.1	43.9	114.1	33.1	25.3
Libya	27.0	-6.4	3.0	-4.6	11.3	19.0	-1.1	16.5	5.9	14.0
Mauritania	22.3	7.3	18.7	2.0	16.5	11.5	9.3	7.2	0.7	-0.5
Morocco	13.2	16.9	9.9	15.2	12.2	21.5	16.8	9.3	7.9	10.2
Sudan	65.1	27.9	36.5	32.8	53.3	48.8	67.5	139.8	103.9	51.2
Syria	20.6	11.8	11.6	22.0	21.4	26.1	13.2	19.4	30.3	12.2
Tunisia	14.4	4.9	14.9	17.5	15.5	7.6	5.8	8.3	6.1	8.1
Yemen	n.a	n.a	n.a	n.a	n.a	n.a	11.3	20.9	31.1	32.5

Table (1) / Cont.: M2 Growth in the Arab Countries

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Arab Countries*	**10.2**	**9.6**	**12.4**	**9.1**	**9.4**	**11.2**	**11.8**	**12.3**	**12.3**	**14.7**
GCC Countries	**6.2**	**5.1**	**10.9**	**7.0**	**6.5**	**8.4**	**8.7**	**11.1**	**10.8**	**16.1**
Bahrain	7.4	3.1	7.8	16.8	4.1	10.2	9.2	10.3	6.4	4.2
Kuwait	9.4	-0.6	3.9	-0.8	1.6	6.3	12.8	4.8	7.8	12.1
Oman	7.7	8.1	24.5	4.8	6.4	6.0	9.2	5.2	2.5	4.0
Qatar	1.1	5.6	9.9	8.0	11.4	10.7	0.0	11.8	15.8	20.5
Saudi Arabia	3.4	7.3	5.2	3.6	6.8	4.5	5.1	15.2	8.5	17.3
United Arab Emirates	8.6	6.9	13.9	9.5	8.9	12.6	15.8	19.2	23.8	38.7
Non GCC Countries*	**14.1**	**14.2**	**14.0**	**11.2**	**12.2**	**14.0**	**14.8**	**13.6**	**13.8**	**13.2**
Algeria	9.2	14.4	18.6	18.9	13.7	13.2	24.8	36.8	16.0	11.3
Egypt	9.9	10.8	10.8	10.8	5.7	11.6	13.2	12.6	21.3	14.4
Jordan	5.7	-0.9	7.6	6.3	15.5	7.6	8.1	8.6	16.6	10.5
Lebanon	16.4	26.4	19.6	16.1	11.7	9.8	7.5	8.1	13.0	10.1
Libya	9.6	1.0	-3.7	3.8	7.4	3.1	4.3	1.1	7.8	17.9
Mauritania	-5.1	-5.1	8.0	4.1	2.1	16.1	17.3	8.9	10.5	10.5
Morocco	7.0	6.6	16.2	6.0	10.2	8.4	14.1	6.4	8.7	7.8
Sudan	72.7	65.6	38.1	30.4	23.1	36.9	24.7	30.2	30.3	30.8
Syria	9.2	10.2	8.2	10.5	13.4	19.0	23.5	18.5	7.8	7.8
Tunisia	6.6	13.3	16.5	5.4	18.9	14.1	10.7	4.4	6.4	11.3
Yemen	50.7	8.1	11.2	11.8	13.8	25.3	18.8	17.5	19.7	14.6

Data source: IMF, IFS CD Rom, WEO Database.

* Averages without Yemen.

Table (2): Inflation Rates in the Arab Countries

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Arab Countries*	**9.7**	**11.5**	**32.4**	**15.6**	**13.5**	**13.3**	**15.5**	**16.1**	**9.9**	**11.0**
GCC Countries	**0.3**	**-2.1**	**2.6**	**0.9**	**4.4**	**3.8**	**4.2**	**1.3**	**-0.7**	**2.1**
Bahrain	-2.6	-2.3	-1.7	0.3	1.5	0.9	0.8	-0.2	2.5	0.8
Kuwait	1.5	1.0	0.7	1.5	3.3	9.8	9.1	-0.5	0.4	2.5
Oman	-2.3	-14.3	9.9	-7.7	8.5	15.0	-8.5	1.2	-5.5	-0.4
Qatar	1.9	1.6	2.7	4.6	3.3	3.0	4.4	3.1	-0.9	1.3
Saudi Arabia	-3.1	-3.2	-1.5	0.9	1.0	2.1	4.9	-0.1	1.1	0.6
United Arab Emirates	6.4	4.4	5.5	5.9	8.7	-8.2	14.5	4.6	-1.6	7.9
Non GCC Countries*	**19.1**	**25.2**	**62.2**	**30.3**	**22.6**	**22.9**	**26.9**	**30.9**	**20.5**	**19.9**
Algeria	10.5	12.4	7.4	5.9	9.3	16.6	25.9	31.7	20.5	29.0
Egypt	12.1	23.9	19.7	17.7	21.3	16.8	19.7	13.6	12.1	8.2
Jordan	3.0	0.0	-0.2	6.6	25.7	16.2	8.2	4.0	3.3	3.5
Lebanon	69.4	95.4	487.2	155.0	72.2	68.9	50.1	99.8	24.7	8.2
Libya	9.1	3.3	4.4	6.1	1.5	8.5	11.9	9.4	11.1	5.1
Mauritania	10.3	7.8	8.2	6.3	9.0	4.9	5.5	10.2	9.3	4.1
Morocco	7.7	8.7	2.7	2.4	3.1	6.9	8.0	5.7	5.2	5.1
Sudan	45.6	60.0	26.5	62.9	65.3	65.2	123.6	117.6	101.3	115.5
Syria	17.3	36.1	59.5	34.6	11.4	19.4	9.0	11.0	13.2	15.3
Tunisia	6.1	4.1	7.0	6.1	7.0	5.3	7.0	5.7	4.7	4.5
Yemen	n.a	n.a	n.a	n.a	n.a	33.5	44.9	50.6	62.4	71.3

Table (2) / Cont.: Inflation Rates in the Arab Countries

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Arab Countries*	**10.1**	**12.1**	**5.2**	**1.9**	**3.9**	**3.8**	**2.1**	**2.1**	**3.3**	**5.3**
GCC Countries	**4.2**	**4.4**	**2.1**	**-1.2**	**4.3**	**6.3**	**2.6**	**2.3**	**4.2**	**6.3**
Bahrain	2.7	-0.5	2.4	-0.4	-1.3	-0.7	-1.2	-0.5	1.6	1.6
Kuwait	2.7	3.6	0.7	0.2	3.0	2.5	1.3	0.9	1.0	1.2
Oman	1.9	7.6	-2.4	-13.4	11.8	19.9	-8.2	1.8	4.3	4.3
Qatar	3.0	7.4	2.8	2.6	2.2	1.7	1.4	0.2	2.3	6.8
Saudi Arabia	4.9	1.2	0.1	-0.4	-1.3	-1.1	-1.1	0.2	0.6	0.3
United Arab Emirates	10.2	6.9	9.0	4.2	11.5	15.3	23.2	11.0	15.5	23.8
Non GCC Countries*	**16.0**	**19.8**	**8.3**	**5.1**	**3.5**	**1.4**	**1.5**	**1.9**	**2.4**	**4.2**
Algeria	29.8	18.7	5.7	5.0	2.6	0.3	4.2	1.4	2.6	3.6
Egypt	15.7	7.2	4.6	3.9	3.1	2.7	2.3	2.7	4.5	11.3
Jordan	2.4	6.5	3.0	3.1	0.6	0.7	1.8	1.8	1.6	3.4
Lebanon	10.3	8.9	7.7	4.5	0.2	-0.4	-0.4	1.8	1.3	3.0
Libya	7.2	4.0	3.6	3.7	2.6	-2.9	-8.8	-9.9	-2.1	-2.2
Mauritania	6.5	4.7	4.5	8.5	9.3	4.5	4.8	6.4	4.6	10.4
Morocco	6.1	3.0	1.0	2.8	0.7	1.9	0.6	2.8	1.2	1.0
Sudan	68.4	132.8	46.7	17.1	16.0	8.0	4.9	8.3	7.7	8.4
Syria	8.0	8.2	1.9	-0.8	-3.7	-3.8	3.0	1.0	1.0	1.0
Tunisia	5.4	4.4	4.0	3.0	3.1	3.1	2.9	2.3	1.9	2.6
Yemen	62.5	40.0	4.6	11.5	8.0	10.9	11.9	12.2	10.8	12.5

Data source: IMF, IFS CD Rom, WEO Database.

* Averages without Yemen.

Table (3): M2 to GDP Ratioin the Arab Countries vs ASEAN Countries

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Arab Countries*	**63.8**	**74.8**	**69.4**	**68.1**	**67.7**	**65.8**	**71.1**	**62.1**	**62.3**	**62.3**
GCC Countries	**53.1**	**66.1**	**63.4**	**64.3**	**60.9**	**56.3**	**74.0**	**58.1**	**57.3**	**59.0**
Bahrain	65.8	77.1	75.9	72.4	72.4	54.7	66.1	67.3	65.0	64.4
Kuwait	78.9	98.2	84.1	97.0	82.1	111.5	192.2	104.0	88.5	91.4
Oman	26.1	27.8	27.7	30.2	29.6	26.1	28.3	26.6	27.4	28.3
Qatar	50.5	68.3	68.9	56.9	60.3	50.8	55.5	54.0	64.8	68.6
Saudi Arabia	46.8	59.2	60.7	62.4	57.7	47.9	48.6	43.0	45.8	46.4
United Arab Emirates	50.3	65.8	63.1	66.9	63.1	47.0	53.4	53.5	52.5	54.8
Non GCC Countries*	**74.5**	**83.5**	**75.4**	**71.8**	**74.5**	**75.4**	**68.2**	**66.1**	**67.2**	**65.6**
Algeria	76.8	76.6	82.5	84.3	73.0	61.9	48.1	49.2	54.6	49.3
Egypt	81.9	84.1	87.1	88.6	83.5	85.9	87.5	84.5	84.7	84.6
Jordan	95.4	92.8	105.1	118.2	133.5	127.0	137.2	116.2	112.9	103.9
Lebanon	200.7	299.6	198.6	160.4	182.6	193.7	133.1	124.0	119.5	128.4
Libya	55.7	60.1	70.6	62.0	62.2	68.1	61.4	67.4	73.0	77.9
Mauritania	26.0	23.7	25.5	25.0	25.7	27.6	28.5	28.4	24.1	22.1
Morocco	43.9	43.0	46.6	46.2	48.7	53.9	55.3	60.0	63.3	62.3
Sudan	43.9	38.8	29.2	30.3	26.3	29.3	28.4	31.8	31.7	23.8
Syria	75.7	70.5	61.5	51.5	55.7	54.7	53.3	53.4	62.5	57.3
Tunisia	45.1	46.3	47.4	51.7	54.0	51.5	49.0	46.6	46.2	46.3
Yemen	-	-	-	-	-	57.1	53.6	48.7	51.4	52.4
ASEAN Countries	**53.8**	**59.7**	**61.1**	**59.4**	**63.0**	**66.8**	**68.1**	**70.8**	**72.6**	**72.5**
Indonesia	23.6	24.9	26.4	28.2	32.6	40.1	39.8	42.5	43.7	45.3
Malaysia	63.1	75.8	69.5	65.1	65.9	64.4	66.3	72.5	80.3	79.8
Singapore	72.3	78.8	86.3	83.0	88.6	92.5	93.2	93.2	87.1	87.1
Thailand	56.2	59.3	62.2	61.3	65.0	70.0	73.1	74.8	79.2	78.0

Table (3) / Cont.: M2 to GDP Ratioin the Arab Countries vs ASEAN Countries

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Arab Countries*	**60.5**	**57.8**	**58.6**	**64.2**	**64.1**	**61.3**	**67.3**	**69.4**	**69.4**	**68.1**
GCC Countries	**58.1**	**54.5**	**55.4**	**64.6**	**60.3**	**52.2**	**59.2**	**61.5**	**58.3**	**55.2**
Bahrain	65.8	65.0	67.4	80.8	78.6	72.0	79.0	81.8	75.8	69.5
Kuwait	90.9	77.7	82.7	95.6	83.7	71.9	88.2	90.2	83.6	71.0
Oman	28.5	27.8	33.4	39.4	37.5	31.5	34.2	35.4	33.9	30.8
Qatar	62.9	59.6	52.5	62.5	57.6	44.5	44.5	44.8	43.3	43.3
Saudi Arabia	45.3	43.8	44.1	51.6	50.0	44.6	48.2	53.9	51.4	51.6
United Arab Emirates	55.3	53.1	52.3	57.9	54.3	49.0	61.3	63.1	61.7	64.9
Non GCC Countries*	**62.8**	**61.0**	**61.8**	**63.8**	**68.0**	**70.4**	**75.3**	**77.3**	**80.5**	**80.9**
Algeria	39.9	35.6	39.1	45.6	45.3	40.5	48.9	63.7	64.2	62.1
Egypt	79.8	78.6	77.7	77.0	76.0	76.7	82.4	87.8	96.7	95.2
Jordan	101.6	96.6	99.4	96.8	108.8	112.7	115.1	118.3	131.0	137.4
Lebanon	126.9	141.6	144.0	156.6	174.8	195.8	205.7	205.4	215.5	216.9
Libya	79.6	70.5	58.5	67.4	65.2	54.2	57.7	41.3	36.0	32.4
Mauritania	18.9	16.7	16.6	13.0	12.0	12.8	13.8	13.9	13.2	12.8
Morocco	66.0	62.2	72.6	71.2	78.1	82.7	87.2	89.4	92.1	93.9
Sudan	14.3	11.2	9.9	9.1	9.4	10.9	12.5	14.2	15.9	17.2
Syria	55.5	50.5	50.7	52.8	57.8	62.3	73.0	82.5	84.0	83.9
Tunisia	45.8	46.4	49.3	48.2	52.3	55.3	56.7	57.0	56.3	57.6
Yemen	47.5	36.2	33.5	39.0	32.0	30.5	34.5	36.4	37.7	35.9
ASEAN Countries	**74.5**	**77.1**	**82.3**	**93.1**	**98.1**	**91.3**	**93.8**	**90.0**	**91.2**	**89.4**
Indonesia	48.6	52.7	56.0	59.9	58.4	53.9	50.2	47.4	46.7	44.9
Malaysia	84.7	88.5	94.3	92.3	101.2	98.9	104.0	99.7	100.3	105.4
Singapore	85.7	86.2	87.2	117.1	124.7	107.1	117.6	113.8	121.1	114.6
Thailand	79.1	80.8	91.7	102.9	108.2	105.4	103.5	98.9	96.9	92.8

Data source: IMF, IFS CD Rom, WEO Database.

* Averages without Yemen.

Table (4): Deposit Banks' Claims on Private Sector to GDP Ratio in the Arab Countries vs ASEAN Countries

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Arab Countries	n.a	n.a	n.a	n.a	n.a	33.6	**31.7**	**30.5**	**29.5**	**30.7**
GCC Countries	**36.5**	**46.1**	**42.4**	**44.5**	**40.9**	33.1	**32.7**	**33.4**	**31.4**	**32.8**
Bahrain	43.6	49.3	39.0	35.3	33.2	27.9	35.3	37.9	41.9	43.7
Kuwait	73.4	93.5	83.0	90.8	73.7	57.3	26.7	17.7	17.2	23.1
Oman	18.8	21.5	20.8	23.7	22.9	20.6	21.4	21.5	22.7	24.7
Qatar	28.8	43.7	44.1	42.2	44.7	37.0	53.3	65.1	42.0	35.6
Saudi Arabia	20.2	23.1	22.6	26.0	25.2	18.1	18.7	16.9	20.6	22.5
United Arab Emirates	33.9	45.7	44.8	48.9	46.0	38.0	40.7	41.3	44.2	47.4
Non GCC Countries	**38.7**	n.a	n.a	n.a	n.a	**34.1**	**30.7**	**27.7**	**27.5**	**28.6**
Algeria	59.9	59.6	57.7	55.2	49.6	44.5	37.8	7.1	6.5	6.5
Egypt	27.1	29.2	28.9	28.1	26.6	25.4	22.1	22.3	23.4	27.9
Jordan	60.6	57.6	59.0	62.2	64.5	62.2	62.2	55.8	59.5	63.4
Lebanon	97.3	117.6	71.6	54.5	65.0	78.5	47.7	50.6	44.9	51.0
Libya	23.6	26.6	32.3	33.2	31.7	30.4	28.4	28.7	32.2	32.3
Mauritania	29.2	27.4	27.4	28.6	38.3	41.8	43.8	41.5	36.0	34.2
Morocco	17.7	n.a	n.a	n.a	n.a	16.0	20.0	23.2	24.9	25.2
Sudan	13.5	13.1	10.4	9.6	6.0	7.0	7.4	6.5	5.4	5.3
Syria	8.2	7.6	7.0	6.5	7.7	7.5	8.6	9.6	10.7	10.3
Tunisia	49.6	52.2	50.0	51.4	58.9	55.1	53.8	54.0	53.9	53.8
Yemen	n.a	n.a	n.a	n.a	n.a	6.3	6.0	5.2	5.3	4.6
ASEAN Countries	**54.2**	**55.8**	**54.4**	**54.5**	**59.4**	**65.9**	**67.8**	**68.9**	**71.0**	**75.1**
Indonesia	17.6	19.6	21.8	26.0	32.5	46.1	45.8	45.5	48.9	51.9
Malaysia	61.7	71.6	63.3	60.4	64.8	69.4	73.8	73.3	71.1	72.6
Singapore	91.9	87.8	85.4	80.4	83.8	83.4	84.1	84.8	84.1	84.7
Thailand	45.5	44.2	47.3	51.0	56.3	64.5	67.7	72.2	80.1	91.0

Table (4) / Cont.: Deposit Banks' Claims on Private Sector to GDP Ratio in the Arab Countries vs ASEAN Countries

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Arab Countries	**31.6**	**31.1**	**34.4**	**39.8**	**39.6**	**36.8**	**39.2**	**40.1**	**39.4**	**39.7**
GCC Countries	**34.1**	**33.7**	**38.2**	**47.7**	**44.9**	**37.8**	**41.8**	**43.9**	**43.2**	**43.8**
Bahrain	43.1	41.6	45.0	50.1	52.3	46.1	47.3	50.6	48.1	52.5
Kuwait	30.0	33.7	47.0	60.7	54.7	46.2	58.6	65.0	67.7	60.1
Oman	25.6	26.6	35.6	47.3	46.1	36.8	39.1	38.6	36.7	34.1
Qatar	34.7	31.1	30.5	38.7	34.7	26.8	27.3	27.0	27.8	29.0
Saudi Arabia	22.7	20.9	21.6	29.4	26.9	24.4	27.3	29.1	28.4	33.4
United Arab Emirates	48.8	48.2	49.6	60.0	54.4	46.2	51.1	52.9	50.8	53.5
Non GCC Countries	**29.0**	**28.4**	**30.7**	**31.9**	**34.4**	**35.8**	**36.6**	**36.3**	**35.6**	**35.6**
Algeria	5.2	5.4	3.9	4.6	5.4	6.0	6.8	12.6	11.4	11.4
Egypt	32.7	36.5	41.0	46.6	52.0	52.0	54.9	54.7	53.9	48.2
Jordan	67.7	68.3	68.6	67.8	70.2	70.6	74.3	72.2	70.9	78.9
Lebanon	57.2	62.1	64.4	72.9	81.9	88.5	86.3	82.4	76.1	73.2
Libya	32.5	23.6	22.0	24.5	28.2	22.8	23.5	16.5	14.8	11.3
Mauritania	22.4	23.4	23.2	18.7	19.9	22.6	24.6	27.2	25.6	24.5
Morocco	29.0	28.3	47.5	48.7	53.1	56.3	54.3	54.0	55.3	56.0
Sudan	2.7	3.1	2.5	2.0	1.6	2.2	2.9	4.5	6.1	7.6
Syria	11.2	9.6	9.8	9.2	9.2	8.5	8.3	8.4	10.3	11.8
Tunisia	54.4	49.2	50.4	51.2	51.3	59.0	60.6	61.2	60.5	61.3
Yemen	4.6	3.0	3.9	5.4	5.3	4.9	5.9	6.0	6.6	7.3
ASEAN Countries	**81.7**	**86.9**	**96.5**	**96.4**	**84.2**	**74.6**	**78.1**	**76.5**	**76.9**	**76.8**
Indonesia	53.5	55.4	60.8	53.2	20.5	19.4	17.7	18.9	20.9	23.4
Malaysia	83.4	92.4	102.9	105.3	101.0	93.9	100.7	99.5	96.6	104.7
Singapore	92.4	98.0	101.3	112.8	107.4	99.7	120.3	106.7	110.8	103.1
Thailand	97.7	101.7	121.1	114.6	108.1	85.6	73.5	80.8	79.4	76.2

Data source: IMF, IFS CD Rom, WEO Database.

Table (5): Deposit Banks' Claims on Public Sector to GDP Ratio in the Arab Countries vs ASEAN Countries

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Arab Countries	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**22.3**	**21.6**
GCC Countries	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**25.6**	**25.9**
Bahrain	6.5	11.0	19.8	8.3	8.8	9.5	5.6	8.8	6.8	6.6
Kuwait	18.8	23.1	27.9	35.4	31.9	85.3	217.7	122.1	82.8	79.7
Oman	1.8	1.7	2.8	1.2	1.0	1.5	3.1	4.2	3.6	2.0
Qatar	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	35.6	38.3
Saudi Arabia	n.a	n.a	n.a	n.a	n.a	n.a	n.a	12.3	13.3	15.3
United Arab Emirates	10.2	8.2	9.4	9.1	8.0	7.6	9.1	9.4	11.6	13.7
Non GCC Countries	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**17.5**	**18.9**	**17.3**
Algeria	n.a	n.a	n.a	n.a	n.a	n.a	n.a	33.5	37.2	27.7
Egypt	29.9	30.8	31.8	33.1	31.2	31.0	40.8	46.4	44.8	41.4
Jordan	11.6	12.3	15.1	14.3	15.2	14.1	14.3	12.7	9.2	7.0
Lebanon	47.3	34.4	7.0	22.3	41.4	34.9	31.7	32.6	30.6	45.1
Libya	18.4	23.8	27.8	24.7	20.1	18.4	17.2	16.3	16.8	16.0
Mauritania	n.a	n.a	n.a	n.a	0.3	0.2	0.2	0.2	0.9	0.7
Morocco	13.1	15.9	18.4	16.7	17.8	14.0	11.7	16.2	17.9	18.2
Sudan	n.a	n.a	n.a	n.a	n.a	n.a	n.a	1.4	1.5	0.9
Syria	23.8	22.7	21.2	28.3	28.0	24.6	26.5	27.4	44.0	29.0
Tunisia	7.1	8.0	7.9	7.5	7.5	7.0	6.6	3.9	3.7	3.4
Yemen	n.a	n.a	n.a	n.a	n.a	2.4	2.9	2.2	1.5	1.2
ASEAN Countries	**6.2**	**5.8**	**6.6**	**5.5**	**5.7**	**5.4**	**6.9**	**6.6**	**6.0**	**4.8**
Indonesia	10.7	9.8	8.3	9.1	9.1	7.0	8.1	3.7	3.3	2.6
Malaysia	1.8	1.7	2.8	1.2	1.0	1.5	3.1	4.2	3.6	2.0
Singapore	10.3	10.1	12.3	10.7	11.7	11.8	13.1	14.3	13.5	12.6
Thailand	1.8	1.7	2.8	1.2	1.0	1.5	3.1	4.2	3.6	2.0

Table (5) / Cont.: Deposit Banks' Claims on Public Sector to GDP Ratio in the Arab Countries vs ASEAN Countries

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Arab Countries	**20.2**	**19.1**	**19.2**	**22.2**	**22.7**	**19.3**	**21.3**	**21.5**	**19.7**	**18.2**
GCC Countries	**23.6**	**20.6**	**20.0**	**24.7**	**23.7**	**17.5**	**20.1**	**19.1**	**18.9**	**16.3**
Bahrain	6.9	7.3	7.2	9.6	13.0	10.8	11.2	9.8	11.3	12.5
Kuwait	71.0	52.0	51.9	58.7	50.4	37.4	39.5	38.5	32.2	23.0
Oman	1.8	3.1	2.6	3.7	5.6	4.4	5.9	5.2	5.8	5.5
Qatar	35.1	38.2	33.4	44.9	43.4	27.6	38.2	33.6	31.3	26.2
Saudi Arabia	14.4	13.9	16.8	20.7	19.3	17.6	19.6	19.1	21.9	18.7
United Arab Emirates	12.7	9.4	8.1	10.5	10.5	7.1	6.4	8.3	10.6	11.9
Non GCC Countries	**16.8**	**17.5**	**18.5**	**19.8**	**21.6**	**21.2**	**22.5**	**23.8**	**20.6**	**20.1**
Algeria	30.8	30.3	32.6	35.8	37.7	27.6	26.9	34.8	31.2	28.2
Egypt	36.8	37.1	36.2	29.9	26.8	25.1	27.1	32.4	32.8	32.1
Jordan	5.1	4.8	3.2	7.4	10.7	12.2	14.2	16.2	12.6	14.8
Lebanon	44.1	59.1	55.1	70.0	85.2	92.6	89.7	95.5	70.0	73.6
Libya	15.0	14.5	20.0	22.6	23.0	18.1	28.9	22.5	16.9	10.3
Mauritania	0.6	1.8	2.7	2.0	2.0	1.5	2.2	2.8	1.6	0.9
Morocco	17.6	15.7	18.4	17.0	15.9	17.4	19.1	19.3	18.4	16.2
Sudan	0.3	0.2	0.1	0.1	0.2	0.3	0.5	0.8	1.0	1.1
Syria	30.0	26.5	27.7	26.4	29.1	28.4	30.6	28.5	31.0	31.6
Tunisia	2.0	1.5	3.3	2.5	3.8	5.9	5.2	5.2	5.2	6.1
Yemen	2.4	1.3	4.2	4.3	3.5	4.1	3.4	4.2	5.5	6.4
ASEAN Countries	**4.9**	**5.6**	**5.4**	**7.3**	**14.9**	**15.6**	**16.0**	**14.8**	**14.6**	**12.7**
Indonesia	2.8	2.9	3.2	2.7	26.1	32.4	25.8	22.0	18.3	14.8
Malaysia	1.8	3.1	2.6	3.7	5.6	4.4	5.9	5.2	5.8	5.5
Singapore	13.2	13.5	13.3	19.3	22.1	21.1	26.3	26.9	28.3	25.0
Thailand	1.8	3.1	2.6	3.7	5.6	4.4	5.9	5.2	5.8	5.5

Data source: IMF, IFS CD Rom, WEO Database.

Table (6): Market Capitalization for Arab Stock Markets

(Million $)

	1994	1995	1996	1997	1998	1999
Abu Dhabi Securities Market	-	-	-	-	-	-
Amman Stock Exchange	4,627	4,724	4,556	5,456	5,863	5,835
Bahrain Stock Exchange	5,129	4,707	5,019	7,826	6,772	7,161
Saudi Stock Market	38,693	40,904	45,856	59,378	42,631	60,953
Kuwait Stock Exchange	10,967	14,400	20,600	27,245	18,424	19,599
Casablanca Stock Exchange	4,446	5,971	8,555	12,249	15,610	13,702
Algeria Stock Exchange	-	-	-	-	-	-
Tunis Stock Exchange	2,559	3,869	3,852	2,316	2,229	2,638
Dubai Financial Market	-	-	-	-	-	-
Khartoum Stock Exchange	-	-	-	-	-	-
Palestine Stock Exchange	-	-	-	-	-	-
Muscat Securities Market	1,856	1,971	2,753	7,313	4,537	4,303
Doha Securities Market	-	-	-	-	-	-
Beirut Stock Exchange	-	-	2,391	2,905	2,425	1,921
Cairo & Alexandria Stock Exchanges	4,259	8,074	14,185	20,876	24,381	33,039
Total	**72,537**	**84,619**	**107,766**	**145,562**	**122,872**	**149,150**

Table (6) / Cont.: Market Capitalization for Arab Stock Markets

(Million $)

	2000	2001	2002	2003	2004	2005
Abu Dhabi Securities Market	-	-	20,376	30,363	55,490	132,413
Amman Stock Exchange	4,943	6,314	7,087	10,963	18,383	37,639
Bahrain Stock Exchange	6,624	6,601	7,716	9,702	13,513	17,364
Saudi Stock Market	67,166	73,201	74,851	157,306	306,256	646,121
Kuwait Stock Exchange	19,848	26,662	35,099	59,528	73,581	123,893
Casablanca Stock Exchange	10,876	9,031	8,564	13,050	25,175	27,274
Algeria Stock Exchange	-	-	-	144	140	91
Tunis Stock Exchange	2,809	2,230	2,126	2,440	2,574	2,821
Dubai Financial Market	-	-	9,470	14,284	35,091	111,993
Khartoum Stock Exchange	-	-	-	747	2,058	3,242
Palestine Stock Exchange	-	-	-	-	-	3,157
Muscat Securities Market	3,518	2,634	5,268	7,246	9,318	12,062
Doha Securities Market	-	-	10,567	26,702	40,435	87,143
Beirut Stock Exchange	1,583	1,248	1,395	1,503	2,331	4,917
Cairo & Alexandria Stock Exchanges	30,791	24,309	26,339	27,847	38,077	79,508
Total	**148,158**	**152,230**	**208,858**	**361,825**	**622,422**	**1,289,638**

Source: Arab Monetary Fund, AMDB.

Table (7): Number of Listed Companies in Arab Stock Markets

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Abu Dhabi Securities Market	-	-	-	-	-	-	-	-	24	30	35	59
Amman Stock Exchange	95	97	97	139	150	152	163	161	158	161	192	201
Bahrain Stock Exchange	34	36	37	40	42	41	41	42	40	44	45	47
Saudi Stock Market	62	69	70	71	74	72	75	76	68	70	73	77
Kuwait Stock Exchange	48	51	60	74	78	85	86	88	95	108	125	156
Casablanca Stock Exchange	61	44	48	49	53	54	54	55	55	52	53	54
Algeria Stock Exchange	-	-	-	-	-	-	-	-	-	3	3	3
Tunis Stock Exchange	21	26	30	34	39	44	44	45	46	45	44	45
Dubai Financial Market	-	-	-	-	-	-	-	-	12	13	18	30
Khartoum Stock Exchange	-	-	-	-	-	-	-	-	-	47	48	49
Palestine Stock Exchange	-	-	-	-	-	-	-	-	-	-	-	28
Muscat Securities Market	68	82	97	119	137	140	131	96	140	141	123	125
Doha Securities Market	-	-	-	-	-	-	-	-	25	28	30	32
Beirut Stock Exchange	-	-	6	8	12	13	13	14	13	14	16	15
Cairo & Alexandria Stock Exchanges	700	676	646	650	861	1,033	1,071	1,110	1,150	967	792	744
Total	**1,089**	**1,081**	**1,091**	**1,184**	**1,446**	**1,634**	**1,678**	**1,687**	**1,826**	**1,723**	**1,597**	**1,665**

Source: Arab Monetary Fund, AMDB.

Table (8): Turnover Ratios in Arab Stock Market

(Percentage)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Abu Dhabi Securities Market	-	-	-	-	-	-	-	-	1.8	3.3	8.0	21.5
Amman Stock Exchange	13.3	10.9	7.7	9.2	11.2	9.4	8.2	14.8	18.8	23.8	29.0	63.2
Bahrain Stock Exchange	3.1	2.3	3.5	6.0	8.5	6.2	3.7	3.8	2.7	2.7	3.4	4.1
Saudi Stock Market	17.1	15.1	14.8	27.9	32.2	24.8	25.8	30.4	41.4	101.1	154.4	170.8
Kuwait Stock Exchange	17.9	44.4	93.3	126.9	59.3	30.6	21.2	43.9	63.0	91.9	70.4	78.5
Casablanca Stock Exchange	4.8	4.9	6.4	8.7	9.0	18.4	11.1	9.3	16.8	18.7	14.9	28.8
Algeria Stock Exchange	-	-	-	-	-	-	-	-	-	0.2	-	-
Tunis Stock Exchange	13.1	15.6	6.3	9.7	7.4	17.3	24.4	15.3	11.6	7.7	10.0	18.7
Dubai Financial Market	-	-	-	-	-	-	-	-	7.3	7.2	39.1	98.5
Khartoum Stock Exchange	-	-	-	-	-	-	-	-	-	9.0	-	-
Palestine Stock Exchange	-	-	-	-	-	-	-	-	-	-	-	47.2
Muscat Securities Market	13.0	10.7	21.1	53.0	52.3	16.6	15.7	15.9	11.0	18.4	21.3	27.5
Doha Securities Market	-	-	-	-	-	-	-	-	8.4	12.1	15.7	32.4
Beirut Stock Exchange	-	-	2.8	21.0	13.9	4.7	7.5	4.2	8.2	8.7	8.5	18.8
Cairo & Alexandria Stock Exchanges	8.4	8.3	18.2	28.8	22.0	29.4	38.3	24.3	24.5	15.6	18.0	34.9
Total	**14.5**	**17.7**	**28.3**	**43.9**	**28.9**	**23.9**	**24.7**	**28.0**	**31.3**	**63.9**	**91.3**	**111.3**

Source: Arab Monetary Fund, AMDB.

Table (9): AMF Composite Price Indix for Arab Stock Markets

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Abu Dhabi Securities Market	-	-	-	-	-	-	-	100.00	107.20	136.53	228.26	353.44
Amman Stock Exchange	100.00	111.52	109.28	116.73	119.50	116.84	94.35	117.93	111.95	181.03	272.88	554.50
Bahrain Stock Exchange	100.00	90.80	95.90	137.02	123.02	122.39	108.50	97.34	111.27	134.63	160.09	183.11
Saudi Stock Market	-	100.00	112.77	136.37	90.70	119.48	128.44	129.68	132.96	201.98	410.53	878.40
Kuwait Stock Exchange	100.00	117.51	146.97	156.83	96.61	95.48	101.97	133.94	157.92	258.93	286.62	435.16
Casablanca Stock Exchange	100.00	109.39	143.62	181.69	225.62	207.04	155.75	128.58	128.34	197.56	220.65	238.60
Algeria Stock Exchange	-	-	-	-	-	-	-	-	-	100.36	98.01	103.12
Tunis Stock Exchange	100.00	107.37	90.90	42.84	36.93	39.28	38.45	28.32	26.57	30.26	31.69	31.93
Dubai Financial Market	-	-	-	-	-	-	-	100.00	120.92	156.12	349.70	828.27
Khartoum Stock Exchange	-	-	-	-	-	-	-	-	-	97.70	148.23	205.26
Palestine Stock Exchange	-	-	-	-	-	-	-	-	-	-	-	385.65
Muscat Securities Market	100.00	103.54	127.22	264.71	115.26	111.66	88.76	64.22	84.15	114.80	138.71	186.37
Doha Securities Market	-	-	-	-	-	-	-	100.00	135.29	206.36	307.29	554.59
Beirut Stock Exchange	-	100.00	80.90	97.86	78.41	61.24	49.14	34.46	36.37	36.57	53.21	108.69
Cairo & Alexandria Stock Exchanges	-	100.00	115.92	125.59	93.27	99.67	54.07	35.78	36.02	43.42	74.18	162.85
Total	**100.00**	**108.30**	**119.93**	**138.45**	**104.12**	**104.12**	**102.21**	**100.11**	**100.71**	**141.87**	**215.67**	**413.31**

Source: Arab Monetary Fund, AMDB.