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- **Loan loss provision practices during economic crises: evidence from banks listed on the Damascus Securities Exchange**

by Layla Ashoor, Linda Ismaiel, Zeina Al-ahmad

Abstract: This study aims to examine loan loss provision (LLP) practices exercised by banks listed on the Damascus Securities Exchange during the Syrian crisis, the incentives behind such practices, and whether those practices differ between Islamic and conventional banks. A sample of 11 conventional and three Islamic banks was used during the period 2011-2018. Applying a random effect panel data model revealed that banks engaged in income smoothing activities to decrease their income when their earnings were high but not to increase their income when their earnings were low. In addition, banks that reported losses in the previous year engaged in fewer income-decreasing activities than banks that reported a profit; however, no evidence was detected of their engagement in income-increasing activities. As per the use of LLP to manage regulatory capital or to signal future value, the findings did not support such practices. Moreover, Islamic banks do not appear to exercise different LLP practices or to have different incentives to manipulate LLP compared with conventional banks.
***Keywords**: discretionary loan loss provision; income smoothing; capital management; signalling; Islamic banks; conventional banks; economic crisis.*

- **Factors affecting CEO compensation: an empirical investigation from emerging markets**

by Gehan Mousa

Abstract: This study examines determinants of the CEO compensation using a sample of 1044 firm-year observations from six emerging markets covering the period from 2015-2018. The study has employed a backward regression analysis to examine the effect of some governance structure variables and firm attributes on the total cash of CEO compensation. The findings of the study show that governance structure variables such as, blockholder ownership and CEO duality have a significant effect on total cash of CEO compensation while, board size and board independence are insignificant factors. Companies with blockholder ownership pay more CEO compensation, suggesting that blockholder ownership is not a good governance mechanism to monitor corporate boards decisions. Furthermore, companies with CEO duality tend to pay more compensation. This result suggests that the presence of the CEO in corporate boards reduces the efficiency of the board in monitoring managerial decisions, such as CEO compensation, which agrees with the agency view. Finally, firm performance and firm size are influential factors in determining the CEO compensation. The results report that board independence and board size variables as governance mechanisms are not effective in monitoring CEO compensation. Shareholders should avoid CEO duality in their business to pay less CEO compensation. The study contributes to the limited studies on determinants of the CEO compensation in emerging markets.
***Keywords**: CEO compensation; board features; financial performance; governance structure.*

- **Internecine interrelations among liquidity risk, market risk and credit risk in the Indian banking system**

by Satya Krishna Sharma, Girish Jain, Pratap Biswal

Abstract: Events such as the 2008 financial crisis have highlighted the need to consider the complicated interrelations between liquidity risk, credit risk, and market risk for better and integrated financial risk management of banks, This work uses autoregression with distributed lag, considering demonetisation as a dummy variable, to study these interrelationships in the context of the Indian banking system. It is found that liquidity deficit and credit risk have a tendency to exacerbate each other irrespective of demonetisation. The work finds that funding the liquidity deficit faced by the banks increases interest rate volatility. Indications of debt rollover to alleviate proxies and indicators credit risk are there too. All in all, the work shows that demonetisation had reduced liquidity problems but increased credit risk issues.
***Keywords**: liquidity risk; credit risk; market risk; interest rate risk; demonetisation; systemic risk.*
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- **Predictive ability of operating cash flow and earnings on future cash flow of NSE-listed firms**

by Mwila Mulenga, Meena Bhatia

Abstract: The study examines the predictive ability of current operating cash flow and earnings on the future operating cash flow of the National Stock