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Causes of the Global Financial Crisis and Its Effects on the Arab Countries

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Abstract
The study aims to investigate the causes of the global financial crisis that occurred in 2008 and its effects on the Arab countries. The study depends on descriptive statistical analysis. The study conclude the causes of the global financial crisis due to internal factors and the structure related to the U.S. economy and external factors including the unbalanced growth of international trade with the countries of the world and the concentration of wealth and production in a number of international companies. On the other hand, the results show the descriptive analysis that economic growth rates in the Arab region showed a slowdown since the beginning of the financial crisis as the indicators of financial depth, the interest rate, the size of reserves in central banks and the market value of the financial market, showed a significant decline in all countries in the sample from Arab States, which is an evidence of the negative impact of financial crisis. Based on the obtained results, it can be recommend that the Arab countries should continue developing their financial sector and work towards improving the investment climate, and to take in consideration the indirect means to control the work of the financial sector.

Key words: Financial crisis; Financial depth; Interest rate levels; The market value; Stock Markets Capitalization; Arab countries

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INTRODUCTION

The first indications of the global financial crisis emerged in September 2008 in the United States and moved quickly to the most advanced economies and then spread globally. The implications of the crisis came to countries varying in intensity and speed of impact according to the degree of openness of their economies in the world economy in its various components, and has reflected the crisis directly and rapidly on the financial sector and banking, indicators of financial markets dropped across the world and began the values of assets in decline, especially in the real estate sector, and as a result has taken many developed countries took urgent measures to provide necessary liquidity to the banking sector to prevent the collapse of their banking and global banking system as a whole.

1. THE DEFINITION OF THE FINANCIAL CRISIS

There is no specific definition or concept specific to the financial crisis as there are many contributions to the interpretation of the financial crisis, one of them is: a sharp and sudden disruption in some economic balance, followed by a collapse in a number of financial institutions to extend its effects to other sectors. It calls in particular on the disorders arising from imbalance between production and consumption. The crisis can be either violent or slow, it might be limited in the local impact on a country or a particular country or be generic and comprehensive to several countries, also known as a stop in the prices of goods and services.

2. THE CAUSES OF THE GLOBAL FINANCIAL CRISIS

The current financial crisis began with the announcement of the preventive bankruptcy of the Lehman Brothers

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institutions, where this is the beginning of the crisis and was the oldest financial institutions in America, which began in the nineteenth century, and was one of the few companies that survived the Depression of the consequences of the recession in 1929. The features of the global financial crisis began to appear in the United States of America in mid-2007 as a crisis in the real estate sector the along with the non-payment of mortgage loans granted to civilians that do not have adequate capacity to pay, which contributed to this accumulation in the United States in its first bankruptcy in the banking institutions which turned this crisis into a credit crisis in the banking system and financial U.S. sector, along with the complexity of the global financial markets and their relation to each other turned the U.S. financial crisis to the global financial crisis, that affected the financial markets and banks in developed countries, mainly and directly and then began to show its impact on capital markets in the economies of emerging countries to turn then to the global financial crisis affecting all economies of the world in directly and indirectly in varying degrees, the causes of the global financial crisis can be divided to internal and external reasons as follows:

2.1 Internal Reasons

2.1.1 The Existing Capitalist System

Some economists believe that the cause of the crisis was because of the capitalist system itself, and that the endeavor of clients to achieve rapid and substantial profit by investing in financial instruments rather than investing in the real economy. Leading since the beginning of the seventies of the last century of economic growth at a declining rate in Western countries. Where financial instruments have become more profitable than investments in tools to achieve a real increase in production.

We have adopted the U.S. economy since the economic liberalization policies of the eighties and the commercial, financial, is one of the principles of the capitalist system and modern liberalism known as New-Liberalism. Which is able to correct itself in the event of a disruption or crisis without the need for state intervention, this belief was prevalent at the Classic who believed that the invisible hand is able to correct any defect, but it took them what happened in the thirties, what was known Great Depression, where the market is no longer able to correct itself and this is similar to what happened in the global crisis.

In Thatcher and Reagan's rule, what turned to become what's called the basis at economic liberalization, two dimensions which return to the concept of the State Guardian, that does not interfere in public affairs, while maximizing the role of the domestic private capitalist ,along with the foreign, also the abolition of any restrictions or controls on the work of this sector, which is associated with the concepts of privatization and liberalization of international trade. The philosophy in this is to be resolved by private companies, whether national or foreign, that will replace the state in making decisions, as well as ensure the economic liberalization linking the economies of the world in a global economic network and moving the one capital without government restriction.

With the election of Bush as U.S. president in 2001 and sought to impose the philosophy of the economy of all countries in the world through the Bretton Woods institutions and WTO, so the elite neo-conservatives have left the U.S. banking sector to make the decisions of individual that led to economic disaster, as when they were signs of to the crisis as a crisis of emergency and that the capitalist sector will be able to overcome alone. The Bush administration has taken decision to leave the Lehman Brothers bank go bankrupt, and because Lehman was the most important banks at the global level, the collapse led to a huge loss to depositors and to the spillover effects of the collapse in to the U.S. financial sector represented in the frozen money market short-term

2.1.2 Dollar Standard

The dollar became the global standard as it was not covered with gold during the seventies, which made the dollar the main currency for evaluating commercial transactions, particularly in the oil, so that it became the world's first currency. The United States had provided the global economy from the dollar during the low interest rates, which led to increase the amount of global liquidity and the accumulation of debt to the United States. The dollar became the world's reserve currency, but the developing countries' reserves in the United States are frozen funds because the interest does not exceed 1-2%, which means losses for developing countries in the case of the use to these funds in investment projects.

On the other hand, the exchange rate to the dollar at its lowest level for the United States of America made it difficult to reduce the exchange rate to increase the demand of the American products and increase exports and reduce imports to improve the trade balance and balance of payments.

2.1.3 Basel Convention Control of the Banks

Identified the Basel Convention to control the banks is identified as the limits of expansion in lending to the banks not to exceed a certain percentage of owned capital and reserves of these banks and this is what is known as leverage in addition to the role of central banks to monitor commercial banks on compliance with these percentage. Banks in the United States are not subject to the control of the Federal Reserve Bank FED, which led to the expansion of the banks in lending to more than sixty times the size of their capital and thereby increase the size of the debt and risks of non-payment of creditors to their premiums as a result of the absence of effective monitoring by the Federal Reserve Bank, the follow-up was shown in the limits of the expansion of lending to commercial banks and their commitment to the Basel Convention.

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2.1.4 Interest Rate

The interest rates affect on the decisions of individuals in terms of consumption, saving, and macroeconomic.

The policy of the United States for the interest rate has differed, in adopting a lower interest rate on loans in 2000 to encourage citizens to get loans for house owners, which led to the increased volume of loans granted to the citizens.

Also the policy of the United States again raised the interest rate on deposits, in the year 2006-2007 resulting in a high rate of interests on loans, thus increasing the burden on borrowers and the weakness of their ability to repay. In 2008 the United States resumed its policy of reducing the interest rate on loans again, thus increasing the volume of loans granted to citizens.

2.1.5 Concentration of Credit in One Sector

Credit facilities are a source of income to banks, because of the benefits they get for providing these facilities, and banks to obtain funds from depositors and convert them to medium-sized loans and long-term borrowers who need funding.

The affect of the interest rate on the profits of banks meet the margin between the payable interest rates and the deployment of new technologies to enter the foreign financial institutions as well as, local financial institutions to create an atmosphere of competition that lead in raising the efficiency of financial institutions. U.S. banks went towards the mortgage because the property in the United States is the largest source of lending and borrowing, which is considered the largest source of profit, but on the other hand it resulted in a credit concentration in one sector.

The problem of borrowers is not being able to conduct real estate and reflected negatively on their inability to meet their financial obligations to repay their debts, forcing the banks to the seizure of the property and also sell in the request is low, for this the volume of liquidity in U.S. banks as a result of concentration of credit the real estate sector. On the other hand, it stopped the U.S. banks to grant credit as a result of low levels of confidence in the market and declining the demand in the production sector.

2.1.6 Financial Derivatives

The importance of financial derivatives in the generation of new sources of fundings and a row based on the origin and one, which leads to the expansion of borrowing. Where they are held in the house in order to obtain a loan and after a period of time the house to the price is raised borrower who shall obtain another mortgage, which lead to the expansion in the volume of borrowing in the United States as a result of financial derivatives.

2.1.7 Structure of GDP

The importance of the GDP is considered as an indication of total economic activity of the country and also measures the level of well-being of members of the community.

The U.S. economy is serving the economy so that the structure of GDP depends on the service sector and by more than 50% of U.S. GDP. On the other hand the concentration of GDP in one sector means that growth is unbalanced compared with other sectors in the United States of America.

2.1.8 Electronic Money

The development of computer and communication technology has reflected positively in the payment, and contributes system contributed in modern technology, which leads to the expansion in the volume of borrowing by the use of credit cards without balance, which results in an increase in the volume of loans and the inability to pay creditors on the other.

2.2 External Causes

2.2.1 The Impact on the Euro on the Dollar Standard

The emerging of the euro as a result of linking major European currencies to each other up and down within the low percentage due to the ability of financial speculators to influence some of the world's economies by the floating currency and interest rate liberalization. The entry of the euro in 1999 to acquire 18 percent of international reserves, which was at the expense of the dollar began spillover, and prompting many countries to search for an alternative to link their currencies to the euro or a basket of other currencies.

2.2.2 Trading System Debt

The trading system and trade debt, whether in discount or sale of commercial paper debt, or debt rescheduling in return for lifting interest rates to attract huge investments led for not achieving any real increase in production.

3. THE IMPLICATIONS OF THE CRISIS ON ARAB ECONOMIES

The Arab economies to the global financial crisis and the consequent to the recession in the economies of most developed countries during 2008 and 2009 have varied in main channels to spread the effects of the crisis through which the Arab countries. According to the nature of their economies and the degree of openness and its connection to the global economy resulted in direct effects the crisis on the Arab states varying from one country to another according to the degree of development in the financial and banking sector and also the extent of openness to the global average, and how these countries deal with the global markets for capital. Also most of the indicators of Arab stock markets sharply dropped leading to losses in the banking sector in the Arab countries the first and the fastest crisis has affected the real estate sector, where the decline in demand for the residential and commercial units in several Arab countries, especially in real estate development projects.

Also the effects of the financial crisis on Arab economies were through developments in macroeconomic indicators and indicators of financial depth.

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3.1 Macroeconomic Indicators

Economic Growth

This indicator is used to denote the level of economic development on the one hand and the production of the local capacity of the local second on the hand. The indicator of economic growth, one of the most important indicators used by investors in making investment decisions.

The weak economic growth often precludes expanding the base of investment in general and foreign direct investment in particular. In this regard, the decline in GDP at current market prices of the Arab countries as a group of about 1.926 billion dollars in 2008 to approximately 1.670 billion dollars in 2009, where preliminary data suggest that the gross domestic product at constant prices rose in 2010 in most Arab countries. However, this increase was small, as shown in Table 1 that there is a decline in the rate of real growth for the Arab States, in an average of 7.4% in 2008 to about 2.8% in 2009 to about 5% in 2010, while Figure 1 shown that there is a significant improvement in all Arab countries in 2010, reflecting the start out of the negative effects of financial crisis on the economy overall.

Table 1
The Real Growth Rate of the Group of Arab States

The state	2007	2008	2009	2010
Jordan	8.5	7.6	2.3	3.4
United Arab Emirates	6.1	5.1	-0.7	3.2
Bahrain	8.4	6.3	3.1	3.9
Saudi Arabia	2	4.2	0.6	3.4
Kuwait	4.4	5.5	-4.8	2.3
Libya	7.5	2.3	-2.3	10.6
Qatar	26.8	25.5	8.6	15.9
Oman	6.8	12.8	3.5	4.7
Algeria	3	2.4	2.4	3.8
Tunisia	6.3	4.6	3.1	3.8
Morocco	2.7	5.6	4.9	4
Lebanon	7.6	9.3	9	8
Egypt	7.1	7.2	4.7	5.2
Sudan	10.2	6.8	4.5	5.5
Syria	4.2	5.2	4	4.9

Source: International Monetary Fund 2011

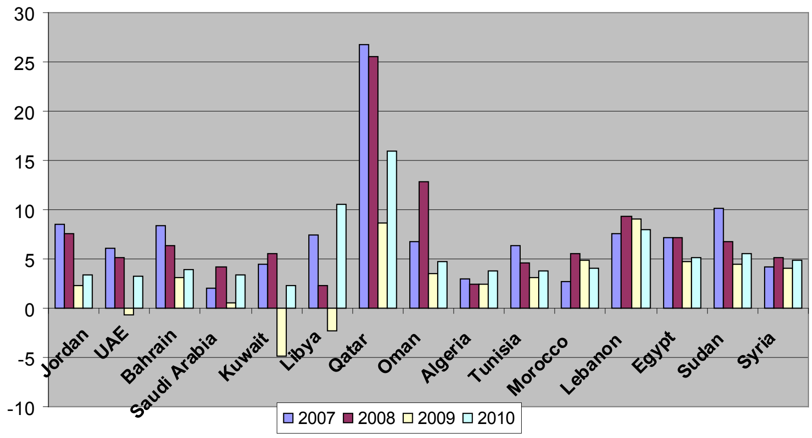

Figure 1
The Real Growth Rate of the Group of Arab States

3.2 Indicator of Monetary Policy

The inflation rate for monetary policy can be interpreted as an indicator of internal balance in the full interview in the public budget deficit and the growth rate of money supply. And result in higher inflation to spoil the investment climate through low confidence in the national currency, and the direct consequent impact on economic policies as a whole. Inflation also leads to distortion of investment style, where the investor goes to such activities with short-term and away from productive investments that require long-term horizons.

In this framework, ranging from rates of inflation as measured by the change in the index of consumer prices, from 4% in Bahrain and 15% in Syria in 2008 and despite the lack of liquidity due to the global crisis, but inflation rates in 2009 ranged between 0.6 percent in Jordan and 16% in Egypt, due to the higher prices of food commodities and fuel (Table 2).

Table 2
Inflation Rate of the Group of Arab States

The state	2007	2008	2009	2010
Jordan	4.7	13.9	-0.67	5.5
United Arab Emirates	11.1	12.3	1.2	1.9
Bahrain	3.3	3.5	2.8	2.6
Saudi Arabia	4.1	9.9	5.1	5.5
Kuwait	5.5	10.6	3.9	4.1
Libya	6.2	10.4	2.8	4.5
Qatar	13.8	15	-4.9	1
Oman	5.9	12.6	3.5	4.4
Algeria	3.6	4.9	5.7	5.5
Tunisia	3.4	4.9	3.5	4.5
Morocco	2	3.9	0.97	1.5
Lebanon	4.1	10.8	1.2	4.9
Egypt	10.9	11.7	16.2	11.7
Sudan	7.9	14.3	11.3	10
Syria	4.7	15.2	2.8	5

Source: International Monetary Fund 2011

We note from Figure 2 that high rates of inflation in the Arab countries in 2010 due to inflation in food commodities and fuel, and to the depreciation of the U.S. dollar, which reflect in increased prices.

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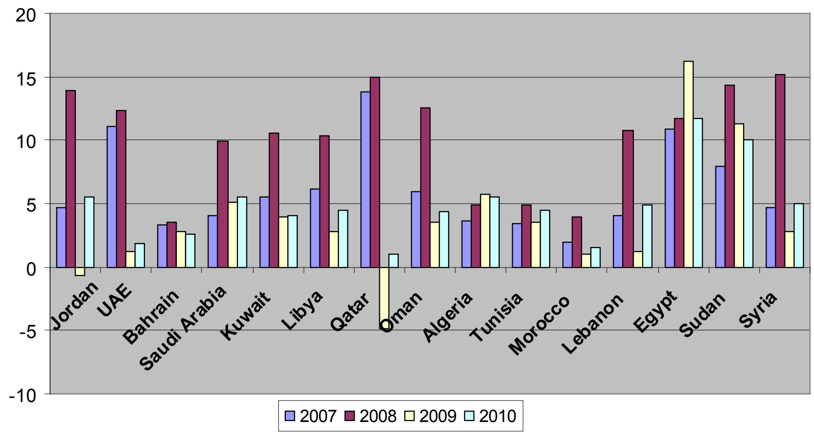

Figure 2
Inflaton Rate of the Group of Arab States

3.3 Indicators of Financial Depth

Shaw identified the financial depth that the phenomenon as a result in increasing the growth rate in fastening the financial sector more than it is in the real estate sector, as it is considered as an indicator of the size of financial intermediation, as the more higher the ratio the more reflected the availability is in the size that is related relative to the liquidity and depth greater in the financial sector and thus the development of more the banking system. And is the expression of indicators of financial depth indicators of domestic liquidity during the following:

3.3.1 Percentage of the Money Supply to Gross Domestic Product

The money supply as a standard to measure the size of the financial sector, so small that the financial system can be defined as a system that at least the money supply in the broad sense of ten billion dollars.

The change in the money supply affect the creation of economic cycles and impact directly on the efficiency of the national economy, and then the well-being of individuals, increase in money supply lead to a recovery in financial markets on expectations of economic units of different for a better future, given the low rate of interest, leading to increased investment thereby increasing the aggregate demand and output is the total income through the process of investment spending multiplier, resulting in subsequent low unemployment rates.

Index is the proportion of the money supply to GDP a indicators of domestic liquidity and an indicator of the size of financial intermediation, especially the mobilization of savings and deposits, by comparing the proportion of the money supply to GDP growth in the gross domestic product to give us an idea of the size of financial depth, the more the value of the index is higher- the volume of domestic liquidity grows at a rate greater than GDP growth, and thus reflects the index depth greater financially, given to the Table 3, which shows the proportion of broad money to GDP for a group of Arab countries during the period 2007-2009, we note that between 2007 and 2008 there was a decline in the ratio of broad money to GDP in most Arab countries, but the expansionary monetary policy adopted by these countries to avoid the effects of the global financial crisis led to the high volume of domestic liquidity as measured by broad money to GDP in 2009.

Table 3
The Proportion of the Money Supply to GDP of the Group of Arab States

The state	2007	2008	2009
Jordan	117.9	107.9	119.9
United Arab Emirates	63.3	64.6	83.7
Bahrain	69.5	74.9	89.4
Saudi Arabia	50.5	48.5	70.1
Kuwait	53.5	51.4	na
Libya	25.5	28.3	53.7
Qatar	44.9	41.9	55.8
Oman	32.8	29.4	43.5
Algeria	53.9	54.8	64.1
Tunisia	58.2	59.9	64.2
Morocco	99.1	102.5	104.7
Lebanon	225.4	214.4	218.2
Egypt	88.5	84.2	79.8
Sudan	19.9	17.5	20.3
Syria	61.7	58.8	70.9

Source: International Monetary Fund 2011

3.3.2 Real Interest Rate Levels

Real interest rate levels is defined as the interest amount of cash received by the lender or the opportunity cost to keep the money liquid, where the interest rate prevailing at the individual level indicator of the family sector of the trade-off between the purchasing power of current purchasing power of the future, because the interest rate represents the price of credit and lead role, like other prices in the distribution of funds between different uses in the present and future.

The interest rate, is a monetary that indicates and designs to measure the financial depth, so that increasing the interest rate on deposits that increase the opportunity cost to maintain reserves, and additional liquid, leading to a decline in the proportion of reserves to demand deposits,

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the relationship reverse the decline in the proportion of reserves to deposits that demand interest rate.

In this regard, it is possible to shed some light on the efforts in a number of Arab countries. Jordan, Tunisia, Egypt and Morocco by reducing interest rates approved by the monetary policy, and that urge commercial banks to increase lending to the private sector to address the problem of lack of liquidity. For example, the monetary authorities in Egypt to reduce deposit rate for one night six times during 2009, bringing the total reductions cumulative 325 basis points. As the monetary authorities in Jordan to reduce the interest rate for monetary policy, three times in 2009 and by 50 basis points each time. It also has all the Persian Gulf states to reduce the compulsory reserve ratio and the opening of new facilities for lending and provide more liquidity to banks operating on it, and provide guarantees for bank deposits and these measures have led to the achievement of negative real interest rates during 2008 and early 2009 in most Arab countries, amounting to 16% in the Sultanate of Oman, to 8.3% in Jordan and 2.2 percent in Qatar. The real interest rates began to rise with in the beginning of 2010 due to the decline in inflation rates.

3.3.3 Number of Listed Companies

Characterized financial markets in the Arab countries lack the number of listed companies, amounting to 1542 companies at the end of 2008 to fall to 1495 in the year 2009, which is linked mainly to write off a number of companies in the Egyptian Stock Exchange, and the number of listed companies in the financial markets of Arab decline succumbed local and global crises up to 1441 companies in the fourth quarter of 2010 according to estimates by the Arab Monetary Fund in 2010 (Table 4).

Table 4
Number of Listed Companies

Market	2007	2008	2009	2010
Amman Stock Exchange	245	262	272	277
Abu Dhabi Securities Market	64	65	67	64
Bahrain Stock Exchange	51	51	49	49
Saudi Stock Exchange	111	126	135	146
Kuwait Stock Exchange	196	204	205	214
Dubai Financial Market	55	65	67	65
Qatar Exchange	40	43	44	43
Muscat Securities Market	125	122	120	119
Algeria Stock Exchange	2	2	2	2
Tunis Stock Exchange	51	50	52	56
Casablanca Stock Exchange	73	77	73	75
Beirut Stock Exchange	15	13	11	26
Egypt Stock Exchange	435	373	306	212
Khartoum Stock Exchange	52	52	53	53
Palestine Stock Exchange	35	37	39	40
Total	1550	1,542	1495	1441

Source: Arab Monetary Fund 2010

3.3.4 Market Value

Characterized by the securities markets in the Arab countries are small in size represented the market value. The market value of the overall stock markets in Arab countries during the fourth quarter of 2008 reached 769.6 billion dollars recorded a decline of 43% compared with 2007, and the Arab stock markets continued to fall in the second half of 2009 but ended the year high. With regard to the market value of the Arab capital markets individually, it should be noted that the market values of the key markets registered an increase during 2009 compared to 2008, also increased the market value of the Saudi stock market by about 29.4 percent to about 318.8 billion dollars at the end of December 2009 and represents this value rate of 35.3 percent of the total market value of Arab financial markets.

The market capitalization of the Kuwait stock market increased during 2009 compared to 2008 by about 33.7 percent, and the Abu Dhabi stock market increased by 16.6 percent, and in Qatar stock market increased by 14.8 percent, with increased market value of the Muscat stock market by 56.0 percent during the year. Also recorded each of the Tunis stock market and the stock market of the securities in Casablanca, in addition to the Beirut Stock Exchange market and the Egyptian Stock Exchange, rose in 2009 compared to 2008 amounted to about 46.5, 12.8 and 33.7 and 6.0 percent respectively. Although the restoration of Arab stock markets stable in 2010, where the total market value of about 983.8 billion dollars at the end of 2010, it remains fragile. These markets have not yet returned to the levels that prevailed before the emergence of the crisis, but made up only a portion of their losses (Table 5).

Table 5
Stock Markets Capitalization (Million $US)

Market	2007	2008	2009	2010
Amman Stock Exchange	41,233	35,844	31,889	30,904
Abu Dhabi Securities Market	211,281	68,810	80,201	77,081
Bahrain Stock Exchange	27,016	19,947	16,263	20,060
Saudi Stock Exchange	518,984	246,337	318,751	353,400
Kuwait Stock Exchange	353,621	70,181	93,824	113,883
Dubai Financial Market	381,791	63,099	58,095	54,692
Qatar Exchange	95,505	76,627	87,930	123,641
Muscat Securities Market	23,086	15,139	23,616	28,309
Algeria Stock Exchange	97	92	91	106
Tunis Stock Exchange	5,339	6,304	9,237	10,612
Casablanca Stock Exchange	75,495	65,748	74,186	69,386
Beirut Stock Exchange	0,8941	9,609	12,843	12,676
Egypt Stock Exchange	138,828	85,923	91,092	84,109
Khartoum Stock Exchange	4,931	3,804	3,033	2,446
Palestine Stock Exchange	2,474	2,124	2,377	2,449
Total	1,338,550	769,589	903,427	983,754

Source: Arab Monetary Fund 2010

3.4 Local Indicators for the Stock Prices

The indicators fell in the Arab markets in 2008, where the Gulf Cooperation Council countries of Persian Gulf fell to the lowest peak in the Dubai stock market, which dropped by 60% in 2007. This is due to the degree of openness and interdependence between the high capital markets and the U.S.. In addition to the case of financial panic that swept the global financial markets in the beginning of September 2008.

The continuing of decline in local indicators in the Arab financial markets during the fourth quarter of 2009, with the exception of the Beirut Stock Exchange and

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Tunisia, which have witnessed a rise of 7.9 and reached 5.6 percent, respectively, according to local indicators. The local indexes for all financial markets. Egyptian stock market recorded the highest rates of decline 22.4 percent followed by Dubai stock market, which fell to 17.7 percent.

As the end of 2010 showed signs in all Arab markets that rose during the fourth quarter, while stock indexes fell in Tunisia, Palestine, Dubai, Bahrain and Kuwait (Table 6).

Table 6
Percentage Change in Local Stock Indices

Market	2007	2008	2009	2010
Amman Stock Exchange	31.3	32.3-	-5.8	2.9
Abu Dhabi Securities Market	27.9	39.6-	-12.2	1.4
Bahrain Stock Exchange	8.3	26.7-	-6.2	0.9-
Saudi Stock Exchange	42.7	35.6-	-3.2	3.6
Kuwait Stock Exchange	2.0-	39.4-	-10.4	0.4-
Dubai Financial Market	40.2	60.4-	-17.7	3.2-
Qatar Exchange	18.3	26.1-	-6.1	12.8
Muscat Securities Market	29.3	35.9-	-3.1	4.4
Algeria Stock Exchange	-	-	-	-
Tunis Stock Exchange	6.3	14.6-	5.6	10.0-
Casablanca Stock Exchange	1.0-	12-	-2.3	6.4
Beirut Stock Exchange	15.4	31.5-	7.9	2.7
Egypt Stock Exchange	16.2	33.2-	-22.4	4
Khartoum Stock Exchange	19	0.1-	-10.9	0.1
Palestine Stock Exchange	1.9	31.5-	-1.2	-2.8

Source: Arab Monetary Fund 2010

CONCLUSIONS & RECOMMENDATIONS

The study aims to investigate the causes of the global financial crisis that occurred in 2008 and its effects on the Arab countries the study depends on descriptive statistical analysis. The study concludes that the causes of the global financial crisis due to internal factors and external factors.

On the other hand, the results show of descriptive analysis that economic growth rates in the Arab region showed a slowdown since the beginning of the financial crisis as the indicators of financial depth, of the interest rate, the percentage of the money supply to gross domestic product, the number of listed companies, and the market value of the financial market, showed a significant decline in most countries in the sample from Arab States, which is evidence that the negative impact of financial crisis. Based on the obtained results, it can be recommend that the Arab countries should continue developing their financial sector, and work to improve the investment climate and attention to indirect means to control the work of the financial sector. and the search for an appropriate model for predicting financial crises and its consequences for Arab markets, especially the stock market and an early warning system to predict crises, in addition to putting in place mechanisms strict for liquidity, as well as the need to adjust the balance between accounting standards and the standards in preventive procedures must be appreciated in common.

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