Performance Analysis of the Turkish Islamic Banking Sector

Abstract

Regularly examining and assessing banks is essential to maintaining the stability of a country's, region's, or special economy's financial systems. This study examines Islamic banks in Turkey. Turkey plays a significant role in the economic stability of its region, and a strong banking system is crucial for financial stability. Based on data from the Bank Association of Turkey's online database (Türkiye Bankalar Birliği, 2021), a CAMEL-type analysis was conducted that considers financial stability, operational efficiency, and credibility. The CAMEL technique not only ranks the participating banks but also provides recommendations. The results suggest that Turkish banks should review their expenses and develop more efficient operational strategies. They should also monitor and reduce their cost-to-asset ratios to improve business performance. Turkish banks are encouraged to study successful banks to improve their efficiency and profitability. Improving cost efficiency and using assets more efficiently are also key to improving banks' profits. Furthermore, it was concluded that Islamic Turkish banks could benefit from reducing their loan-to-deposit ratios and increasing their liquid asset ratios. This would reduce liquidity risk and facilitate lending activity. In conclusion, Islamic Turkish banks should work to reduce their loan-to-deposit ratio and increase their liquid asset ratio. This would reduce liquidity risk and facilitate lending.

Türk İslami Bankacılık Sektörünün Performans Analizi

Özet

Bankaların düzenli olarak incelenmesi ve değerlendirilmesi, bir ülkenin, bir bölgenin veya herhangi bir özel ekonominin finansal sistemlerinin istikrarını korumak için gereklidir. Bu çalışma Türkiye'deki İslami bankaları incelemeyi amaçlamaktadır. Türkiye, bölgesinin ekonomik istikrarında önemli bir rol oynamaktadır ve bankacılık sisteminin gücü, finansal durumun istikrarında çok önemli bir rol oynamaktadır. Türkiye Bankalar Birliği'nin çevrimiçi veri tabanından (Türkiye Bankalar Birliği veri tabanı, 2021) elde edilen verilere dayanarak, finansal istikrar, operasyonel etkinlik ve kredibiliteyi dikkate alan CAMEL tipi analiz sonuçlandırılmıştır. CAMEL tekniği sadece araştırmaya katılan bankaların sıralanmasına hizmet etmemekte, aynı zamanda bundan tavsiyeler de çıkarılabilmektedir. Sonuçlar, Türk bankalarının verimliliklerini artırmak için giderlerini gözden geçirmeleri ve daha etkin operasyonel stratejiler geliştirmeleri gerektiğini göstermektedir. Bankalar maliyet-varlık oranlarını izlemeli ve azaltmalı ve iş performanslarını iyileştirmelidir. Türk bankaları ayrıca verimliliklerini nasıl artırabileceklerini ve karlılıklarını nasıl artırabileceklerini görmek için başarılı bankaları incelemeye teşvik edilmektedir. Buna ek olarak, maliyet verimliliğini artırmak ve varlıkları daha verimli kullanmak da bankaların kârını artırmanın anahtarıdır. Ayrıca, İslami Türk bankalarının kredi-mevduat oranlarını düşürmek ve likit varlık oranlarını artırmak için çalışmaktan fayda sağlayabileceği sonucuna varılmıştır. Bu, likidite riskini azaltabilir ve kredi verme faaliyetlerini kolaylaştırabilir. Son olarak, İslami Türk bankalarının kredi-mevduat oranlarını düşürmek ve likit varlık oranlarını artırmak için çalışmak isteyebilecekleri sonucuna vardık. Bu, likidite riskini azaltabilir ve kredilendirmeyi kolaylaştırabilir.

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1 Introduction

Regular examination and valuation of banks is essential to maintain the stability of the financial system. Based on the results of the assessment, financial institutions can identify their weaknesses and strengths, which can help them plan for improvements and further growth. The review of Turkey's financial sector is of special importance, as the country's economy is one of the leading economies in the region and Turkish financial institutions play a significant role in maintaining financial stability in the region.

The evaluation of Turkish Islamic-principled banks has not been a subject that has been thoroughly analyzed so far, and the rationale for the choice of this topic is to identify the strengths and weaknesses of Turkish Islamic banks' operations and to help them plan their development based on these. Conducting the analysis using the CAMEL-based ranking and rating methodology allows for a complex rating of Turkish Islamic banks, which takes into account all aspects ("Capital adequacy", "Assets quality", "Management quality", "Earnings", and "Liquidity").

In this publication, there was mostly primary research conducted. The secondary research focused on the valorization of the methodology, examining the applicability of the CAMEL method to Islamic banks. In this publication there was mostly primary research conducted. The secondary research focused on the valorization of the methodology, examining the applicability of the CAMEL method to Islamic banks. The authors' previous publication (Varga – Bánkuti, 2021) was of particular help in this. The primary research, the CAMEL rating, was based on data from the annual and quarterly reports of six Turkish Islamic banks, from 2014 to 2021. The data on the Turkish banking system was obtained from the statistical database of the English language website of Türkiye Bankalar Birliği (Türkiye Bankalar Birliği, 2021).

2 The CAMEL(S) Rating System

CAMELS is an acronym made up of **Capital** adequacy, **Asset** quality, **Management**, **Earnings**, **Liquidity,** and (later) **Sensitivity** to market risk (Judit, 2015). It is a ranking and rating method adopted by the National Credit Union Administration in 1987. The sixth criterion, “Sensitivity to market risk”, was added in the 1997 revision. The CAMEL methodology scores banks from 1 to 5 based on the indicators and then provides a final averaged score not only for the banks but also (us for the Turkish Islamic) banking system as a whole. (Santana, 2022). The rating method is also a predictor of banks' future performance and risk. Banks with a poor CAMELS rating (3 or worse) are subject to more frequent inspections and efforts to remedy their problems and deficiencies (Gaul - Jones, 2021).

In our research, the CAMEL (not CAMELS because no data was available for creating the sensitivity indicators) rating method was used. The reason is that the indicators of market risk sensitivity are not applicable to Islamic Turkish banks due to differences in cultural and operational principles (e.g. no interest rate).

The definitions and calculation techniques for the CAMEL sub-indicator used in this publication are given in detail in the previous publication of two of the authors (Varga-Bánkuti, 2021). The ranges for the rates for all of the sub-indicators are given in Table 1 – own creation, based on the bank system’s average. The aggregate rating categories based on the publication of (Masood et.al. 2016) are given in Table 2.

3 The Evaluation of the Turkish Islamic Banks

In 2021, out of the 57 banks operating in Turkey, there were six Islamic banks. (Albaraka Türk, Kuveyt Türk, Türkiye Finans, Ziraat Katilim (from 2015) and Vakif Katilim (from 2016), Emlak Katilim, (from 2019), (Keskin E., 2022). Obviously, data were available only from the years after their launch. The CAMEL indicators were calculated based on the annual reports of the banks, using the criteria of the indicators (Table 2).

3.1 Capital Adequacy

Adequate equity capital is essential for long-term liquidity, which is a fundamental obligation of banks. The results of the analysis of the capital adequacy of Turkish Islamic banks are shown in a table (Table 3) and on graphs (Figures 1, 2, 3).

Table 3 shows that the amount of equity of the banks has been increasing year by year, presumably due to profit reinvestment that increased the confidence of shareholders, and also stakeholders. Banks' total equity increased by 11.2% from 2014 to 2015, 19.8% to 2016, 28.5% to 2017, 25.3% to 2018, 20.5% to 2019, 34% to 2020 and 31.5% to 2021. The last row shows that, except for 2015, Islamic banks' equity grew much more intensively than the banking sector as a whole.

The capital adequacy of banks is shown in Figure 1. This shows that all six banks are safe, from this point of view, as their ratio is above the requirement of 8% (denoted by a red dashed line).

	CAMEL Indicators (Ratio)	1=strong	2=satisfactory	3=fair	4=marginal	5=unsatisfactory
C	Capital adequacy	> 14%	13,9% - 12,0%	11,9% - 10,0%	9,9% - 8,0%	< 7,9%
	Capital Leverage	> 18%	17,9% - 15,0%	14,9% - 10,0%	9,9% - 6,0%	< 5,9%
	Loan Coverage	> 28%	27,9% - 20%	19,9% - 12%	11,9% - 4%	< 3,9%
A	NPL to total credit	< 2,9%	3% - 4,9%	5% - 5,9%	6% - 7,9%	> 8%
	Debt to Assets (DAB)	< 49,9%	50% - 59,9%	60% - 69,9%	70% - 79,9%	> 80%
M	Cost to Revenue	< 29,9%	30% - 49,9%	50% - 59,9%	60% - 79,9%	> 80%
	Gross Profit Margin	> 40%	39,9% - 25%	24,9% - 10%	9,9% - 5%	< 4,9%
	Cost to Assets	< 0,9%	1% - 3,9%	4% - 7,9%	8% - 11,9%	> 12%
E	Return on assets	> 16%	15,9% - 14%	13,9% - 12%	11,9% -10%	< 9,9%
	Return to equity	> 2,6%	2,5% - 2,1%	2% -1%	0,9% - 0,5%	< 0,4%
	Net Operation Profit Margin	> 3%	2,9% - 2%	1,9% - 1%	0,9% - 0,5%	< 0,4%
L	Liquid Assets to short-term Liabilities	> 35%	34,9% - 25%	24,9% - 15%	14,9% - 10%	< 9,9%
	Loan to Deposit (LDR)	< 89,9%	90% - 99,9%	100% - 109,9%	110% - 119,9%	> 120%
	Interbank liquidity	> 4%	3,9% - 3%	2,9% - 2%	1,9% - 1%	< 0,9%

Table 1. *CAMEL Evaluation Guideline for Turkish Islamic Banks Source: Own calculation*

Rating	Composite range	Description	Meaning
1	1.00-1.49	Strong	♦ Basically sound in every respect ♦ Findings are of minor nature and can be handled routinely ♦ Resistant to external economic and financial disturbances ♦ No cause for supervisory concern
2	1.5-2.49	Satisfactory	♦ Fundamentally sound ♦ Finding are of minor nature and can be handled routinely ♦ Stable and can withstand business fluctuations well ♦ Supervisory concerns are limited to extent that findings are corrected
3	2.50-3.49	Fair	♦ Financial, operational or compliance weaknesses ranging from moderately severe to unsatisfactory ♦ Vulnerable to the onset of adverse business conditions ♦ Easily deteriorate if actions are not effective in correcting weaknesses ♦ Supervisory concern and more than normal supervision to address deficien-cies
4	3.50-4.49	Marginal	♦ Immoderate volume of serious financial weaknesses ♦ Unsafe and unsafe conditions may exist which are not being satisfactory addressed ♦ Without corrections, these conditions could develop further and impair future viability ♦ High potential for failure ♦ Close supervision surveillance and a definite plan for correcting deficiencies
5	4.50-5.00	Unsatisfactory	♦ High immediate or near term probability failure ♦ Severity of weaknesses is so critical that urgent aid from stockholders or other financial sources is necessary ♦ Without immediate corrective actions, will likely require liquidations, merger or acquisition

Table 2*. Composite range of CAMELS rating* ***Source:*** *Masood et al., 2016,*

	2014	2015	2016	2017	2018	2019	2020	2021
Albaraka	1 790 927	2 103 914	2 279 593	2 481 506	3 261 451	3 821 929	4 044 227	4 626 853
Kuveyt	3 022 870	3 402 490	3 912 064	4 591 151	5 438 553	6 821 290	7 995 097	10 456 853
Turkiye	3 153 847	3 356 757	3 663 014	4 060 598	4 323 181	4 827 079	5 495 302	6 556 794
Ziraat			764 621	1 403 681	2 544 897	3 166 828	3 734 273	4 321 735
Vakif				1 107 885	1 527 226	1 960 693	4 798 566	8 619 719
Emlak							1 539 266	1 728 423
Total	7 967 644	8 863 161	10 619 292	13 644 821	17 095 308	20 597 819	27 606 731	36 310 377
Delta %		+11,2%	+19,8%	+28,5%	+25,3%	+20,5%	+34,0%	+31,5%
Turkish Bank Sector	222 331 543	251 613 646	288 788 998	345 030 883	405 257 916	470 409 822	571 983 642	677 635 517
Delta %		+13,2%	+14,8%	+19,5%	+17,5%	+16,1%	+21,6%	+18,5%

Table 3. *Capital Adequacy of the Turkish Islamic Banks (Thousand Turkish Lira) Source: Own calculation based on the Annual Reports of Turkish Islamic Banks*

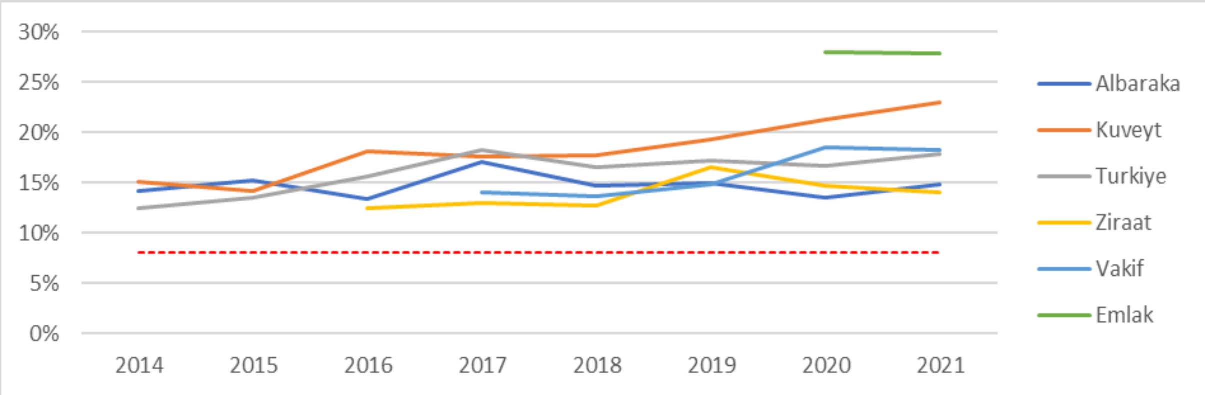

Figure 1. *Capital Adequacy of the Turkish Islamic Banks 2014 - 2021* ***Source:*** *Own calculation based on the Annual Reports of Turkish Islamic Banks*

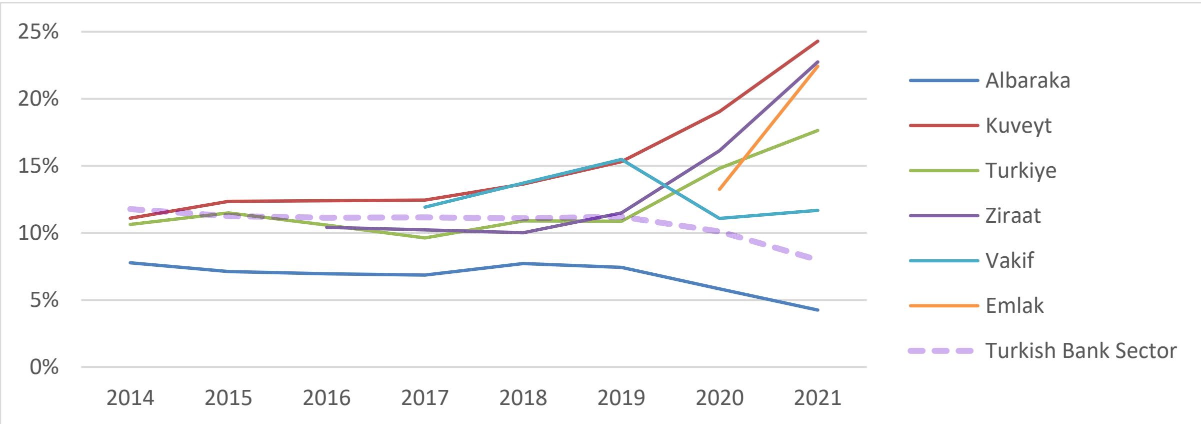

Figure 2. *Capital leverage ratios of the Turkish Islamic Banks 2014 – 2021* ***Source:*** *Own calculation based on the Annual Reports of Turkish Islamic Banks*

Figure 2 shows the evolution of the six banks' leverage ratios, which is the ratio of equity to total assets. As an average, we have compared the average performance of the Turkish banking sector with the performance of the six banks' ratios.

The distribution of equity and debt provides information on the safety of the bank. Except for Emlak Bank and Kuveyt Bank, all banks show a variable trend, with the value of the indicator increasing and decreasing. The Turkish banking sector leverage ratios show a downward trend from 2019, underperformed by Albaraka Bank. The other banks' values are well above the banking sector average.

The loan leverage ratio shows the extent to which a bank can cover its loans. To be the baseline the average of the Turkish banking sector has been taken, which is higher – means better in the CAMEL rating – than every Islamic bank's performance and thus their average as well. The results are shown in Figure 3.

Most banks show a changing trend, but based on their average Kuveyt Bank, Turkiye Bank, and Vakif Bank received a rating of 3, till Albaraka and Ziraat were worse, (scored 4), like Emlak Bank. It can be seen the Islamic Banks are below the Turkish Bank Sector's average, as this indicator is again the higher the better.

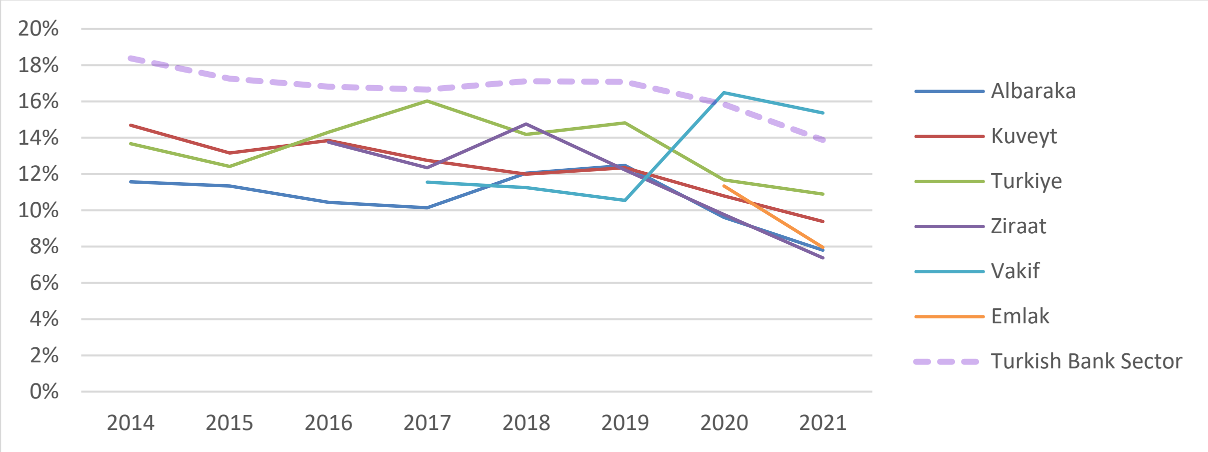

Figure 3. *Loan coverage ratios of the Turkish Islamic Banks 2014 – 2021* ***Source:*** *Own calculation based on the Annual Reports of Turkish Islamic Banks*

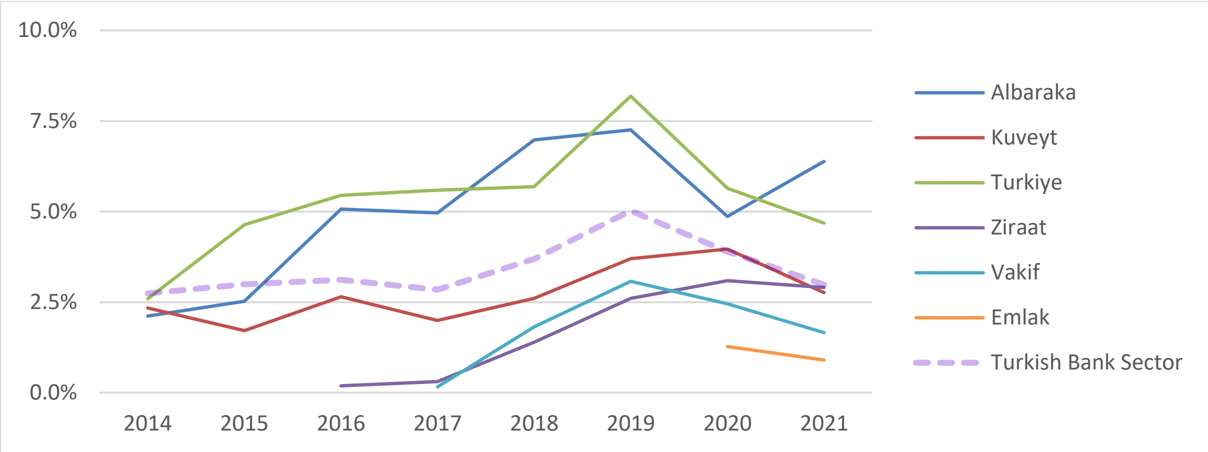

Figure 4. *Non-performing Loan (NPL) ratio of the Turkish Islamic Banks 2014 – 2021* ***Source:*** *Own calculation based on the Annual Reports of Turkish Islamic Banks*

3.2 Assets rating

The quality of banks' assets is essential for their effective operation. In Figure 4, the results for the six banks for the ratio of non-performing loans to total loans (NLP), indicators are shown.

The lower the non-performing loan ratio the better the rating of the bank. It has become higher for Albaraka and Turkiye, presumably due to some negative events in the banks' operations. The average rates for banks Ziraat, Vakif, Kuveyt, and Emlak were below 3% and were therefore they were rated 1, while Albaraka and Turkiye were rated 3.

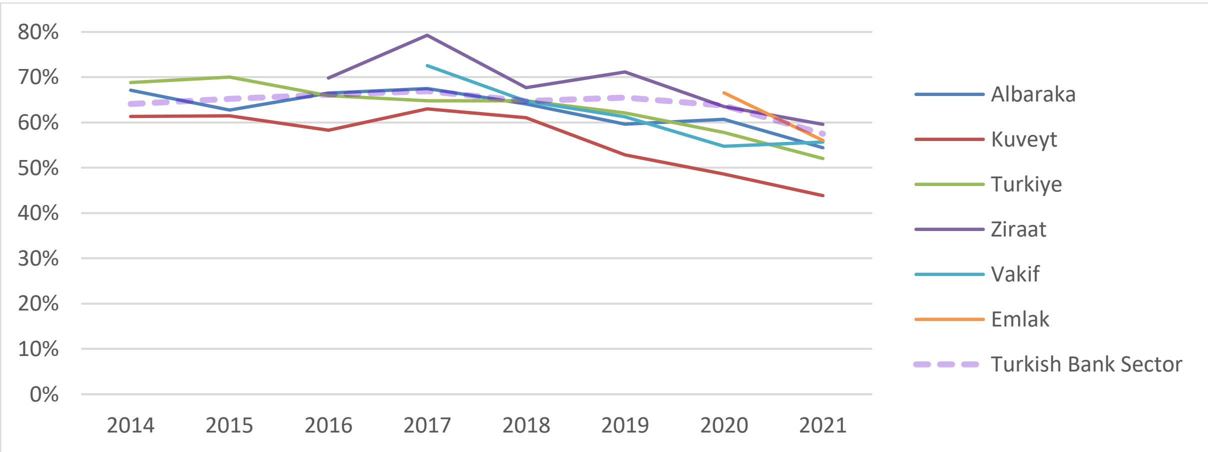

Figure 5. *Debt to Total Assets (DAR) Ratio of the Turkish Islamic Banks 2014 – 2021* ***Source:*** *Own calculation based on the Annual Reports of Turkish Islamic Banks*

The ratio of loans to total assets is shown in Figure 5. It shows that all six banks have a loan-to-asset ratio above 50%. From 2020 all banks show a downward trend, which is a good direction, as the lower the value, the better the rating of the bank. Banks are required to make provisions for potential losses on lending. Provisioning plays a very important role in risk management.

3.3 Management

The efficiency and intensity of banks' operations depend to a large extent on the ability of management to identify risks and to improve operations. The cost-efficiency ratios are used to examine this. The evolution of total income and total expenditure incurred in the operation of banks is shown in Tables 4 and 5.

	2014	2015	2016	2017	2018	2019	2020	2021
Albaraka	1 502 306	1 935 159	2 218 804	2 658 587	3 019 738	3 344 284	3 584 628	5 023 098
Kuveyt	2 018 781	2 564 838	3 110 435	3 850 986	5 997 843	7 471 511	9 327 690	13 035 305
Turkiye	2 169 968	2 780 246	2 981 301	2 902 629	3 937 713	4 536 840	4 504 291	6 382 801
Ziraat			390 742	981 392	2 090 557	3 594 457	4 191 345	6 259 916
Vakif				699 371	1 718 762	2 323 643	3 031 096	5 165 347
Emlak							999 620	2 329 202
Total	**5 691 055**	**7 280 243**	**8 701 282**	**11 092 965**	**16 764 613**	**21 270 735**	**25 638 670**	**38 195 669**
Delta %		**+27,9%**	**+19,5%**	**+27,5%**	**+51,1%**	**+26,9%**	**+20,5%**	**+49,0%**
Turkish Bank Sector	134 785 734	159 266 552	189 309 104	239 871 183	355 954 181	404 540 607	403 433 659	608 186 002
Delta %		**+18,2%**	**+18,9%**	**+26,7%**	**+48,4%**	**+13,6%**	**-0,3%**	**+50,8%**

Table 4. *Total Revenue of the Turkish Islamic Banks (Thousand Turkish Lira)* ***Source:*** *Own calculation based on the Annual Reports of Turkish Islamic Banks*

	2014	2015	2016	2017	2018	2019	2020	2021
Albaraka	803 332	1 049 478	1 195 186	1 390 788	2 000 179	2 521 054	1 879 008	3 329 736
Kuveyt	877 547	1 096 026	1 440 566	1 716 773	2 850 053	3 975 600	3 118 614	5 404 863
Turkiye	1 072 136	1 375 984	1 471 762	1 451 193	2 191 887	2 596 001	2 022 695	3 959 119
Ziraat			209 857	538 306	1 319 723	2 225 532	2 122 807	4 745 377
Vakif				438 122	1 105 272	1 643 509	1 344 967	2 973 421
Emlak							371 613	532 385
Total	**2 753 015**	**3 521 488**	**4 317 371**	**5 535 182**	**9 467 114**	**12 961 696**	**10 859 704**	**20 944 901**
Delta %		**+27,9%**	**+22,6%**	**+28,2%**	**+71,0%**	**+36,9%**	**-16,2%**	**+92,9%**
Turkish Bank Sector	69 895 098	83 227 489	99 244 953	128 508 395	213 154 597	245 163 105	197 919 281	353 227 364
Delta %		**+19,1%**	**+19,2%**	**+29,5%**	**+65,9%**	**+15,0%**	**-19,3%**	**+78,5%**

Table 5. *Total Expenditure of the Turkish Islamic Banks (Thousand Turkish Lira)* ***Source:*** *Own calculation based on the Annual Reports of Turkish Islamic Banks*

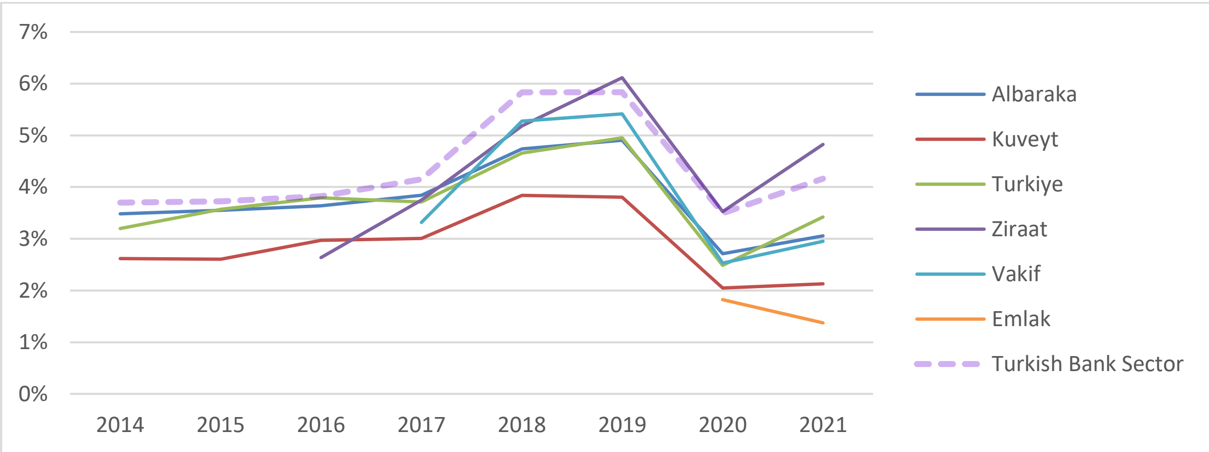

Figure 6. *Cost to Revenue of the Turkish Islamic Banks 2014 – 2021* ***Source:*** *Own calculation based on the Annual Reports of Turkish Islamic Banks*

Total revenue is almost the most significant feature of a bank. Table 4 shows an apparent upward trend for the Turkish Islamic banks individually and also collectively. Similarly for the Turkish banking sector, except for in the year of 2020.

The other highly important feature of a bank is total expenditure. It is also increasing year on year, except for 2020, when the total value of Islamic banks decreased by 16.2%, while the value of the Turkish banking sector decreased even more, by 19.3%.

The first indicator – based on the information in the tables above - for the Management is Cost to Revenue is shown in Figure 6. The higher the percentage, the less profitable a bank is, as the indicator shows how much of the revenue is absorbed by costs. As an average, the results of the six banks' ratios were assessed against the average results of the Turkish banking sector. As a result, Kuveyt and Emlak banks performed better in terms of their relative results and were therefore rated satisfactory.

In order to examine the profit before tax ratio, it was necessary to collect information about it in Table 6.

	2014	2015	2016	2017	2018	2019	2020	2021
Albaraka	325 552	376 778	263 920	288 800	168 495	87 293	323 735	81 442
Kuveyt	462 739	553 476	663 212	848 933	1 126 057	1 415 267	1 852 683	3 547 366
Turkiye	425 285	332 825	369 075	457 642	569 450	477 153	872 786	1 209 138
Ziraat			11 708	199 974	414 549	705 300	792 482	730 171
Vakif				169 882	413 987	442 126	842 246	1 665 635
Emlak							104 451	187 998
Total	**1 213 576**	**1 263 079**	**1 307 915**	**1 965 231**	**2 692 538**	**3 127 139**	**4 788 383**	**7 421 750**
Delta %		+4,1%	+3,5%	+50,3%	+37,0%	+16,1%	+53,1%	+55,0%
Turkish Bank Sector	31 010 196	32 068 025	45 945 072	58 916 463	63 358 014	57 115 183	71 020 637	111 047 467
Delta %		+3,4%	+43,3%	+28,2%	+7,5%	-+9,9%	+24,3%	+56,4%

Table 6. *Profit before Tax of the Turkish Islamic Banks (Thousand Turkish Lira)* ***Source:*** *Own calculation based on the Annual Reports of Turkish Islamic Banks*

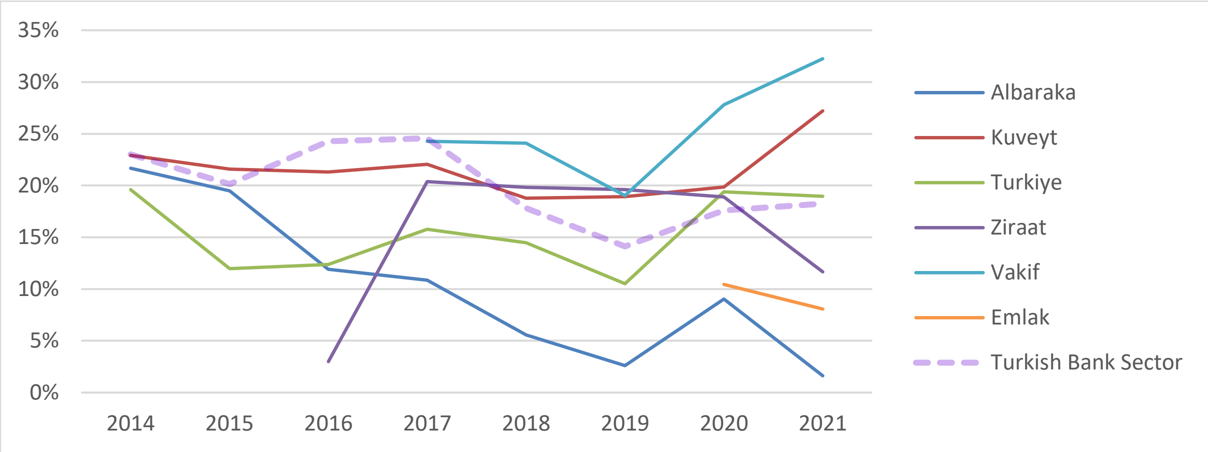

Figure 7. *Cost Benefit Ratio of the Turkish Islamic Banks 2014 – 2021* ***Source:*** *Own calculation based on the Annual Reports of Turkish Islamic Banks*

Operational efficiency is reflected in the ratio of profit before tax to total revenue, i.e. how much of the revenue is profit. (Figure 7) As the higher the percentage of it, the better, Vakif Bank was evaluated to be the best with the value of 2., being all the time above the bank sector's average. The average of Emlak Bank was the worst, getting a rating of 4. The others got 3.

3.4 Earnings

The following profitability indicators can be used to provide an answer to the question of how efficient management is, i.e. how effectively the available resources and the assets acquired from them are used (Figure 8**)**.

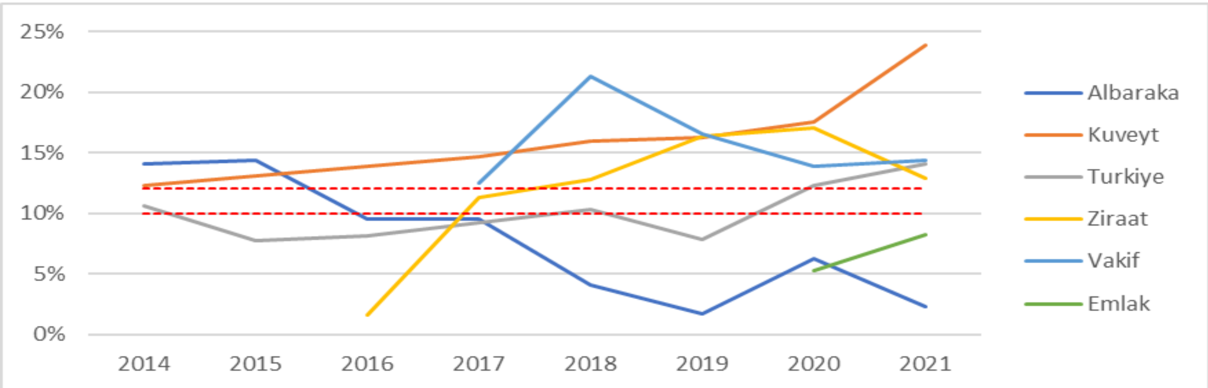

Figure 8. *Return on Equity (ROE) Ratio of the Turkish Islamic Banks 2014 – 2021* ***Source:*** *Own calculation based on the Annual Reports of Turkish Islamic Banks*

Return on equity (ROE), shows the profitability of the equity invested. A sufficient ROE ratio is around 10-12%, these values are denoted in the graph with red dashed lines (-----) in Figure 8. It can be seen that by 2021, all banks except Emlak and Albaraka have achieved it. The performance of the ROA indicator is shown in Figure 9. Again, with the sufficient range of the ratio (1 – 2 %) denoted by red dashed lines. Only the newborn Vakif Bank achieves it totally and Kuveyt mostly.

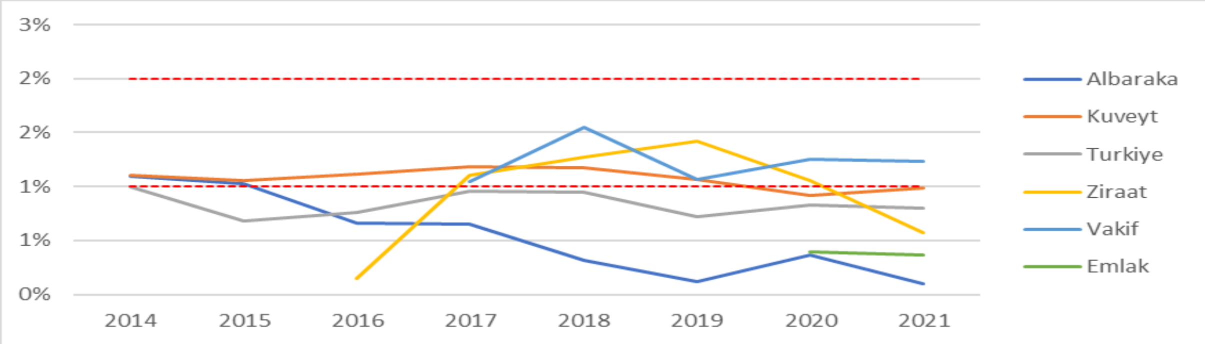

Figure 9. *Return on Assets (ROA) Ratio of the Turkish Islamic Banks 2014 – 2021* ***Source:*** *Own calculation based on the Annual Reports of Turkish Islamic Banks*

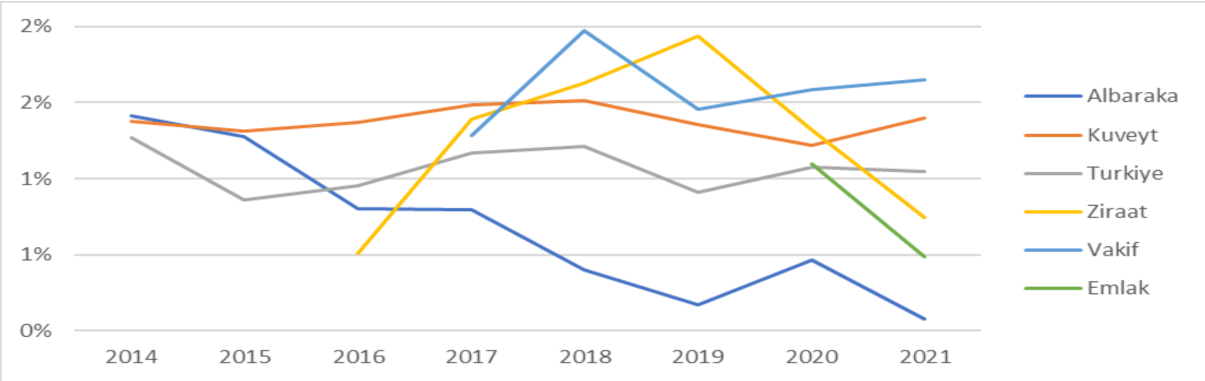

Figure 10. *Net Operation Profit Margin Ratio of the Turkish Islamic Banks 2014 – 2021* ***Source:*** *Own calculation based on the Annual Reports of Turkish Islamic Banks*

Return on assets, or ROA, shows how efficiently banks use their assets. The results of the net operating margin are shown in Figure 10.

By subtracting total operating expenses from total operating income and dividing the resulting amount by the value of all assets, we obtain the net operating profit. By 2021, only Kuveyt and Vakif bank have improved their results, the other banks are on a downward trend.

3.5 Liquidity

The liquidity ratio (Figure 11) shows the coverage of banks' short-term liabilities. The higher the value of the indicator, the more liquid a bank is.

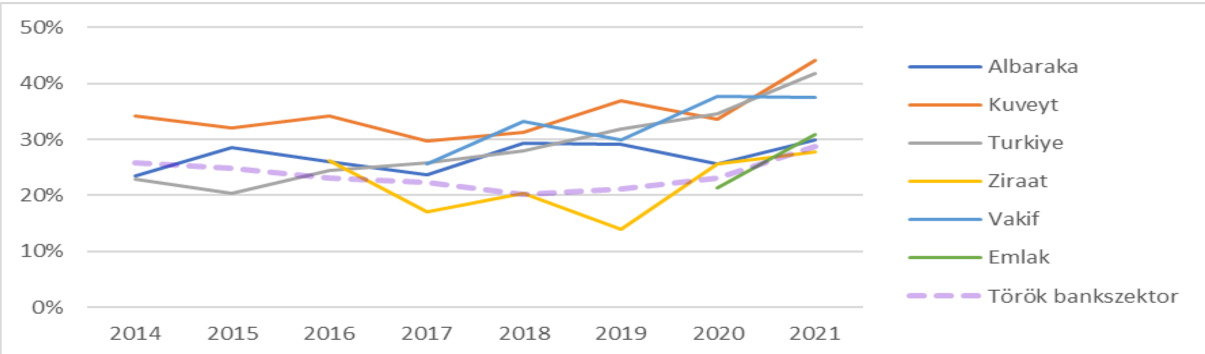

Figure 11. *Liquidity Ratio of the Turkish Islamic Banks 2014 – 2021* ***Source:*** *Own calculation based on the Annual Reports of Turkish Islamic Banks*

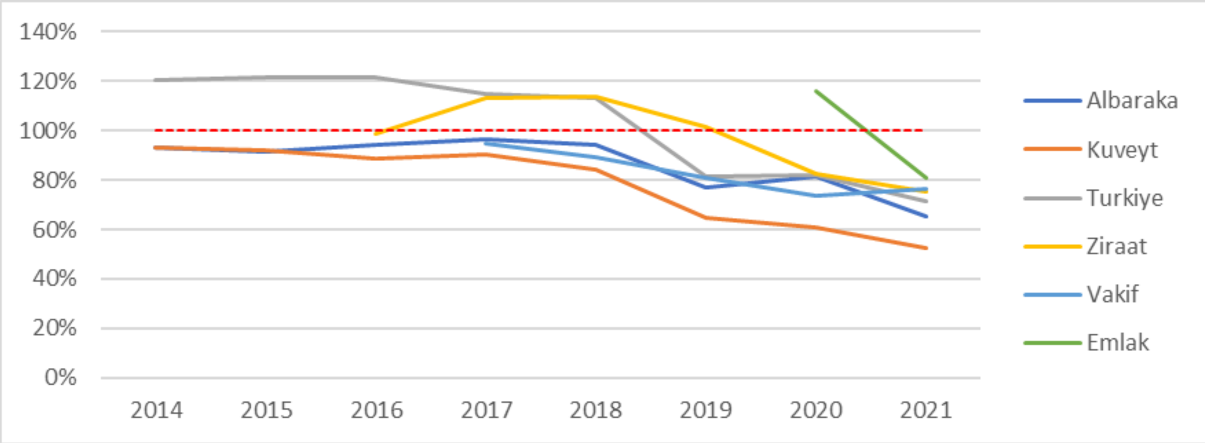

Figure 12. *Loan to Deposit (LDR) Ratio of the Turkish Islamic Banks 2014 – 2021* ***Source:*** *Own calculation based on the Annual Reports of Turkish Islamic Banks*

In the case of the Loan to Deposit (LDR) Ratio (Figure 12) a result above 100% may also imply a liquidity risk, as the size of loans exceed the value of deposits. In such cases, banks have pursued an aggressive business policy. Banks Ziraat, Turkiye, and Emlak crossed this line and therefore they did not get the best rating.

4 Results

The final result is based on the ratings given to the sub-indicators, which are presented in Table 7. The way to create the CAMEL rating is to calculate the average of every (not sub-) indicator presented in Table 7.

Table 8 contains the CAMEL ratings, which is the base of the evaluation of the whole Islamic bank system and also of the ranking of the banks. The final average of the six banks is ***2.54***, which means that the performance of the Islamic Turkish banks in the time period of 2014 – 2021 is ***fair.*** This value cannot be compared with the results for the Turkish banking system as a whole, as the CAMEL analysis has not been carried out for that.

CAMEL	C			A		M			E			L		
Sub-indicators	Capital adequacy	Capital Leverage	Loan Coverage	NPL to total credit	Debt to Assets	Cost to Revenue	Gross Profit Margin	Cost to Assets	Return on assets	Return to equity	Net Operation Profit Margin	Liquid Assets to short-term Liabilities	Loan to Deposit	Interbank liquidity
Albaraka	1	4	4	3	3	3	3	2	5	4	4	2	1	1
Kuveyt	1	2	3	1	2	2	3	2	2	3	3	2	1	1
Turkiye	1	3	3	3	3	3	3	2	4	4	3	2	3	2
Ziraat	2	3	4	1	3	4	3	3	3	4	4	3	2	1
Vakif	1	3	3	1	3	3	2	2	2	3	3	2	1	1
Emlak	1	2	4	1	3	2	4	2	5	5	4	2	2	1

Table 7. *Detailed CAMEL Results for the sub-indicators for the Turkish Islamic Banks for the time period of 2014 – 2021.* ***Source:*** *Own calculation*

	C	A	M	E	L	Average
Albaraka	3,00	3,00	2,67	4,33	1,33	2,87
Kuveyt	2,00	1,50	2,33	2,67	1,33	1,97
Turkiye	2,33	3,00	2,67	3,67	2,33	2,80
Ziraat	3,00	2,00	3,33	3,67	2,00	2,80
Vakif	2,33	2,00	2,33	2,67	1,33	2,13
Emlak	2,33	2,00	2,67	4,67	1,67	2,67
Average	2,50	2,25	2,67	3,61	1,67	**2,54**

Table 8. *CAMEL Result for the Turkish Islamic Banks* ***Source:*** *Own calculation*

Ranking	Bank	Average Value
1	Vakıf Katılım Bankası A.Ş.	2,03
2	Kuveyt Türk Katılım Bankası A.Ş.	2,07
3	Türkiye Emlak Katılım Bankası A.Ş.	2,57
4	Türkiye Finans Katılım Bankası A.Ş.	2,7
5	Ziraat Katılım Bankası A.Ş.	2,8
6	Albaraka Türk Katılım Bankası A.Ş.	2,87

Table 9. *CAMEL Ranking of the Turkish Islamic Banks* ***Source:*** *Own calculation*

The ranking result in the order of ranking is in Table 9 with the rating averages of the banks, that shows how far from each other their performance is.

The result shows that all banks' performance is between 2-3, which is a sufficient level. Two of them are below 2.49, meaning "fundamentally sound", "stable", "supervisory concerns are limited to the extent of correcting the findings" as it is listed in Table 1 (Masood et al., 2016). The other four are in the bottom half of the fair category, (2.2 – 3,49).

The average of the whole bank system exceeds the second “satisfactory” category (1.5 – 2.49). For it the statements of “Financial, operational or compliance weaknesses ranging from moderately severe to unsatisfactory” Vulnarable to the onset of adverse business conditions”. (from the Table 1) are valid.

Summarized, the CAMEL methodology made it possible not only to rank the Turkish Islamic Banks (6 of them), for 2014 – 2021but also to evaluate the whole bank system, - that received the CAMEL evaluation of fair.

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