From mortgage case above, the crisis that happened has been affecting the decreasing of market property and negative implication to contract that use collateral property and real state. This condition will increase credit risk of Islamic Banks.

Research result from Maher Hasan and Jemma Dridi in ‘*The Effects of the Global Crisis on Islamic and Conventional Banks: A Comparative Study*’ stated that over the crisis that happened in 2008, profitability from Islamic Banks are better compared to Conventional Banks profitability.

On the other matter, credit growth and asset growth of Islamic Banks are increasing better compared to Conventional Banks. But after 2009, given the impact of the crisis has impact the real economy. This thing show that Islamic Banks risk assessment are better compared Conventional Banks therefore Islamic Banks are more resilience over the global crisis period. The other thing that support Islamic Banks stability are the increasing capability of liquidity and limited leverage product which could trigger crisis in Conventional Banks.

Significant difference between Islamic Banks and Conventional Banks is in response to changes in interest rate by central bank on their business process activity. In crisis condition, central bank will be implementing a loose policy characterized by a decline in interest rate policy rate. The declining of the interest rate policy rate will give an unfavorable impact to Islamic Banks than to Conventional Banks (see graphic 5.6 above). This Condition will provide a great benefits to Conventional Banks because it will increase their margin interest, where the deposit rates will declined following the Central Banks policy while the credit rates over the crisis do not change as in pre-Crisis. While on Islamic Banks, the policy rate changes not necessarily followed by a decrease in interest rates on deposits, thus interest margin are tend to remain.

The Global Crisis which triggered by the fall of Lehman Brothes and the Mortgage case, had an effect to Banks performance in Indonesia. As an example, Asset growth on Categorize IV, Asset growth on Islamic Banks over 2008-2009 reach 89.89% and Conventional Banks reach 224.44%. These things show that the crisis global has no big effect to Banks in Indonesia. But, the real economy activity began to be disturbed when the second round effect crisis happened. So the asset growth in post crisis experiencing a sharp decline, Islamic Banks down to -9.38% and Conventional Banks down to -6.81%. The greatest effect of the second round effect are experienced by Islamic Banks Categorize III which contracted -17.28%. On the contrary, Conventional Banks Categorize III has increased by 4.42%. The result above strengthen by the OLS regression result which shows a negative correlation to loans to asset Islamic Banks (-14.65) although it’s not that significant. These things proves that high asset growth in times of crisis increasingly improving instability on Islamic Banks and Conventional Banks.

The high asset growth in times of crisis show high liquidity risk. Where Islamic Banks supported by saving of customer deposits which is their stable source of funds, but confronted with fundamental challenge to manage liquidity optimally. Those challenges are related to limited access to Islamic money market that caused by the few actors and instrument in the Islamic money market so on the condition of lack liquidity they are only depends to Central Banks by filing Syariah Intraday Liquidity Facility (FLIS). Second challenges for Islamic Banks are to keeping their customer deposits in order not to move to Conventional Banks is to provide an attractive return. If this both challenges cannot be mitigated successfully, it will cause the liquidity risk in times of crisis has cause the Islamic Banks profitability to decline. To answer the challenges related to liquidity can be solved by further developing market tribes and multiply the numbers of instrument Islamic-based money market. While this is a challenge for Central Bank to create monetary policy and rules that can be used to develop a more neutral infrastructure liquidity for Islamic Banks and Conventional Banks so that they can more resilience at the time of the crisis.

Some of the challenge above are in line with what Governor Aziz stated in *The Changing Landscape of Financial Regulation: Implications for Islamic Finance conference (2010) “In the context of Islamic finance, the impact of the proposed Basel requirement to maintain sufficient cushion of high quality liquid assets needs to be carefully considered, as the infrastructure and tools”*

With the use of z-score calculation, showing that either Islamic Banks and Conventional Banks have a z-score that have not much different in result (Conventional Bank = 2.0176, Islamic Bank = 2.002) however if we see it based on asset group, it will show result that are not much different. In crisis period, category I and category II on Islamic Banks (Category I = 4.5718 and Category II = 2.9484) have higher z-score compared to Conventional Banks (Category I = 3.8506 and Category II = 2.7663), meanwhile for category III and category IV, Islamic Bank Group (Category III = 1.0767 and Category IV = 0.4300) have a z-score that lower compared to Conventional Banks (Category III and Category IV), group of Conventional Banks have more resistance to crisis compared to Islamic Banks, meanwhile on category I and category II, group of Islamic Banks are more resist in dealing crisis rather than group of Conventional Banks.

The high value of z-score from Islamic Banks on category I and category II is caused from category I and category II from the group of Islamic Banks have higher Income Diversity (2.0018 and 1.3253) but it come with lower Cost Income Ratio (0.0018 and 0.3299) compared to (1.3885 and 1.3613) and Cost Income Ratio (0.2168 and 0.3119) from group of Conventional Bank, it show the high profitability that achieved by group of Islamic Banks on category I and category II will improve profitability on Islamic Banks so the financial stability on Islamic Banks gotten more stable compared to group of Conventional Banks meanwhile, from the Loans to Asset scale between Islamic Banks (0.0279 and 0.0271) and group of Conventional Bank (0.0271 and 0.0291) there is no significant difference