

The paper is interesting, but has certain weaknesses that should be addressed before it is accepted for publication:

- 1) Literature review: the introduction barely covers a few papers, and misses out a few, notably Imam and Kpodar (2015) "Is Islamic Banking Good for Growth" (IMF Working Paper). The motivation of the paper needs to be enhanced, why is Islamic banking better for growth than conventional banking in the GCC? This is poorly motivated.
- 2) Growth Model: This is the weakest part of the paper. The authors simply use a growth model, but (i) don't include conventional banking in it (ii) don't derive why Islamic banking should be more powerful than conventional banking. They need to show, to be consistent with their main argument, that in the steady state, Islamic banking is in a higher equilibrium than conventional banking, something they currently don't do.
- 3) Econometrics: Just doing a simply Granger causality test is highly simplistic. Given that the share of Islamic banking is so small in most GCC countries, the results appear to be highly suspicious/spurious, especially given the limited number of observations. Also, what is "value of Islamic finance", is it assets of Islamic banks? This should be specified?
- 4) The authors do not provide the policy implications of their findings, something that they need to elaborate on.