ABJ’s activities in 2014

The Association of Banks in Jordan (ABJ) continued in 2014 its mandate to discuss and follow up the different issues that were brought to it, especially those of concern to the member banks. The issues enjoyed in-depth discussions and considerations by the ABJ's relevant technical committees, after which the Association submitted the remarks and feedback of its member banks thereon to concerned authorities. The authorities' response was highly serious, where a lot of remarks and proposals made by the ABJ in the name of its members were taken into consideration.

In the field of training, the ABJ held in 2014 a number of meetings, seminars, workshops, training courses and lectures that handled issues of concern to the banking system in Jordan.

As regards studies, the ABJ issued during 2014 a number of publications, reports and studies that relate to Jordanian banking system.

Hereunder are the most outstanding ABJ activities in 2014:

A. Meetings of ABJ committees

❖ Meetings of Information Security and Risks Committee to discuss criminal pattern in electronic fraud and hacking

The Committee on Information Security and Risks at the Association of Banks in Jordan held on July 21st, 2014 a meeting to deliberate on the CBJ's memo sent to the ABJ's Board of Directors requesting considering criminal patterns used in the increasing cases of electronic fraud, forgery and hacking, the e-crime, which was promptly sent to member banks. Therefore, the first meeting was unanimous on the need to explain the nature of fraud cases meant by the CBJ memo.

ABJ's General Director opened the meeting by reiterating the content of the CBJ's request, related to establishing a mechanism through which cases of electronic fraud, forgery and hacking are studied so that they can be curbed and possible remedies are found.

Ayman Ghannoum pointed out to the content of the memo, while the CBJ representative Nader Qahoush explained the purpose of memo, saying that member banks are to review the cases of electronic fraud and forgery. Otherwise, the ABJ's previously established committee on the information security and risks, of which banks are members, can do that.

Qahoush proposed amending the mechanism through which Jordanian banks notify the CBJ of fraud cases, to include a form adopted by the central bank and already distributed to licensed Jordanian banks. Therefore, when there is a fraud case, the concerned bank will notify the central bank through this form, and a copy of which will be sent to the ABJ's Committee on Information Security and Risks, after concealing all data that would harm banking secrecy. In this way, cases will be reviewed and analyzed and the CBJ will give the necessary recommendations on this case or send circulars of any suggested proposals through the ABJ, as the case requires.

Attendees agreed on creating a working team constituting of Abeer Batayneh (Blom Bank), Dana Tobbeileh (Capital Bank), and Raafat Abu Afeefeh (Jordan Islamic Bank) to come up with the proposed fraud case notification form. The committee will have to approve the suggested form.

The attendees also agreed unanimously to amend the dates of meetings so that they would hold a monthly meeting, as the CBJ representative recommended that because of the increased rate and diversity of bank fraud cases.

The committee also held a meeting at the ABJ offices on Sep.23rd, 2014 to discuss the designed form and approve it. It added instructions and simple orientation on how to fill the form.

On 24 Nov 2014, the Committee held another meeting to review member banks' responses to the proposed notification form. The committee endorsed the most important remarks of banks by voting on them.

The ABJ notified the CBJ with the endorsed mechanism of notifying electronic fraud, forgery and hacking cases. This includes a proposed notification form called Notification Form of Information Security Case. The form is sent by member banks to the CBJ who will decide in turn to circulate any information provided by that form on member banks through the ABJ for raising security awareness, in addition to whatsoever proposed instructions by the committee and the CBJ representative on using the notification form.

❖ ABJ forms a committee to review forged checks phenomenon

The ABJ formed a specialized technical committee to discuss the issue of forged checks and come up with proper remedies.

The committee is composed of the CBJ, the ABJ, Progress Soft Co, the Arab Bank, the Housing Bank for Trade and Finance, Jordan Kuwait Bank, Bank of Jordan, Cairo- Amman Bank and the Jordan Islamic Bank.

Progress Soft Co gave a presentation to the representatives of ABJ and banks on its suggested solutions for the issue of forged checks.

The purpose of the committee is to conduct a detailed study on the forged checks issue at all stages of making a check, and to propose proper solutions to it in two months period. The study will be then submitted to the Board of Directors, which will review it and come up with 32 institutional mechanisms to curb the problems of forged checks.

❖ The technical committee studying forged checks issue comes up with a detailed study on the issue

The ABJ held ad hoc meetings of the committee in charge of studying the forged checks issue, attended by member banks and Progress Soft Co.

The committee consisted of Saleh Rajab Hammad and Hussam Herzallah (the Housing Bank), Firas Al Qadi and Tayseer Al Yamani (Bank of Jordan), Jamal Hamdan (Jordan Kuwait bank), Ra'ed Ata (Jordan Islamic Bank), Yousef Abul Haijaa (Cairo Amman Bank), Khaleel Moqbel (Central Bank), Rami Shaheen (ABJ), Rami Tannous, Raja Saeed, Bashar Yaseen, Fadi Naser and Yousef Zahran (Progress Soft Co).

A sample study of the actual situation of checks at the banking system was conducted. The sample study relied on the banks' answers to the survey prepared by the committee that covered the period of 2012-2013. Cases of abnormal check concentration were excluded from judging the sample. Representatives of Progress Soft Co reviewed the results of samples, focusing on the forgery cases that actually took place and the monitory procedures to abort them. The study concluded that the percentage of checks forged by individuals was 60%, while the percentage of those forged by corporates reached 40%.

Methods and means of forgery varied: 48% of forgery cases were on the original check; 25% on writing and numbers; 12% on stolen checks; 9% on forging signatures; 4% on changing the check's data; and, 2% for imitating signature. In terms of the geographical distribution of forged checks, 85% of them were in Amman while 15% of them were outside Amman.

The committee endorsed the primary components of the study. Those are: laws and regulations of checks; clients; banks' internal procedure to cash checks; procedures of printing checks; backup systems of collecting checks; the best practices in the system of cashing checks to restrict forgery; and, the study's results and recommendations.

In preliminary meetings, the study structure focused on the following points: the study hypothesis; relevance; purpose; methodology; the current situation; the issue of forging checks; laws and regulations governing working with checks; banks' internal procedures to cash checks; administration of printing checks; clients; electronic check clearing and backup systems; the best practices in dealing with checks; and, results and recommendations.

❖ ABJ Legal Committee adopts a new draft for assignments

The ABJ and its legal committee members discussed the issue of assignments, to come out with a unified and approved draft of those assignments that is endorsed by member banks when using them with economic entities.

ABJ's General Director welcomed the committee members, saying what is required is for the government to recognize assignments; for the assignment to be binding regardless of its content; and for the committee to come up with a legal drafting for assignments to be used by all banks and binding for them.

Adv. Radhwan Saif of the Arab Bank said that as long as the law regulated assignments, we only call on governmental bodies to recognize and accept them as complies with the civil code provisions.

Adv. Abdel Haleem Qteishat of Al Etihad Bank presented to committee members a form related to assignments that the bank uses.

After thorough discussions, committee members reached a unified acceptance formula of the assignment that ensures equilibrium among parties and complies with the assignments' provisions in the civil code. They recommended banks to adopt this drafting of assignments.

Participants emphasized the main legal result of a valid assignment of proceeds entered into between contractors and banks, which is the assignment to the banks of the contractors' rights in the proceeds paid by governmental bodies as collateral for facilities provided by the banks to the contractors. Therefore, the banks would be the direct creditors of these governmental bodies and the contractors (assignors) would not be the creditor anymore. As a result, the assigned proceeds shall not be any longer subject to attachment since they are not any longer the property of the contractors but the banks' and therefore, the assignment requires the agreement of all parties (banks, contractors and governmental bodies) since the assignment is an unconditional contract.

The participants also pointed out that the acknowledgment of assignment shall not be subject to any condition that affects its validity, including the reservations inserted by the governmental bodies in the acknowledgment of attachment, which exclude any attachment imposed on the contractors' properties from the acknowledgment. This issue is governed by the law and shall be left to be decided by the competent courts and not to be inserted in the acknowledgment of assignment.

B. Other meetings

❖ The ABJ discusses developments on FATCA

The ABJ and directors of compliance departments at banks in Jordan discussed the latest developments in the issue of Foreign Accounts Tax Compliance Act (FATCA).

Attendees discussed latest developments on the act and preparations of banks and financial institutions to carry out FATCA's regulations as regards accounts of American citizens.

❖ Banks review possibility of establishing Solar Electric Generating Company

In a meeting held on Aug. 11, 2014, the ABJ reviewed offers and the latest developments of the project of creating a solar electric generating company that serves banks.

The meeting discussed the preliminary budget needed to enter into contracts with financial, legal and technical advisors to initiate procedures of incorporation; to determine the mechanism of settling the budget balance between banks; and, the mechanism of selecting required advisors so that a private company representing banks participating in the project is incorporated. It also discussed naming a committee of concerned administrators and employees (an administrative committee) from banks to take the necessary decisions to handle the incorporation process.

Yazan Haddadin of Capital Invest said in the introductory presentation that it is urgent to decide on the project and incorporate the company as there are similar competitive projects proposed by hotels and telecommunications sectors as well as the government.

He also pointed out that banks interested in the project should take a number of decisions related to confirming their participation and funding the company with 500 thousand dinars for the next stage, which will determine the project's feasibility. "Based on the feasibility study, we will decide whether to go on with the project or dismiss it," he said.

Haddadin added that the project, which is due to be erected at Mafraq Governorate with an estimated cost of 68 million dinars, aims at producing 40 megawatt of electricity. The project's term is 25 years; the payback period is about 6 years while the internal rate of return (IRR) is almost 20%, he explained.

He said there is an in-principle agreement with the National Electric Power Company (NEPCO) to allocate 30 megawatt of capacity for the project. However, there are at the same time other projects competing with banks on this capacity.

He stated that nine banks out of 14 banks showed interest in taking part in the project. This includes the Arab Bank that requested an extension of the period to study the project. However, it has not confirmed its interest yet.

He stressed that banks that agreed to take part should confirm their interest, as well as to take a decision concerning the company's funding so that the project can be initiated. "This way, we can take the next step of incorporation by appointing the technical advisor of the project, whose cost is approximately 2 million JDs, distributed on four stages. The cost of the first stage, which is the technical feasibility study of the project, is 380 thousand JDs," he said. Based on this study, banks can take a final decision as regards continuing the project and funding it with 65 million JDs to start or not. That is why, he said, we ask banks to give a funding of 500 thousand JDs; of which 380 thousand JDs are paid in addition to other expenses relevant to the project. The first stage of the project will take 6 to nine months. After taking the decision to go ahead with the project, the construction process will take 12 to 18 months.

Haddadin told attendees that the offer from Total Company is 380 thousand JDs. Other offers are expected from the American company Sun Addison and the German company lahmeyer.

He clarified that the amount of half million JDs is equally distributed among banks as the equity rates will be equal. Upon finishing the first phase of the project and if banks decide to go ahead with the project, the distribution rate would depend on the consumption rate of each bank.

❖ ABJ holds a meeting on concepts of out of court settlements

The ABJ organized on May 5, 2014 a meeting for member banks to discuss the basic concepts of out of court settlements. Representatives of IFC and banks' legal departments attended the meeting.

The Housing Bank's representative said that the proper implementation of out of court settlements requires the presence of a monitoring authority that sponsors those principles and ensures the concerned parties' seriousness in seeking a settlement and compromise. He suggested creating a committee comprising of the ABJ, the CBJ, Jordan Chamber of Commerce and the Judicial Council/ Ministry of Justice, which also has Jordanian lawyers of vast banking and corporate experience as members.

He also requested the issuance of those principles in the form of a legislation because this will make them binding. They should be voluntary, he insisted, because this will be the first of its kind in Jordan. Thus, legal gaps and wrong practices are expected. Therefore, when being implemented voluntarily, there will be a chance to discover the weaknesses and gaps that could be solved promptly and without complications.

Regulations of bank confidentiality should be abided by, the Housing Bank's representative continued to say. It should be guaranteed that parties would not use what they came to know from discussions and negotiations for their benefit in courts. The solution to this possible abuse would be signing an agreement that ensures all those rights before starting any negotiations for a settlement.

He also stressed the banks' right to initiate any legal action against clients without any reliability on their part. He added that an agreement should be reached on how to pay the dues of committee members and to determine a clear mechanism for implementation. He also demanded that banks should be handed the final draft of principles for perusal.

The Jordan Commercial Bank's representative said that the project lacks legal controls and that in case there are collaterals on facilities like mortgage, there is no need to go for a settlement.

However, he said, the project has many advantages like maintaining the continuity of work of big companies; settling disputes between banks and companies; and, an increase in collaterals.

He concluded that there is a consensus on the merits of the out of court settlement project and that it serves banks well, but this is based on the understanding that this project is not in controversy with Jordanian laws and legislations since it is an agreement between the bank and its client.

Representatives of Capital Bank denied that Jordan needs such principles and they stated many reasons for their opinion. CBJ's instructions, they said, covered this issue. Those instructions are those on Calculating Impairment Provisions and Reserve for General Banking Risks. The issue is also handled in many articles of the Law of mediation to settle civil disputes # 12 of 2006, as well as in the articles related to settling disputes according to Article 123/1 of Civil Procedures Law # 24 of 1988, and the Civil Code whose provisions govern reconciliation between parties of dispute.

However, they said that the said principles are amicable, depend on good faith and are not obligatory. This makes them hard to implement, they insisted.

Representatives of the International Arab Islamic Bank demanded that a committee be composed of overall creditors, and a comprehensive study is conducted of the financial conditions of the failed company by a neutral consulting body to help banks take the right decision on whether to take the course of out of court settlement or not.

They also called for drawing the restructuring plan in coordination with the failing company, appointing an observer from the commission to monitor the implementation of all stages of the restructuring plan so that any deviation can be timely addressed and/or the right decision can be taken as regards this deviation.

They stressed that it will be difficult to implement this approach in Jordan for a number of reasons, namely, the approach is not given a legal character, which makes parties not serious in reaching an amicable solution and increases the debtors' desire to use and extend the term of negotiations to gain more time before going to litigation. They highlighted the failure of a number of actual cases despite providing all means to restructure those companies and make them continue their economic activities.

Al Rajhi bank said the Jordanian legislator, and for the same purposes, adopted the mechanism of preventive composition. It has the same bases, criteria and principles as the project under discussion. The only difference is the presence of judiciary supervision in the preventive composition and its absence from the project of out of court restructuring of debts.

He added that Amman principles are not binding to the creditor bank; they are not based on any mandatory legislative formula but they are just a process to coordinate the negotiations process between the bank and the failed debtor. This issue might be fair to failing companies because it gives them the chance for debt restructuring. However, he added, they are risky for creditor banks.

The most important advantage of this project, he said, is that the creditor bank gets to know the biggest amount possible of information about the company's position and reasons for failure, so it can make a debt restructuring that is satisfactory. It also alleviates the crowded number of creditors where one of them might have some sort of concession on a real estate or the like. It shortens time and effort of litigation especially when who is concerned is a defaulting company versus more than one bank.

The most important risks of adopting such a project for the banks is its dependence on the principle of good will of the defaulting company as regards the information it submits to the bank. The company might abuse the good will principle and give misleading information to the bank. There is also the risk of smuggling the company's money before or during the freezing period. This might be taken as a justification to extend the period of following up the defaulting company.

The project's advantages for companies are limited to evading damage to their work or business reputation as a result of legal actions taken against them by banks. Al Rajhi believes that those procedures are available to the company without allowing banks direct or indirect meddling in their business affairs. Furthermore, Al Rajhi bank said: for this project to be implemented for those purposes, a regulatory commission should ensure the minimum commitment of relevant parties. This supervision is what the preventive composition regulates.

The preventive composition subjected to judiciary supervision, Al Rajhi reiterated, is the mechanism that most guarantees the interests of all parties as it entails the seriousness of the company that applies for preventive composition.

The Arab Bank's representative said the proposed principles are general in nature and there is no controversy over them. The usual course of business in banks says that out of court settlements are accessible for any debtor who is serious enough to settle his debts. Out of court settlements for many debtors were more beneficial to banks than seeking litigation and waiting for the protracted procedures of courts, he reiterated.

However, he went on to say, banks' priorities and coordination between them to settle the debts of a debtor are the core of this project on which banks may differ because of the different collaterals they have in facing the debtor. Forcing banks to conclude such settlements is the basic component of our remarks on the project. It is a well-known principle that parties should not be forced to make contracts because of the principle of the supremacy of will. This is a constitutional violation as constitutional principles give parties freedom to go into contracts.

He added that leaving parties to conclude settlements without regulations robs the project of its importance and feasibility. He pointed out to what the International Finance Corporation (IFC) expert said at a previous meeting with the ABJ that answers how to attract banks to conclude settlements with defaulting debtors. The international expert mentioned that incentives might include a CBJ declaration that entails certain advantages given to banks that accept concluding such out of court settlements. This is legally acceptable, he said.

The Arab Bank representative said that those principles should not be issued in the form of instructions by the central bank because, in this way, they will not be as important as legislations. However, this legislation might be in violation of constitutional principles that guarantee the freedom of contracting.

He proposed that the Association of Banks in Jordan would issue those principles as recommendations for banks, as well as a code of ethics that includes the willingness to conclude a settlement. The central bank would then issue a declaration saying that in case of adoption of those principles, banks will be granted certain advantages specified by the declaration. This way, he said, we avoid issuing a binding legislation that might violate the constitutional principles of free contracting.

❖ ABJ holds a series of meetings on automating attachments and detachments operations

The ABJ held a number of meetings to discuss the issue of automating the processes of attachments and detachments between banks and the Income and Sales Tax Department (ISTD).

The first meeting was held on 11 Sep 2014 and representatives of ISTD and member banks attended it. The meeting focused on ISTD's proposal to compute attachments and detachments between the department and banks through an ad hoc regulation.

The second meeting was held on 1 Oct 2014 to take the necessary steps to start drafting a memorandum of understanding to regulate the relationship between banks and ISTD concerning this issue.

ISTD's representative Basheer Al Zo'bi said the new mechanism will replace the paper work of attachments and detachments and their correspondence with a software used at the ISTD. The mechanism includes uploading the data of individuals or companies subject of attachments according to a specific computerized form. The clerk at the concerned bank will print and fill the form from a specific ISTD site.

He said banks will be requested to appoint a liaison officer between them and the department. The ISTD will do the same to facilitate the process of inquiries on attachments and detachments.

He pointed out that the proposed paper mechanism is a computerized paper linked to a database of a software programmed for this purpose. The ISTD would register the information relevant to attachments and detachments that will constitute an archive of the whole data on attachments, detachments and particle detachments, in addition to a column for remarks in case of identical names or any other piece of information that would be necessary to put there.

He told banks' representatives that a similar online service was established with the lands and Survey Department, the Drivers and Vehicles Licensing Department, Customs Department, Ministry of Industry, Trade and Supplies, and the Amman Stock Exchange.

Because of banking secrecy regualtions instructed by the central bank, he said, access to the database of banks will be denied through the ISTD; access will be only permitted to a joint ISTD-Banks database.

He explained that banks could access the database through a specific username and password, so they can browse data and correspondence.

When a bank employee accesses those data, the transaction would change from sending an attachment letter into "in force" or "under execution." When the attachment's goal is reached, the clerk would reverse the signal on the software: either attachment is done or that there is no account for the attachment appellee.

There will be an icon in the computerized form to print the attachment letter to the company or the person on whom attachment is done for the purpose of providing it to the client to refer to ISTD. The letter includes a reference number, a date, the value of attachment, the department concerned with the attachment, the name and the national number of the attachment appellee.

The transaction will be 100% electronic with a link to the Civil Status Department, he said stressing that the accuracy of ISTD information is 99%.

The ABJ held another meeting on 8 Dec 2014 that was attended by members of the ABJ's legal committee, members of operations departments at member banks and ISTD representatives to discuss the draft MoU proposed by the ISTD to do online attachments and detachments.

ISTD representatives gave a presentation on how to use the electronic window allocated by ISTD for banks to access the system and implement attachments or detachments electronically.

Following that, banks' representatives expressed their feedback and suggestions on the proposed system, as well as their remarks on the suggested MoU.

Attendees agreed that banks will send their final remarks on the system and the MoU to the ABJ, which will in turn collect and send them to the ISTD, which pledged to take the banks' remarks into consideration.

C. Seminars, lectures and training courses

1. Workshops

The ABJ held the following workshops in 2014:

❖ A workshop on experiences of SMEs' funding

The ABJ and SANAD for Technological Facilities organized a workshop on 17 Feb 2014 to display success stories of SMEs that help to build the Jordanian banks' strategy in this regard and to ensure growth in SMEs' lending processes in Jordanian banks, and the Jordanian expertise in this field and challenges facing designing products for those enterprises.

The workshop also highlighted the best international practices in the field of SMEs' lending; success stories of this type of lending; the experience of Uzbekistan's banks in SMEs' lending and the role of investors in this type of funding.

The workshop included a roundtable to answer the questions and interventions of attendees.

❖ A workshop on the role of Board of Directors' secretary according to best practices in corporate governance

The ABJ in cooperation with the Jordan Institute of Directors and the International Finance Corporation (IFC) organized a workshop on the role of board of directors' secretary according to international best practices of corporate governance.

The workshop, which lasted for two days, 28-29 April 2014, covered issues like basic information of corporate governance; boards of directors, committee meetings and the role of board of directors' secretary in dealing with partners and stakeholders.

❖ Specialized workshop on training human resources in Islamic Sukuk funding industry

The ABJ in cooperation with the Islamic Sukuk Funding Unit at the Dar El Khebrah held on 27 May 2014 a specialized workshop on training human resources in the field of Islamic Sukuk funding industry.

The workshop aimed at equipping participants with more education, awareness and guidance that enhance the chances of the product's success in the Jordanian market.

Participants recommended coming out with a unified and comprehensive manual that facilitates things for the investor and regulates the product of Islamic Sukuk, which a number of laws, rules and instructions governs them.

They also stressed the necessity of training human resources in this Islamic banking industry by adopting a project to build capacities and expertise, along with making use of the experienced markets in the field of issuing Islamic Sukuk.

Participants called for stable legislations, especially as regards tax issues of achievements provided for in the Sukuk law. The representatives of international bodies participating in the workshop underlined this point, as well as the creation of a mini committee to follow up on the workshop's recommendations.

The workshop decided that the ABJ, in cooperation with Dar Al Khebrah, should organize another workshop comprising of all relevant bodies in the field of issuing Islamic Sukuk such as the CBJ, Companies Control Department, Securities Commission, the Ministry of Finance and big shareholding companies.

The principal speaker at the opening session, who is also a consultant at the Securities Commission, Malak Ghanem, lectured on the importance of Sukuk product for a broad segment of investors who desire investments in deeds that are in line with Islamic Sharia rules. Sukuk are the practical and legal form of those deeds.

Ghanem highlighted the importance of having workshops and raising- awareness programs that educate people about the product, calling on governmental bodies to educate investors and citizens alike with what was achieved as regards the comprehensive legislative structure.

The first session handled the bylaws of the special purpose company, where Dar El Khebrah CEO Salem Khaza'leh explained the legal form of the special purpose company and the most important regulations that govern them, the mechanism of registering them, its articles of association, purpose and its legal and practical mission of issuing the Sukuk.

Assistant Companies Controller Nidhal al Sader discussed the legal foundation for registering companies, the register of companies with a special purpose, the company's provisions in terms of its ownership, assets, financial statements and incoming entries.

The legal councilor, specialist in Islamic financial products Abdel Kareem Al Kilani, tackled the importance of the regulation, which is in line with the methodology adopted by international houses of expertise in the Islamic financing industry. This is the first pillar of the structure of religiously legal Sukuk that has the first place among all subsequent documents, whether an attorney declaration, pledges, credit acknowledgment, an agreement to run services, and marketing agreement in what is compatible with its provisions. The first pillar is the religious criteria and the Sukuk structure.

Al Kilani pointed out that the Sukuk regulation includes the basic rules that regulate issues of pledges, circulation, forbidden conditions, collaterals and the rules of distributing profits, extinguishment, etc.

On his part, the director of Monitoring and Inspection at the General Iftaa Department Dr. Bassil Al Shaer defined the different kinds of Sukuk. He discussed the religious controls of Sukuk according to the provisions of the law and the regulations, the real and judgmental composition (Tandhid) and other issues included by the Sukuk contracts' regulations as rules that control the issuance process.

ABJ's General Director stressed the association's interest in knowing to what extent governmental, monitoring bodies and the private sector are willing to benefit of the maturity of the legislative environment of the Islamic Sukuk.

Participants in the workshop included representatives of the Ministry of Finance, CBJ, Companies Control Department, a number of banks working in Jordan and representatives of international entities.

❖ Workshop on alternatives to renewable energy funding in Jordan

The ABJ, in cooperation with EVERSHADES law firm, organized a workshop on the funding alternatives of renewable energy projects in Jordan on 16 Sep 2014.

Participants discussed issues related to technologies of renewable energy and their operation; the main risks and how to alleviate them; the best mechanisms to restructure and finance those projects; and, the organizational framework of renewable energy in the kingdom.

A number of experts interested in renewable energy issues in the kingdom attended the workshop.

2. Courses and training programs

The ABJ organized the following courses and training programs in 2014:

❖ ABJ holds course on CBJ instructions and orders at Yarmouk University

The ABJ organized a course on the CBJ instructions and orders on banking operations at Yarmouk University, Irbid, in the period of 5-7 May 2014.

The course handled rules, legal, procedural and organizational aspects provided for in the Central bank of Jordan's Law # 23 of 1971, its subsequent amendments, and the Banks' Law # 28 of the year 2000 and its subsequent amendments relevant to banks' operations.

It also discussed the procedural, practical and legal aspects provided for in the instructions, orders, circulars and memos issued by the CBJ and those that are relevant to it. The bank and its employees should comply with all of those types of instructions before making any banking transactions, or granting, renewing, implementing and terminating bank credits, whether they are granted to individuals or corporates in the following fields:

1. In the field of fiscal policy, the course discussed the mandatory cash reserves, interest and commission rates, repurchase agreements, banks issuance of deposit certificates, and the investment portfolios in Jordanian dinar.

2. In the field of organization and bank supervision, the course handled the issues of bank capital and capital adequacy rate, liquidity, credit concentrations, guarantees and bills, banking risks, not to blame the CBJ when denying granting credits. It also discussed investment and possession issues, especially banks' possession of shares and stocks in the corporates' capital, and banks' ownership of insurance companies, ownership of real estate. Furthermore, the course discussed banks' work such as the bonded services; e-banking; banks' financial statements; financial statements of Islamic banks; facilities classification and preparing allowances; monthly and quarterly account statements, quarterly financial statements; statements of Palestinian branches; correction procedures and penalties on banks' violations; combating money laundering and funding of terrorism; government's seizing of properties subject to status of limitations; management of frozen deposits; division of legacies deposited in banks; information on securities' ownership and circulation; adopting personal identification card in

bank transactions; and, cooperating with diplomatic missions.

3. In the field of foreign currencies, the course clarified ways to monitor foreign currencies; running investment portfolios in foreign currencies; dealing with foreign currencies on a margin basis; running banks' assets/ liabilities in foreign currencies; buying and selling foreign currencies against Jordanian dinar; and, bartering the central bank's foreign currencies with Jordanian dinars.

4. As regards the national payments system, the course focused on checks, clearing; the general terms and conditions of bank accounts in Jordanian dinar; cancellation of manual signatures; getting information from the clients' information center; Real-time gross settlement systems (RTGS); dealing with cash and forged cash; ministries' and governmental bodies' accounts at licensed banks; explaining the legal, contractual and supervisory obligations and duties that the banks and their employees have, and the violations and penalties on breaches; and, elaborating on the means and methods of dealing with central bank's instructions, memos and orders.

The course also aimed at deepening the participants' knowledge of CBJ's instructions, memos and orders and of the practical, procedural and legal aspects of those instructions, especially in what relates to bank operations, granting bank credits, bank contracts, collaterals and their effects to protect banks' rights.

The training also focused on giving an in-depth knowledge of consequences, results and risks emanating from breaching CBJ's instructions, memos and orders. It also sought to raise capacities of bank employees working in bank operations, granting credits and running bank contracts in terms of dealing with CBJ instructions, memos and orders.

The course further aimed at motivating participants to find out and identify points that should be complied with in the various bank contracts, and building a groundwork on the terms of reference related to CBJ instructions, memos and orders that the bank should periodically review.

It also tried to enhance participants' knowledge of drafting the special terms and conditions of bank contracts that comply with CBJ instructions, memos and orders, and providing workers at corporate credits with the necessary capacities and knowledge to evaluate the bank's position in light of requirements of CBJ instructions, memos and orders.

❖ ABJ organizes a training program on marine insurance and opening DCs

The ABJ organized during the period of 15-26 June 2014 a training program on Marine insurance and opening of documentary credits, in cooperation with the German Jordan University that teaches the program and the Jordan Insurance Federation (JOIF).

The training program, hosted by the JOIF, aimed at introducing participants to aspects of marine insurance, opening documentary credits (CDs), the internationally adopted terms and conditions of CDs; new developments in the field, coverages and their types; terms of delivery in international trade INCOTERMS 2010 and steps to curb fraud cases.

Participants in the program included insurance companies' employees working at the marine insurance and related departments; insurance brokers; Jordanian banks' employees in the DC departments; members of chambers of Industry and Commerce; insurance departments at public and private sector institutions; members of Jordan Shipping Agents Association and members of Jordan Exporters Association.

The program consisted of two principal components. The first is related to insurance in terms of the importance of insuring transportation; the parties to an insurance relationship in what concerns marine insurance; comparing latest developments in the international terms and conditions and granted coverages between 1982 and 2009; the requirements to issue insurance documents on transportation risks; the required procedures to complete opening a DC; banks' insurance interest in covering the transportation risks; and, the terms of marine reinsurance agreements and relevant international terms and conditions.

The second component is relevant to banks. It discussed the subject of documentary credits in terms of requirements of opening DCs; the contractual relationships between parties to DCs according to international standards; types of DCs and when the bank's reliability ends; scrutinizing DCs according to international standards; and, a glimpse on terms of delivery in international trade and INCOTERMS 2010 and steps to curb fraud cases from a bank's point of view.

A group of distinguished lecturers from the JOIF, the ABJ and specialists in the field of marine insurance and documentary credits taught the program. Lecturers enjoy academic qualifications and practical experience in this field to cover all the issues.

❖ Training course on analyzing bank credits and their risks using financial, administrative and legal indicators

The ABJ organized a training course on Analyzing bank credits and their risks by using financial, administrative and legal indicators, during the period of 23-25 June 2015.

The course included issues on identification of bank credits; the importance of analyzing credits based on banks' performance and results; the factors that affect the ability and policies of commercial banks to grant credits; the basics of bank credit; the elements of conducting a credit study and the points that should be focused on; ways of getting information and the method of analyzing them to reach conclusions; analyzing corporate balances and financial statements and the meaning of figures and points included in them and their influence on taking or amending the credit decision; credit risks and assessing and managing risks; types of credit risks and analyzing them; covering risks like credit structuring, terms and collaterals.

The course also included classification of credit risks, funding the working capital in terms of operational cycle and the funding gap; types of collaterals, documenting and supervising them; the legal documentation of facilities; in addition to studying actual cases in the field of analyzing bank credits.

The course also aimed at introducing participants into the main aspects of credits and the bases of actual credit policies and what they should include, as well as at introducing them to methods of credit evaluation and credit indicators, whether they are financial, administrative, legal or economic indicators. It illustrated to them the proper mechanism for credit structuring and understanding the suitable funding method for the different activities and their risks and proper ways of their coverage. It also clarified to participants the indicators that help to predict the client's conditions for making the proper credit decision or to identify the proper mechanisms of dealing with them.

A number of employees of credit facilities and credit supervision departments took part in the course.

❖ A course on CBJ's instructions for fair and transparent dealing with clients

The ABJ organized a training course on CBJ's instructions on Fair and transparent dealings with clients during the period of 25-27 Aug 2015.

The course, in which lawyer Salem Khaza'leh lectured, shed light on the rules and legal, organizational and procedural aspects of Central Bank of Jordan's Law # 23 of 1971, its subsequent amendments, and Banks' Law # 28 of the year 2000 and its subsequent amendments, relevant to banks' transactions of dealing and contracting with clients and the relationship with them.

The course reviewed and explained procedural, practical and legal aspects provided for in the instructions, orders, circulars and memos issued by the CBJ that are relevant to fair and transparent dealing with clients. The bank and its employees should comply with all of those types of instructions before making any banking transactions, granting bank credits, and signing, renewing, implementing and terminating banking contracts. The course focused on the following fields: the transparency, bases and conditions of retail portfolio relevant to forms and contracts adopted by the bank; the credit policy and its components; specified costs in contracts and disclosing them; method and conditions of contracting with clients; and the components of credit contract and what entails on the client and guarantor in case of breach of contract.

It also reviewed duties undertaken by the bank after the client signs the contract; the duties undertaken by the bank in case of delay to repay; the client's failure to repay and his reaching the stage of default; bank's duties to review the granted credit according to a credit card in terms of: the maximum interest rate; the cost of card renewal, customer services in terms of notification of loss, theft, account movements, account statements, solving problems and objections, commissions and fees, maximum rate of fees and commissions, disclosure of commission and fees' rates, dormant accounts, when the account is considered dormant, and the bank's duties in case of making an account dormant, and account movements.

The course talked about the information and documents that the bank should provide the client with and method of documentation; supervision requirements that the bank has to comply with vis-à-vis the CBJ's instructions on fair and transparent dealing with clients, and to illustrate the legal, contractual and supervisory impacts and the obligations and duties of banks and their employees, the violations and penalties emanating therefrom, and illustrating the means and ways of dealing with CBJ's instructions, memos and orders.

The training course also sought to deepen the participants' knowledge of CBJ's instructions on Fair and transparent dealings with clients number 66/2012 and their amendments, their practical, procedural and legal aspects especially in regards of banking transactions, granting bank credits, banking contracts, taking the necessary collaterals and their effects in what protects the bank's rights.

It also demonstrated the effects, results and risks emanating from violating those CBJ's instructions on Fair and transparent dealings with clients. It also aimed at raising the efficiency of employees working in banking operations, granting credits, and managing bank contracts from all aspects.

The course further aimed at motivating participants to find out and identify points that banks should comply with in the various bank contracts, and building a groundwork on the terms of reference related to CBJ instructions, memos and orders that the bank should periodically review.

It also aimed at providing workers at corporate credits with the necessary capacities and knowledge to assess the bank's position in light of requirements of CBJ instructions, memos and orders.

D. Other activities and news

❖ CBJ governor meets directors, CEOs of banks and Jordanian economic activities

CBJ Governor Dr. Ziyad Fareez delivered a lecture in the annual meeting of directors and CEOs of Jordanian banks and a group of outstanding economists on 22 Jan 2014 on the challenges and prospects of Jordanian economy.

Dr. Fareez said that the national program for economic reform, accompanied by substantial steps of political reform, played a role in facing challenges that Jordanian economy has faced during the past two years. He stressed that "we passed through the effects of those challenges with efficiency and strength so that we can start after a new stage of promising economic prospects."

He added that the financial, fiscal and political steps taken despite the serious stage we were passing through spared our economy a myriad of risks, put it back on track and illustrated our capacity to implement an ambitious national reform program, attested to by international organizations.

He gave attendees some figures on the situation of the Jordanian economy. He said that the economic growth rate continued to improve to come close to 3% in 2013; the volume of foreign reserves at the CBJ rose to more than USD 12b; foreign investment flows to the kingdom increased by 20% in the first three quarters of 2013; and, the competitiveness of our exports, especially the unconventional exports, improved and grew by 7.9% despite the international price fall.

The governor said that the procedures of fiscal policy and the different programs and projects contributed to enhance growth. The central bank spared no effort to use its different fiscal instruments to serve the fiscal stability and stimulate economic growth. The latest step it took was to reduce interest rates on fiscal policy instruments by 25 base points at the beginning of this week to encourage credit flows of the private sector to enhance economic growth.

He stressed that the upcoming stage requires steps to control public expenditure and improve public revenues. It also necessitates that we should ensure justice in the distribution of tax burdens to trigger investments and economic activities to face challenges that we still face, such as the reduction of budget deficit, reduction of public debt to ease pressures on the balance of payments, enhance trust in economic stability and ensure the public sector does not compete with the private sector on sources of funding. He told attendees that the burdens related to the Syrian crisis and the continued flow of refugees need relentless efforts and the international community's support.

The governor highlighted the private sector's pivotal role in pushing economic growth forward, saying that this role is encouraged by providing the friendly business environment and triggering investments in the promising sectors that have a competitive edge and can create more job opportunities. He reiterated that the private sector is more capable to generate job opportunities and reduce unemployment rates, especially in light of an inflated public sector.

As part of the vision of reform in the broader sense, Dr. Fareez stressed the importance of accelerating reforms in the labour market and redressing its chronic disorders by making the outputs of educational and vocational systems compatible with the needs of local and regional labour markets.

On his part, ABJ's Chairman of Board of Directors Bassem Khaleel Al Salem said that 2013 was a distinguished year not only for banks, but it was distinguished for the central bank as well. It was able to face successfully a number of challenges that Jordan was exposed it, by taking preventive and remedial steps to contain the crisis spillover, moving within a few months to a stage of fiscal stability.

Al Salem added that the outcomes of those steps were fruitful as CBJ's foreign reserves went up by more than 80%, surpassing a record USD 12b. The CBJ also undertook a number of unconventional measures and steps to provide the government with the necessary funding, push growth forward and enhance confidence in national economy. Those measures peaked in reducing interest rates on all fiscal policy instruments by 25 base points for the third time in less than 6 months. This brought optimism that was reflected on the performance of Jordanian stock exchange that added more than a billion dinars to its total market value.

Al Salem pointed out to the initiatives that the CBJ initiated, such as restructuring the payment and settlement systems in the kingdom, developing e-payment channels and supporting promising sectors, atop of which is the SMEs sector.

He stressed the importance of dealing diligently with the economic over dues to maintain the development gains we achieved and build on it. The most important of those over dues is the income tax draft law that has disorders apt to slow down the economic growth, discourage investments and jeopardize all our gains.

Al Salem highlighted the many opportunities that Jordan should benefit of in the best way. Those opportunities include revisiting the free trade agreement with Europe, where negotiations focus on facilitating the rules of origin to amend the trade balance to benefit Jordan; and initiating negotiations with the WTO to extend the period of exemption for Jordanian exports as the exemption period will end next year.

The chairman called for concerted efforts of the government and the private sector to make use of those opportunities, especially those that contribute to improving Jordan's position in the competitiveness and business environment indicators. He further called for looking for a public-private partnership formula, just like that between banks and the central bank, to come out with common mechanisms to stimulate growth and create an ambient investment environment that maintain the economic gains and solidify optimism whose effects began to show on a number of economic indicators.

Al Salem said that the ABJ was keen, because of the critical economic situation, to invite all partners from the different economic sectors "to discuss a number of issues of interest to all of us and that serve our common goals."

Towards the end of the meeting, CBJ Governor answered the questions of attendees, and seconded the intervention of MP Khair Abu Seileek, head of the parliamentary Economic and Investment Committee who invited the private sector to take part in the committee's deliberations of the income tax and investment laws so that a compromise can be reached to achieve the national interests of triggering investments and improving the tax environment of the kingdom.

❖ ABJ convenes its general assembly ordinary meeting

The ABJ’s general assembly discussed on 14 April 2014 the board of directors’ report on the ABJ works of 2013, and passed it unanimously as is. The general assembly also reviewed and endorsed the minutes of general assembly meeting held on 8 April 2013.

The general assembly also endorsed the ABJ balance sheet for the ended financial year 2013. It also approved the auditor’s report of the ABJ accounts.

The assembly decided to appoint M/S Ernest & Young to audit the ABJ’s accounts for the financial year 2014.

At the end of the meeting, chairman of board of directors Bassem Khaleel Al Salem thanked members of the general assembly for attending the meeting.

❖ ABJ's Board of Directors meets the Minister of Justice

ABJ’s board of directors discussed with the Minister of Justice Dr. Bassam Al Talhouni, on Wednesday, 26 Nov 2014, the legal aspects of banks’ lawsuits and litigation procedures before Jordanian courts.

The two sides agreed to form a committee of legal persons at banks and those concerned at the Ministry of Justice (MOJ) to make an inventory of the most important legal and civil cases, and to come out with recommendations to facilitate litigation procedures taken by banks, address all obstacles facing them, and follow up the remarks of banks in this concern.

Al Talhouni said that MOJ pays great attention to the feedback of those dealing with courts, so that they take the feedback into consideration when making amendments to legislations and procedures to improve them.

He added that MOJ came a long way in reducing the litigation period and the execution processes that are called “the burial ground of court decisions.”

He pointed out to problems in the execution law that need to be redressed, saying that the MOJ created a committee to reconsider the execution law. A draft law was worded to be submitted soon to the prime ministry and then to the Lower House of Representatives to follow the constitutional channels.

He stressed that the MOJ reconsidered the architecture of execution procedures; it also reconsidered administrative procedures and computerized procedures related to lawsuits and archiving their papers; introduced e-services in notifications to ensure prompt litigation process and accelerate court decisions.

He told the delegation that the MOJ submitted a memo to the Judicial Council requesting the creation of chambers in the judiciary specialized in lawsuits relating to banks, insurance and commercial issues. This way, he said, will strengthen the concept of specialized judiciary.

He added that the ministry is reviewing in general the criminal legislations, including the formation of a committee to review the Civil Procedures Law and reconsider the cases of checks without balance.

Al Talhouni stressed the importance of resorting to alternative ways in settling disputes such as mediation, arbitration and lawsuit administration instead of litigation. He also stressed the important role banks play in stimulating the national economy.

He added that this meeting is part of a series of meetings with different sectors that aim at identifying their problems with justice and ways of solving them.

On his part, chairman of ABJ's board of directors Bassem Khaleel Al Salem said that the meeting stems out of the public-private partnership approach in which we believe just as we believe "the government's serious endeavours to confront all obstacles and difficulties that the different economic sectors face in the kingdom."

The chairman summarized the issues facing banks with the courts as being the long period that litigation takes in the case of bank lawsuits. "There is a need to accelerate litigation procedures, with banks not being allowed to submit a request for the prompt execution of criminal cases, especially those of checks," he said.

Cases involving banks include the procedural and administrative work of courts and execution departments, such as courts decisions to revoke the contracts to sell immoveable properties that are either owned by banks because of the execution of mortgage deeds, or mortgaged for banks against facilities.

Al Salem explained that in the procedural part, banks complain about the rise in the number of appeals in one lawsuit; the limited number of lawsuits that banks are allowed to initiate; specifying the days and times of visiting; and the delay in the process of registering entries into the lawsuit's file, in addition to the procedures of renewing abandoned cases.

He said that the legal departments at banks notice that delivery procedures of processes and seizures from the court to the execution department and the notification procedures of judgments, decisions, witnesses and experts need acceleration and reconsideration.

Al Salem said the other problem banks face is that judgments are not ready upon the issuance of them. Delay occurs in typing them, which might be due, he claimed, to the shortage in human resources at the administrative positions, especially the accounting departments.

He added that legal departments at banks and their representatives in courts feel a difference in the process of registering cases, especially the execution cases from one court to another.

So Al Salem suggested establishing a joint committee of legal people from banks and those concerned at MOJ to make an inventory of the banks' lawsuits, discuss them and come out with recommendations as soon as possible to help banks overcome the difficulties they face.

MOJ's General Secretary, CEOs of ABJ member banks, a number of judges and officials in competent courts and officials at the legal departments in banks attended the meeting.

It is worth mentioning that banks submitted a proposal to the MOJ to start drafting a new commercial law that is in line with the latest developments in this field. The proposed law, they suggested, would contain rules to govern banking with the possibility of creating judiciary bodies specialized in cases of investment, insurance and stock markets so that specialized judicial personnel are trained in this sort of cases that require knowledge of their technical aspects, and to ensure the expedient procedures.

Banks demanded the improvement of the administrative aspects in the work of courts and execution departments to organize handling files and their movement. "It is not reasonable that a file would take a few weeks to be transferred from one court to another. Nor is it reasonable that execution personnel keep answering that the file is misplaced or lost," they said.

Banks' representatives demanded the drafting of a modern commercial law that copes up with developments. The current law does not handle the different banking operations just like the legislations of most Arab countries do. The issues that the valid law overlooks are letters of guarantee, documentary credits and cash collaterals. They also demanded the establishment of specialized bodies for commercial lawsuits that will eventually lead to quality and prompt decisions.

Furthermore, they demanded an amendment to the evidence law as regards addressing oath to the chairmen of board of directors of public shareholding companies, including banks and their general directors. It should include their request for testimony even if facts do not involve them personally or their positions; accepting attendance of board members via video conference or telephone with the chairman's approval as well as their voting and signing the meeting's minutes.

Bankers also mentioned debtors' abuse of legal provisions that permit them to appeal the chief execution officer's decisions, so that the number of appeals submitted might reach 30+ appeals over one case. Another problem they mentioned is relevant to the delay in taking decisions on banks' lawsuits at the courts of conciliation, first instance, and appeals that procrastinates litigation processes. Delays in banks' cases at the appeals and cassation courts that need scrutiny; refusing banks the right to register more than 3 cases per day most of the time, and sometimes the number does not exceed 5 lawsuits per day, were some of the major issues raised in the meeting.

They demanded the MOJ to instruct execution officers and employees to set near dates for inspection of real estate or evictions. They also demanded giving banks' lawyers the priority so that there is an acceleration in the execution procedures, as well as the prompt decisions concerning appeals over the chief execution officer to interrupt execution measures.

Banks' demands also included laying down administrative controls by courts to send promptly appealed files because appeals take a long time to decide, especially as the appeals are submitted to the court of first instance in its appellative capacity. The execution judge might not permit appeals against a legal point previously appealed, or that the repetitive appeals might be subject to a financial guarantee whose value goes to settling the debt if the appellant is found not rightful in his appeal.

They also demanded laying down instructions at the execution departments to execute more than one mortgage deed for the same creditor over one real estate and to allow the bank to execute those deeds through one lawsuit. In addition to that, they demanded permitting banks to make use of MOJ e-services by accessing the ministry's lawsuit system to inquire about bank clients before granting any credits. This can be done, they said, by concluding agreements for this purpose with the ministry. Inquiries can be done through a written power of attorney from the bank's client for inquiry purposes.

They drew attention to the delays at the accountants' desks when calculating the judged amount for writing a subpoena that might reach a month or more. This happens because writing the subpoena is not done except after calculating the judged amount, especially in cases of more than five thousand JDs. They also mentioned delay in notifying judgments, decisions, witnesses and experts; delays and procrastination in inviting witnesses; delay in preparing auditing expertise the matter that lead to delayed litigation.

They said there is a repetitive adjournment of court sessions, which is a breach of civil procedures law. This leads to delaying taking decision in the lawsuit without a reason or justification as provided by law.

Banks' representatives also mentioned the electronic calculation of fees valid at courts, which is supposed to be one system. Yet, upon application, each court calculates different fees for the same case. Procedures should be unified by raising the awareness of the registration clerks through organizing institutionalized and specialized computer training courses for them.

They called for a reconsideration of legal articles of the penal code and criminal procedures law so that penalties on returned checks are tougher, the litigation processes are accelerated, and they should go back to previous practices of arresting the person who issues checks without balance, without waiting until a final decision is taken against him. This way, they said, procrastinations and appeals stop delaying taking decisions on this type of cases.

They also called for amending the insurance operations law # 33 of 1999 so that priority is given to people with privileged rights to collect their dues in case of liquidation.

❖ ABJ board of directors meet Mayor of Amman

ABJ's board of directors met the Mayor of Amman Aqel Beltaji on Wednesday, 10 Dec 2014, to discuss the different fields of cooperation with banks.

The two sides discussed the latest moves by the Municipality of Amman, namely, the comprehensive survey of buildings and lands to illustrate trespasses, violations, and the infrastructure, so that it can implement its future vision of Amman.

Beltaji said that the municipality began to lay down a concept that will serve the city at different stages and work as a working plan for the next years to safeguard the distinguished character of the city.

The municipality, he added, is adopting a wise financial policy that enabled it to draw a budget without deficit for this year and the next. This was done through maximizing revenues, raising the level of fees collection and expenditure control.

The mayor said that Amman needs a developed transportation system, and the completion of the rapid bus project will positively reflect on easing traffic problems. Seizing this occasion, he called on those interested to support public transportation projects to serve the present as well as the future city.

As regards the draft buildings regulations, Beltaji said the municipality started discussions with concerned authorities over those new regulations because the previous amendments did not cope up with the city's growth and development. "They redressed temporary challenges that were soon aggravated," he added.

The mayor told the delegation that major projects will soon be in implementation. Works at the junctions of Senaa- Elba House and Jawa-Marj Al Hamam will soon be started. The call for proposals for the second stage of the rapid bus project at Princess Basma Street will be declared.

ABJ chairman Bassem Al Salem told the mayor that the association, as part of its corporate social responsibility and because it is an element in the city system, is ready to cooperate with the municipality in the fields of funding, payments and collection. Banks, he added, are ready to develop and beautify their surroundings, to consider any suggestions by the municipality and to develop some services in the different sectors.

❖ ABJ announces the creation of a credit bureau in Jordan

Chairperson of board of directors of Credit Information Company Nadia Al Saeed said the creation of a credit bureau in Jordan is an important step that is apt to stimulate banks to expand lending to individuals, retail and SMEs sectors, and to encourage services and retail companies to expand granting credits and payment facilities to individuals and corporates in general.

Al Saeed's statements came in a press conference she held on 15 Dec 2014 at the ABJ offices to announce that the Credit Information Company received the initial license to create the first credit information company in Jordan in partnership with CRIF LTD, with a capital of 2 million dinars.

She added that this is a new and different era for financial industry in general as the company, the credit bureau, will work on curbing the phenomenon of returned checks that is a challenge for banks as it is a component of the credit assessment of the creditor.

The bureau's services, she stressed, will be against a financial fee that is proportionate with the nature of the party that is inquired about. The pricing structure will be feasible, she insisted.

Al Saeed hailed the CBJ's efforts to lay down the legislative framework of laws and instructions related to the credit bureau, for the benefit of Jordanian banking sector and the economy as a whole. She also extended her thanks to the International Finance Corporation (IFC) for its support that enabled the project to benefit of international expertise and implement the best practices in this field.

Deputy CBJ governor Dr. Maher Al Sheikh Hussein said the CBJ vision has it that the credit bureau would provide its services to the biggest segment of the financing sector; it is not limited to the banking sector, he reiterated.

Al Sheikh Hussein went on to say that there is a good chance for those of a good credit history to get funding at an appropriate cost and price. The bureau, he said, "will be a good leverage for SMEs to develop their work and create job opportunities for a big segment of Jordanians."

The CBJ senior official clarified that more than one credit bureau can be licensed in Jordan within the regulatory framework of those bureaus.

On his part, IFC Regional Representative in Jordan Dr. Ahmad Atiqa praised the efforts of the company's board of directors and the CBJ in making this company a reality.

Jordan, he said, is the first country in the region where the credit information bureau is 100% owned by the private sector, and where its services target not only banks but all funding companies as well.

CRIF representative Vincenzo Resta said "this project reflects our interest in the Middle East. Jordan is a fertile soil for our work as the legal environment is balanced for all sectors and individuals. Delivering credit information means that significant advantages will also be provided to Jordan's economic system where credit information solutions are only 30% of services provided."

❖ ABJ submits feedback on income tax draft law 2014

ABJ's Studies and Research Department prepared a study on the Implications of the income tax draft law on national economy.

The study recommended the government to enlarge the taxpayers' base by stretching to those who evade taxes, rather than by increasing tax burdens on those who pay. The required expansion required in Jordan's case, it added, should be horizontal rather than vertical.

The study stressed that the purpose of issuing the new income tax law is to increase tax revenues of the budget. However, the government should take into consideration the intricate economic situation of the kingdom. It should think of increasing tax revenues at the mid and long terms by creating more ample conditions for economic growth, the study argued.

It pointed out that in conditions of economic slowdown or stagnation, like those the kingdom is experiencing currently, governments usually resort to reducing, rather than increasing, taxes. At the same time, they would tend to increase public expenditure especially capital expenditures.

The study suggested the tax draft law should identify its purposes: are they economic, social or significantly financial? The proposed tax law, it argued, unjustly targets specific segments and sectors just to get money to increase tax revenues in the budget and redress disorders in public finances.

It went on to demonstrate that the draft law lacks any balance between the current economic situation and raising tax rates on the most vital economic sectors in Jordan that lead growth.

The study pointed out to a number of international studies on this subject, including the one conducted by the USAID, which recommended not to increase tax burdens on committed taxpayers but to focus the efforts of the Income Tax Department on raising the efficiency of tax collection from individuals and SMEs. The same USAID study proved the low efficiency of tax collection compared to that of most world economies.

There is a number of available estimates on the volume of tax evasion in Jordan, the study went on to show. The Tax Justice Network estimated the volume of tax evasion resulting from the shadow economy in Jordan by 663 million dinars in the first 11 months of 2011.

The study quoted the head of the former parliamentary financial committee estimating tax evasion at 800 million dinars, while the former minister of finance estimated it at one billion dinars per year.

The present minister of finance Dr. Omayya Touqan stressed that tax evasion in Jordan ranges between 3% and 3.5% of GDP; this is 650-760 million dinars by applying rates on the 2012 GDP.

The study suggested the activation of the billing system in all enterprises in Jordan as one of the efficient means to curb tax evasion. It urged individuals to claim their bill for any amount they pay to buy commodities or services.

To increase the billing efficiency, the study suggested that a certain percentage of submitted bills could be deducted from the income subject to taxation for individuals. This is an incentive for individuals to ask for a bill and it would be an alarm for tax evaders, especially as toughening tax evasion penalties would make them committed to paying taxes.

The study confirmed that the Jordanian economy is suffering from a complicated crisis that can be summarized in two components. The first is the sluggish economic growth accompanied by a rise in inflation rates. The second is an aggravated budget deficit resulting mainly from the energy crisis that affected the kingdom with the international hikes in oil prices and the recurrent interruption of Egyptian gas supplies. This led to a number of negative repercussions on Jordanian economy, especially the trade balance deficit and the setback in the kingdom's foreign reserves.

The study added that the status of the public budget in Jordan and its developing budget deficit prevents having an efficient and capable public expenditure. This compels the government to resort to the other choice, which is to reduce tax rates on the kingdom's economic sectors.

The kingdom's declining foreign reserve, the study said, compelled the CBJ to adopt a contractionary policy that used increasing interest rates on fiscal policy instruments as a means to enhance the dinar appeal as a savings pot.

The study pointed out that the Jordanian government, in order to face the economic slowdown that began in 2009, introduced tax incentives in the temporary income tax law of 2009, which reduced tax rates on individuals and corporates. This was reflected in an increase, rather than a drop, in the tax revenues. Reducing income tax rates from the start of 2010 did not cause a genuine setback in collected taxes, especially if we take into consideration the economic slowdown and the repercussions of the Arab Spring.

The study indicated that paid income tax from all public shareholding companies listed in the Amman Stock Market totaled 1.3 billion dinars during the period of 2008-2011. The banking sector is the biggest contributor to taxes as it pays 61.5% of the total taxes paid by all shareholding companies. The average return on shareholder equity in Jordanian public shareholding companies reached 7.6%, which is 1% less than the interest rate on treasury bonds that have zero risks. This means that the investor bears a bigger risk and gets less revenue, contrary to what financial theories say. Comparing the return on shareholders' equity with the inflation average shows that the net return for corporate shareholders is 2.8% only.

The income tax draft law, the study argued, is based on the progressive income tax on individuals and some corporates. It clearly targeted middle class income taxpayers and it gave the biggest weight of the companies' income to the highest segments. This, the study said, is against the government's approach to support SMEs. Progressive tax on companies is not applied in most countries of the world. Furthermore, the study indicated that the fixed tax rate achieves the purpose of progressive tax because it increases with the increase in income; therefore, it complies with the Jordanian constitution.

The study found out that the current income tax rates in Jordan are high compared with the rates in neighbouring countries. This is apt to weaken the competitiveness of Jordanian economy and contribute to the brain drain that Jordan suffers from as Jordanians immigrate especially to the GCC countries.

The high tax rates limit the government's ability to maneuvering by using tax rates, the study said, adding that the draft law would cause numerous repercussions on the macro economy, the budget and all economic sectors in the country.

The study reviewed the draft law's expected effects on the macro economy, the public budget, the business and investment environment and the different economic sectors, especially banks.

The study said that the actual increase of income tax on banks to 45% is like a partial nationalization of them. This will compel Jordanian and foreign banks working in Jordan to enhance their foreign branches activities in the neighbouring countries that have less tax burdens and more revenues. This will be negatively reflected on competitiveness in the Jordanian market and the unemployment, investment and credit rates.

❖ ABJ General Director meets the API delegation

ABJ General Director Dr. Adli Kandah met on Thursday, 20 Feb 2014 a joint delegation of financial and economic experts at the Arab Planning Institute in Kuwait.

The meeting aimed at discussing the investment map of the northern region, in addition to discussing the most important issues of funding SMEs in Jordan.

Dr. Kandah reviewed the most important financial indicators related to the Jordanian banking sector, including the volume of assets, deposits, facilities and facilities granted to the private sector.

As regards the financial soundness indicators of banks, Dr. Kandah stressed that the liquidity rate at banks is high and more than the minimum required by the central bank. He pointed out the rise in capital adequacy ratios at banks. As regards the rate of non-performing debts, he said that despite their rise in the last few years, yet they are still within the safe levels and under 10%. He drew their attention to the fact that this percentage declined to reach 7.4% by the end of the first half of 2013.

As regards the role of banks working in Jordan in funding SMEs, Kandah said a number of banks created SMEs funding departments to grant SMEs funding, whose share ranged between 10% and 12% of the total direct credit facilities granted by banks.

Responding to a question by the delegation, Dr. Kandah said there are a number of difficulties facing banks in SMEs' funding. The most important of them is the weak or insufficient collaterals and the absence of financial statements that show the enterprise's financial position and cash flow, in addition to their high turnover in terms of going into and out of business.

Dr. Kandah told the delegation that there are a number of initiatives to motivate SMEs funding, however, it has not reached the desired level. Banks, he said, are the principal financer of all sectors because of the weak capital market on the one hand and the low financing capacity of non- banking financial institutions. This is a big burden over the banks' shoulders, especially in light of the high rates of internal public debts that banks fund, he added.

Dr. Kandah expected the creation of a credit bureau in Jordan would have positive results on SMEs funding, because it will provide banks with a database that would enable them to take the right credit decision based on the credit position of clients. In the same context, he said, the credit bureau in Jordan is in its last stages of incorporation and it will start operating soon.

On their part, the delegation members expressed their appreciation that the ABJ responded promptly to meeting them and they expressed their thanks for the invaluable information they got. The delegation also received copies of the ABJ's publications.

It is worth mentioning that the Arab Planning Institute is a regional Arab non-profit organization that aims to support development in the Arab World by building national capacities, conducting researches, institutional support, consultations, scientific meetings and publications.

❖ Nabdh el Balad TV talk show hosts ABJ director

Ro'ya TV channel's Nabdh el Balad talk show hosted the ABJ general director Dr. Adli Kandah to discuss the income tax draft law from an economic point of view.

Dr. Kandah indicated there is a feeling that banks receive prejudiced treatment in the income tax law; the tax rate was so high in the last years that it touched the ceiling of 55%, then it was reduced to 40%, to 35% and it settled at 30%.

He hoped that this incentive would continue so that the tax rates on banks and other corporates would not increase.

Responding to a question, Dr. Kandah said the philosophy behind the income tax laws targets three major goals. The first is to bring revenues into the budget, and this is legitimate for the state. The present tax laws give the budget 3.3 billion dinars in revenues that include the different types of taxes, income, sales and customs taxes.

The second goal is to redistribute wealth. This is what laws do in Jordan and in other countries. The redistribution of wealth from the rich to the poor is achieved through the income tax law that collects money from corporates and individuals and redistributes it on the poor as salaries, wages and pension.

A third and substantial goal is to use the laws as a financial policy tool to trigger economy when it needs stimulation. Jordan has been passing in a state of economic slowdown for the past five years. We are in dire need of all kinds of incentives, especially the tax and investment incentives.

Kandah highlighted Jordan's need of a package of legislations to stimulate economy. The tax law in force now, he said, is good and capable to continue to be valid. However, it needs to redress some issues like the tax evasion and exemptions that are granted without results.

Responding to a question on the possibility of raising the share of income tax in the GDP to 5%, Kandah said this could be reached by stimulating economy and giving a greater role to the private sector. He stressed that such a rise would help to support the government and alleviate budget deficit.

Kandah explained that the idea behind the income tax is simple. If the government leaves a bigger amount of profits and income in the hands of the private sector, they will invest it and generate new revenues to the budget.

To stress this point, Kandah said that when the government stimulated the economy with the current temporary income tax law which reduced the income tax rate, tax revenues rose in general. The fall in the income tax was due to the setback in the economic growth and the corporate profits, which caused the income tax revenues in absolute figures to fall down since 2010. However, it began to rise again.

He added that should the economic activity have been moderate like that of previous years, the revenues that reached the treasury might have reached 5% of GDP, the percentage that we target.

❖ ABJ General Director presents paper on banks' role in funding economic enterprises

ABJ's General Director Dr. Adli Kandah said in a working paper on Banks' role in funding economic enterprises that all types of banks contribute efficiently to economic development in many ways. They fund projects in both the private and public sectors, boost the idea of saving and investing, provide the different banking services to all sectors and efficiently distribute economic resources.

He added that banks strive to provide the main channels of fiscal policy and to increase the efficiency of the macro- economic policies.

Kandah said that banks working in Jordan contribute by more than 90% of the total funding volume in the kingdom, while the other parties' contributions do not exceed 10% of funding. This percentage is very high, he said.

The general director said that the banking sector is # 1 in tax contributions. Its paid tax during the past five years constitutes 61.5% of taxes paid by all public shareholding companies. Taxes paid by banks and financial institutions, he added, make approximately 43% of the total income tax paid by all corporations in Jordan.

Banks in Jordan, he stressed, work not only as a treasury for wealth but also as a provider of funding sources of the different economic sectors. Banks' contribution to the GDP totaled 4.26%. The sector came in the second rank as the highest sub-sector of the Finance, Insurance, Real Estate and Business Services sector in contributing to the GDP. The sub-sectors of this sector are seven. It ranked seventh as the highest sub-sector contributors to the GDP, which are 81 sub-sectors.

He pointed out the rise in credit facilities granted by banks from almost 4.5 billion dinars in the year 2000 to 18.9 billion dinars at the end of 2013. Facilities in Jordanian dinar account for 86% of the total facilities. The average growth rate of credit facilities granted by banks working in Jordan during the period of 2000-2013 was 11.1%. The average volume of bank funding of national economy reaches 63% of deposits in the period of 2000-2013. The number of SMEs constitutes 98.5% of the total enterprises working in Jordan and they employ about 60% of the total Jordanian labour force. The percentage of SMEs' contribution to GDP is about 50%.

Dr. Kandah pointed out the initiatives that directly or indirectly support banks' funding of SMEs. The most important of those initiatives are that of the European Bank for Reconstruction and Development (EBRD) that aims to identify the best ways in which banks can boost SMEs funding, enhance the infrastructure of the financial sector that can increase SMEs' funding, in addition to developing the business environment and support SMEs' skills. There is also the Overseas Private Investment Corporation (OPIC) which guarantee the allocation of USD 250m for loans granted to SMEs in Jordan. Finally, there is the initiative of the Arab Fund for Economic and Social Development that targets providing USD 50m to be lent to SMEs at soft conditions.

Furthermore, he continued to say, the CBJ signed a loan agreement with the World Bank (WB) to provide the necessary funding for SMEs in Jordan. According to this agreement, the WB would lend banks in Jordan, through the CBJ, the amount of USD 70m, so that those banks re-lend the amount to SMEs at preferential terms.

❖ ABJ signs a cooperation MOU in training with Philadelphia University

The ABJ and the Philadelphia University signed a memorandum of understanding (MOU) in the field of training.

The MOU was signed by the ABJ chairman of board of directors Bassem Khalil Al Salem and the

PU’s president Dr. Mohammad Ameen Awwad.

The agreement was motivated by the two parties’ keenness on cooperating in the field of training and organizing workshops to provide the financial and banking labour markets with efficient university graduates in all administrative and financial specializations, and to benefit of the expertise and equipment they both have, an ABJ statement said on Monday.

Al Salem said that the ABJ puts all its capacities to serve Jordanian universities and to train student so that the gap between the theoretical aspect and the needs of the local and regional banking labour market is bridged.

He pointed out to the previous ABJ experience with the Hashemite University. That was the first experience with the academia that the ABJ ran into and it achieved a big success, as demonstrated by the testimonies of university officials and the banks’ recruitment of trained graduates, he said.

On his part, Dr. Awwad said that the most important role of higher education is to improve the living conditions that depend on the economic conditions. This in turn needs the qualified and trained human resources that the private sector’s institutions contribute to make it happen.

He stressed the importance of the MOU in training students on the applied aspect of what they theoretically study. It is important that the training programs evolve to become regional, he said, especially as Jordan qualifies students for the local and Arab labour markets alike.

He said he is looking forward to the first virtual bank that the Philadelphia University is establishing as the first of its kind in Jordan and the region.

The ABJ general director expressed interest in this idea that the association called for some years ago, because this would enable students to practice banking transactions in a natural environment, on condition that the virtual bank is operated with the help of local banks.

Pursuant to the MOU, the Administrative and Banking Sciences Faculty at the Philadelphia University will provide the ABJ with lists of eligible students to participate in the different activities, training and workshops that the ABJ organizes. The ABJ would choose the appropriate number from among them to train them and give them the chance to participate in the workshops.

❖ Arab Banks Conference recommends rules of institutional governance

Participants in the annual conference of the Union of Arab Banks (UAB) 2014 that was convened in Amman on 16-17 April 2014 recommended Arab banks to commit to rules of corporate governance such as accountability, disclosure and transparency in the sectors of Arab finance and business.

They called for stimulating Arab banks and financial institutions to increase the funding directed to MSMEs according to a new unconventional order of collaterals. They also stressed that Arab governments should seek to reduce consumption expenditures versus increasing investment and productive expenditures.

Arab bankers called for activating the corporate social responsibility of the Arab banking and financial sector until it is complementary to that of the public sector. They also urged implementing inter-Arab economic projects that are apt to create tens of millions of job opportunities annually to absorb new comers to the Arab labour market. Widely spread corruption should be fought, along with bribery and all sorts of financial fraud crimes, especially the tax evasion, they stressed, adding that legislations and reforms in this time of transition should be directed to ensuring political and security stability, as they are the guarantors of promising economic growth rates.

Participants also called for the establishment of institutions that guarantee and secure funding provided by the different local, regional and international financial and banking bodies. They further called for the prompt development of Arab stock markets as there is a close link between the activities of those markets and the economic rise in Arab countries.

Some 300 Arab financial and economic figures, including ministers of finance and economy, governors of Arab central banks and the CEOs of numerous Arab banks, took part in the annual Arab banking conference, held under the title of Strategies of resurgence of Arab economies.

The conference, inaugurated under the patronage of Prime Minister Abdullah Nsour, paid a tribute to the former president and general director of the Arab Monetary Fund Dr. Jassim Al Mannai, and the former CEO of Kuwait National Bank Ibrahim Dabdoub and honoured them with the Award of Achievement. From Jordan, CBJ governor Dr. Ziyad Farreez and ABJ chairman Bassem khalil Al Salem were granted two shields to honour their efforts.

Central bank governor Dr. Ziyad Fareez said that when discussing strategies of resurgence, we should remember that the Arab region is still witnessing more accelerating challenges and developments and facing difficult circumstances. World economic prospects put us face to face with no less serious challenges than the ones we had faced and still are facing in our region. Therefore, we should lay down future visions that would enable us to work seriously to curb those challenges and turn them into opportunities that bring good to our countries and peoples.

He added that a revision of the march of Arab banks clearly indicate that they had managed to face challenges resulting from international crises and had been able to make positive results at all levels. Arab banks maintained their solvency and even managed to increase their strength. The assets of Arab banks continued to grow at a pace higher than the economic growth rates despite the increasing economic and political pressures.

He stressed that new challenges at the regional and world levels compel our banks to continue complying with the best international practices, implementing the best legislations and laws in force in order to enhance the strength and soundness and build a high absorbing capacity of any future shocks.

In this context, Dr. Fareez said that "we should work to enhance governance at our Arab banks and to enhance their competitiveness according to the world best practices so that we can avoid weaknesses and gaps that the international financial crisis produced and guarantee the sustained soundness of our banking conditions."

The governor reviewed the Jordanian reform experience over the past two years, which is to be accomplished in the upcoming few years. "As you know, international, regional and local challenges and developments posed great burdens on our national economy that exceeded its ability to absorb. The most important of those challenges were related to hikes in energy and basic goods prices and the recurrent interruption of Egyptian gas supplies. This resulted in the hike in the energy bill that was also accompanied by the influx of Syrian refugees that increased the burden on our already limited economic resources, and the rise in the public expenditure that increased burden on public finances.

To face all that, the government adopted a national program for economic, financial and fiscal reform in cooperation with the IMF, based on comprehensive structural reforms to redress disorders in the public finances. Proper decisions were taken to redress disorders and spare our economy more pressures, especially as regards the public expenditures of the government. The most important of those measures were reducing the subsidies bill by liberating prices of oil products and directing subsidies to those deserving, and adopting a comprehensive energy strategy that aims at alleviating the losses of the National Electric Power Company (NEPCO), diversifying the sources of energy and increasing their efficiency.

Public expenditure, which expanded in the past years, was rationalized although developing public revenues by improving the efficiency of tax collection was taken into consideration.

He added that a number of fiscal measures were adopted to restore confidence in economy and encourage granting credits to different economic sectors. This was reflected on making foreign reserves reach record levels that are sufficient to face any unexpected shocks.

As regards the Jordanian banking system, the governor said that the wise managements of Jordanian banks that comply with the banking policy of the CBJ were able to achieve results that reflected the soundness of our banking system. The most important results were the rise in the debt-covering ratio, the fall down in the non-performing debts ratio and the rise in capital adequacy ratio. All of these factors boosted banks' financial solvency and ability to face any external or internal shocks.

Dr. Fareez reiterated that a truthful and efficient banking system is one of the most important requirements of economic development in any given country. Achieving financial stability, he added, has a special significance in the fiscal and banking policies of central banks. Achieving fiscal and financial stability is the main pillar in realizing growth and enhancing the investment environment and the capital flow in the economically and socially acceptable directions, whether through providing funding for development programs or seeking to stimulate SMEs funding.

Dr. Fareez stressed that the concept of comprehensive inclusive growth has become the slogan of the next stage at the international level. It became evident that targeting economic growth alone without ensuring that all members of society benefited of this growth will not guarantee raising the living standards of all society segments and curbing poverty and unemployment rates.

He added that central banks recognized the importance of adopting the concept of financial inclusion that aims at encouraging banks to extend their services to include all segments of society, especially those living in remote areas away from services. This could increase the living standards of those segments and reduce unemployment. He also stressed the importance of creating the ambient business environment that stimulates investments and guarantees their easy flow among our countries to benefit of the relative advantages and diversity in those countries.

To enhance this, he added, programs should be adopted to boost the culture of innovation, excellence and entrepreneurship to expand and institutionalize the private sector's role in the economic and development process because it is the most capable of creating job opportunities and reduce unemployment rates.

ABJ's chairman of board of directors Bassem Khalil Al Salem said that the convening of this conference comes at a difficult and intricate time for Arab economy. Successive economic and political crises had a clear effect on the development efforts all over the Arab World, creating an obstacle to achieving a sustainable economic growth as governments plan.

He added that Arab countries still face transition challenges, as the state of political uncertainty accompanied by the accelerating security obsessions shade the economic activity in the Arab region. Economic growth rates in Arab countries had a setback to 2.1% in 2013 compared with 4.6% in the year before, 2012. The volume of foreign direct investments dropped by half, from USD 96b in 2008 to USD 47b at the end of 2012. This is accompanied by a decrease in touristic revenues and a deepening of disorders in the public finances of many Arab countries.

Those economic spillovers are usual and expected, he went on to say, but we should monitor and limit the volume of the spillover, thinking in ways and means of ending this economic slowdown. This way, he said, we can ensure our economies are recovering and we can adopt the required reforms to boost the takeoff of a new economic stage.

Al Salem stressed the importance of making Arab rapprochement and build genuine partnerships that personify Arab economic integration. The Arab market is a relatively large one with 350 million-people strong; it has all elements of economic integration, including the diversity of natural resources and the human resources that enjoy one language and culture.

Although they are a diverse group in terms of size, geography, resources and economy, yet Arab countries are connected with a network of common characteristics. Challenges are the same, atop of which are the urgent development challenges, including the aggravating unemployment problem resulting from the weak capacity of creating job opportunities. Among other challenges come the energy problems and shortages of water resources.

Al Salem called for a clear-cut Arab strategy to achieve economic prosperity, enhance sustainable development and ensure a better life for the people, because the next stage would be full of challenges. Out of this basis, resurgence strategies of our Arab economies should consider the following elements:

First: Arab governments should adopt clear-cut working agendas to achieve comprehensive economic development, raise the productivity level by facilitating the flow of labour between Arab countries, promote investment in technology and develop human resources, in addition to the modernization of legislative frameworks that govern work and investment which would increase the GDP per capita at the regional level.

Second: the diversity of relative advantages that Arab countries enjoy open the door wide to expanding inter-Arab economic cooperation so that it can move from the state of inter-Arab trade into the joint production and investment stage, especially in the sectors of transport, energy, water and heavy industries. This would be done as part of an Arab Marshall Plan targeting resuscitating the economic activity in the whole region and opening the way for desired financial and economic reform programs.

Third: concentrating on promising sectors that have the greater impact on economic development, especially the value-added sectors that generate job opportunities and are able to compete at the local and world levels. This can transform our economies from rentier and consumptive economies into productive one. Currently, renewable and alternative energy projects are becoming clearly important in light of the great acceleration in energy consumption and energy prices. To those projects, we can add projects in the sectors of tourism, telecommunications and information technology.

Fourth: providing more support to the Arab World SMEs' sector because of its clear contribution to employment, production and economic diversity. This requires drawing special policies to support those enterprises and to facilitate their access to funding at appropriate rates. This also includes providing the necessary technical assistance to guarantee their competitive edge, maintain their quality production and involvement in the economic activity.

Al Salem said that there are voices that call for a greater role for banks in supporting development. Those calls seem to ignore an important fact, which is that banks are just profit institutions that seek to protect the savings of their clients and increase the return on share equity in the first place.

However, he went on to say, this does not belittle the great role that banks can play if they are accorded the right support by Arab governments. This support should not be limited to SMEs alone but it should extend to the trans-border mega strategic projects, whether through the direct capital investment and by providing guarantees in the high risk sectors, or by providing liquidity at competitive rates to support sectors of low economic return.

He said the big role that development banks and sovereign funds in the region can play in providing the necessary funding for projects that are in dire need of funding comes within this framework.

We are proud of having a strong and healthy banking system in Jordan, he said. It plays a substantial role in pushing the economic growth forward by investing in the accumulating experiences of this sector in identifying the promising sectors and the obstacles they face. He added that the ABJ is working side by side with the CBJ to revive our national economy and face all challenges it is facing.

We, at the Jordanian banking system, he added, closely monitor all local, regional and international developments relevant to banking and bank supervision. We always seek to adopt the international best practices especially in the fields of compliance, governance and international standards.

On his part, UAB president Mohammad Barakat said that the big changes in politics and economy over the past three years had varied effects on our region. They all agree on the principles of reform and sustainable development at all levels. Some of our Arab countries suffer from weak economies and low productivity, which led to a low standard of living, a setback in the quality of basic services, an increase in poverty rates, a regression in the quality of education and an aggravated rate of unemployment, which is the highest in the world.

Restoring growth is the first task of those countries that face grave challenges while their financial capacity to achieve stable economy is limited, he said.

A number of Arab countries are still experiencing a multitude of drastic changes accompanied by a negative development in economic conditions, he added. Those countries are facing increasing pressures, especially in the state's public finances because of the great decrease in the government revenues and the increase in expenditures and social services, in addition to the pressures on payment balances resulting from the continued fall down in internal cash flows like touristic revenues, the foreign direct investment, etc.

He went on to say those pressures were followed by deterioration in other fields. Deterioration was multi-faceted and included the fall down in economic growth, the rise in inflation rates and the public debts, the fall down in foreign reserves and the sovereign rating of those countries. The financial and fiscal authorities in all Arab countries in general and those countries that witness negative developments in particular, take different measures to contain the effects of deteriorating political and security conditions on economy.

Those measures relate to continued pumping of liquidity into the market, attempts to control interest and exchange rates, among others. However, there are prospects of a start of an improvement in the economic conditions of some Arab countries this year, which might lead to increase economic growth to 5% in 2014, compared with 3.4% in 2013. This will increase the volume of nominal GDP of the Arab region to USD 2.86 trillion against USD 2.74 trillion.

He asserted that resurgence strategies should be based on principles that open equal opportunities to the different segments of society. Those strategies, he said, should aim at improving our societies and the elements of developing our future generations through a number of measures. Measures include rehabilitating the infrastructures of Arab economies that were negatively impacted by Arab transformations; enhancing Arab fiscal and financial integration, including capital markets and banking and investment institutions. They should also comprise of building an integrated Arab economy in productive sectors that enhances the competitive edges of Arab economies and depends on an extensive network of relationships between economic sectors, whether in the joint projects in infrastructure (roads, telecommunications, railways, electricity, gas, oil and water), or productive projects in agriculture and industry, etc. Measures would better also include raising awareness on the importance of SMEs in our economies that are directly linked to restructuring those economies. SMEs are the most important mechanisms of triggering the social and economic development in the Arab World.

He called for the concerted efforts of Arab governments, the private sector and the banks to draw effective strategies that include immediate, mid-term and long-term remedies whose goal is to restore confidence in the great potentials and resources of those economies that would enable them to restore stability and growth. The Arab World, he said, should work together and cooperate in the economic realm so that each country would assume its befitting role based on its own potentials and resources to bring the Arab economy to a better future.

The state of affairs, Barakat said, is a great challenge to us and to our banks. Therefore, we should approach it with caution and hope that our Arab banks would play a new and pilot role in supporting the required economic reforms and the regional economic integration, which have become an urgent need to cope up with developments.

President of the International Union of Arab Bankers and head of the executive committee of the Union of Arab Banks Dr. Joseph Tarabay said in the conference's opening session that the importance of this event stems from the fact that it convenes amid difficult circumstances in which our Arab World is passing.

He added that our Arab World is living in a cruel era of drastic transformations in the existing political, social and economic courses. The main challenges that this reality had produced are that the security situation is not stable; there is a political instability aggravated by the increased social pressures caused by the rise in poverty and unemployment rates, which in turn presses the concerned countries and prevents them from embracing the necessary reforms, especially the financial reform.

He stressed that the priority in those countries is to restore growth, because we cannot talk about genuine reforms without raising growth rates to more than 5%. Prospected growth rates in those countries stay below 3%, which is very low to create job opportunities that those countries need.

Tarabey called for taking a number of measures to improve the economic situation. Those include improving the quality of education to cope up with the market needs; developing productive economic structures in close partnership with the private sector; developing the elements of building public administrative institutions; imposing the principles of good governance, accountability and transparency in all fields; employing human and material resources in a rational and effective way; creating an ambient environment for investments that trigger growth; and, developing legislations and regulations that would form a positive incubator for investments, especially if accompanied by judiciary reforms, and getting engaged in agreements on economic openness and trade exchange with regional and international markets.

❖ ABJ participates in discussing tax and investment laws

The ABJ took part in the parliamentary Economy and Investment Committee meetings to discuss the investment and income tax draft laws listed on the agenda of the first extraordinary parliamentary session of 2014.

The ABJ director general and a number of banks' representatives took part in those meetings where they discussed the investment draft law and the income tax law. The association had many remarks on the two laws that the committee took into consideration.

The ABJ General Director Dr. Adli Kandah made an active participation in the committee's discussions since its formation at the parliament's ordinary session. He presented a number of valuable remarks keenly received by the committee members and chair Dr. Khair Abu Seileek.

❖ ABJ holds educational meetings on income and sales tax

The ABJ, in cooperation with the Income and Sales Tax Department held a series of educational meetings with new taxpayers in 2014 that aimed at introducing the major concepts of taxpayers' rights and commitments to participants.

The meetings were held at the ABJ headquarters in Amman on Monday 12 May 2014.

The sales tax subjects included an introduction, procedural definitions of the sales tax and registration at the network; imposing tax and due tax; tax refund and deduction of the electronic services that the ISTD offers to taxpayers and guiding them.

It also included subjects about the income tax: introduction and procedural definitions of the income tax; taxpayers' rights and duties; registration and accounting registers for tax purposes; legal provisions that are important to understand like income sources subject to tax, exempted income, deductible expenses and those that are not subject to deduction.

❖ ABJ General Director presents a paper on FATCA applications

ABJ General Director said that the Foreign Accounts Tax Compliance Act (FATCA) aims to gather financial information on American citizens residing outside the USA. It came into force on 1 July 2014.

He added that the act aims at enabling the American authorities to access the private information of the people subject to FATCA who have an income or won assets outside the USA. The goal of this action is to curb tax evasion so that the American Internal Revenue Service (IRS) could compare the information provided by foreign entities with the disclosures that those taxpayers provide the IRS with directly.

The act, he went on to say, requires all foreign financial institutions to enter into an agreement with the IRS to identify and document American accounts, and give notifications about them.

FATCA defined the American account as any account owned by a natural or a legal person, or a foreign organization or corporation where an American owns directly or indirectly 10% and more of shares or stakes in its capital. The American is anyone who holds an American passport and the American citizenship (single or double citizenship); has a green card in the USA, resident of USA, born in the USA; and any person who does not have the American citizenship (not an American citizen) but on whom the conditions of continued residency in the USA apply, and tax payers in the USA for any other reason.

❖ ABJ takes part in returned checks' workshop at MOJ

The Ministry of Justice (MOJ) organized a workshop on returned checks attended by a number of bank experts to discuss this phenomenon and ways of combating it within the law restrictions.

ABJ General Director Dr. Adli Kandah said that the workshop accomplished the prompt efforts that the different concerned parties, the MOJ, CBJ and ABJ, exert.

Concerned parties, Dr. Kandah added, strive to shed light on this phenomenon and find innovative and practical solutions governed by legislative frameworks that can alleviate this activity.

He said that checks are one of the most important and the most used instruments of payment all over the world, regardless of the size of the country's economy. This is due to many reasons, he said, that have to do with the old usage of checks over centuries and the approval it has as a payment instrument with the different segments of society.

Dr. Kandah pointed out that with the accelerating development in the economic and commercial life in particular, and the expansion in financial and commercial transactions over the past decades, some negative phenomena resulted such as the returned checks. This has led to a big debate in the financial and banking circles about the efficiency of checks as a main tool for payment and settlement of financial transactions.

The number of checks submitted for clearing reached 11 million checks with a total value of 1.5b dinar in 2013, of them, 540 thousand checks were returned whether for insufficient funds or having no balance.

The figures show that returned checks do not constitute a big problem and the phenomenon is still under control; yet, he stressed, there should be proactive and innovative solutions that prevent the practice to aggravate, especially with the large dealings in checks in the Jordanian market.

Some of the solutions he suggested were imposing fines on returned checks that are appropriate with the check value and the time it took to be settled; toughening the penalty on returned checks; and, developing a mechanism to directly attach the value of check for the beneficiary's benefit upon the drawer's writing of the check.

❖ ABJ General Director takes part in regional conference on water sector governance

ABJ General Director Dr. Adli Kandah took part in the first regional conference on the good governance and funding of the water sector at the Mediterranean countries.

Dr. Kandah said that both public and private sectors' projects in Jordan benefitted of funds available at the banks through the Water Authority of Jordan's deeds and the money granted to infrastructure projects.

In a working paper titled The role of banks in funding water and wastewater projects, which he submitted to the conference hosted by the Greek capital Athens, he added that banks owns in average 80% of the total treasury bonds and public institutions bonds, which means that they are a major financer of the water as well as other sectors.

The water sector in Jordan, he stressed, is a sector characterized by a high degree of centralization. Municipalities or governorates have no role in planning, developing or even connecting tap water to buildings, residential or otherwise, in Jordan. Ministry of Water and Irrigation (MWI) assumes total responsibility of the water sector, including providing water and sewage system networks and other relevant projects, and of planning, management and supervision.

He pointed out that the Water Authority of Jordan (WAJ) is the independent government institution in possession of the assets of all water systems in Jordan. It is the owner of Meyahona companies that are responsible for running water and sewage systems in Amman; Yarmouk Company that is responsible for running the water of northern governorates (Jerash, Mafraq, Irbid and Ajloun), and the Aqaba Water Company. Jordan Valley Authority runs the water resources and supplies in the Jordan Valley.

Dr. Kandah mentioned that there are 25 banks in the kingdom, of which 16 banks are Jordanian, 9 banks are non-Jordanian and 4 are Islamic banks. The volume of their assets is 44.3b dinar and their deposits are 29.5b dinar. The total credit facilities amounts to 19.1b dinar as at the end of July 2014.

He stressed that the Jordanian banking sector is a developing, active, efficient and profiting sector with excess liquidity, open to foreign investments as the ownership of non-Jordanian investors in it amounts to approximately 50%.

He pointed out that the banking sector offers comprehensive banking services that include retail and wholesale services, services special to SMEs, investment, Islamic and electronic banking.

Deposits of all types, he went on to say, are the most important sources of money for banks. Those deposits are guaranteed by the Deposit Guarantee Corporation with a ceiling that reaches 50 thousand dinars for each depositor in the bank. The Jordanian banking system, he added, has a system for deposit guarantees and refinancing of real estate mortgage.

As regards the distribution of credit facilities according to the economic sector, Dr. Kandah said loans and advances are some of the most frequent credit facilities granted by banks. Their share is almost 86% of the total credit facilities balance granted by banks in the past five years.

He said that data available until the end of July 2014 indicate that 56% of banks' credit facilities went to three main sectors: general trade, industry and constructions.

Dr. Kandah pointed out that the government introduced a new funding instrument to the Jordanian market, which is the Islamic Sukuk funding, which is a financial instrument which entered the market after the endorsement of the Islamic Sukuk legislations comprising of a law, regulations and instructions in the past two years.

He estimated the investments needed by the water sector, as indicated by the sector's strategy, as 5.8b dinar for the next 15 years.

He also highlighted banks' contributions to funding projects in the water and sewage sector, such as the Khirbet Al Samra Wastewater Treatment Plant. The plant was built according to the BOT system at a cost of JOD 120m, with a USAID grant of USD 78m, a contribution by the MWI of USD 14m. The rest of the needed money, which is USD 78m, came from outside investments (USD 18m), while an Arab Bank-led loan syndication provided USD 60m as capital debts. A number of local banks participated in this loan.

Dr. Kandah proposed that banks develop appropriate banking products directed to all components of the water sector so that they can face hindrances to raising their participation in capital projects, especially the water sector. This, he added, would require a special training to the developers of products in banks that focus on those types of products, solutions and banking services.

He also suggested that banks would increase their participation in the bonds market and the syndicated loans. He called on banks to cooperate with concerned parties at the MWI, WAJ and subsidiary companies and international donors to come out with special initiatives and programs whose goal is to bridge the gap in funding, shortage in collaterals and the rise in interest rates to alleviate the different types and degrees of risks.

He called on the CBJ and the MOF to give incentives to banks so that the latter would increase their lending to water and wastewater sector, such as tax incentives, easing conditions of the mandatory cash reserves just as the ones given to the industry, renewable energy and SMEs' sectors. He also called for providing technical assistance to the MWI and subsidiary companies and institutions to prepare a manual on how to approach financial institutions to get funding, and to attract immigrating Arab money to invest some of this money in water and wastewater projects, whether small or big.

❖ ABJ General Director takes part in Nabdh el Balad program on income tax draft law

Nabdh el Balad program aired by Ro'ya TV channel and presented by Mohammad Al Khaledi, hosted ABJ General Director Dr. Adli Kandah, MP Ahmad Jaloudi and economic expert Mohammad Al Bashir to discuss the income tax draft law which the lower house began to review after being discussed by the parliamentary Economy and Investment Committee.

Participants agreed that the income tax law should be drafted to curb tax evasion and stimulate economic activities. The law in question should be looked at in light of other economic laws that grant investors tax and non-tax exemptions, they added.

Dr. Kandah said that raising the income tax rates will not only affect banks but also large segments of society, especially individuals. The suggested tax rate of 20% will greatly affect the middle class.

He told the program that the revenues generated of the current income and sales tax law registered an increase of JOD 400m.

He called for a comprehensive revision of economic and tax laws and for handling them as one package when looking at exemptions. This way, he said, the formula could be healthy.

He said that the draft law imposes an income tax rate on banks that amounts to 35% up from 30% in the current law, although banks account for 50% of the total income tax revenues. He underlined that activating economy would compensate for the revenues the new law targets, which are JOD 150m per year.

He stressed that Jordanian economy witnessed a slowdown in growth rates that ranged between 2.5% and 3%. This requires a stimulation of economy to face the slowdown; stimulation needs a reduction in tax rates, in addition to achieving the tax goals of redistributing income and wealth among citizens.

Dr. Kandah said studies by the Economic and Social Council on the income tax law indicate that there are lost taxes of JOD 1.8b per year. These lost revenues are partly due to exemptions and tax evasion.

❖ Arab forum to discuss FATCA preparations

Participants at the FATCA Forum selected ABJ General Director Dr. Adli Kandah as the chair of the responsible officers group that follow up the FATCA implementation.

Participants at the FATCA Forum held at the Dead Sea by the Union of Arab Banks recommended the speedy appointment of a responsible officer at the financial institutions so that he/she can do his/her job according to the act's requirements.

They called on banks and financial institutions to have their online registration and list the required data before 24 April 2014.

The forum also recommended ensuring the right training to all bank employees, especially those who directly deal with clients.

Participants also stressed the importance of having an effective compliance program at each bank and financial institution to protect them from the accountability risks based on the weak or insufficient controls.

They called on Arab governments, supervisory entities and central banks to assume their responsibility towards FATCA implementation, and to help financial institutions in the local region to comply by the act.

CBJ Governor opened on Sunday, 3 March 2014 at the Dead Sea the FATCA Forum, the final legislations and latest developments: the last reminder, which will enter into force as of March 1, 2015.

Deputy CBJ governor Dr. Maher Al Sheikh said in a speech delivered on behalf of the governor that the countdown to implement FATCA has begun, despite the heated debate it stirred at the local, regional and international levels because of its spillovers and the difficulties of its implementation.

Although the act targets American taxpayers, he said, yet its implementation goes far from the USA borders, which will impose more financial and administrative burdens on the financial institutions and their activities, and consequently their profitability and risks.

Dr. Al Sheikh said this law propelled the Organization for Economic Cooperation and Development (OECD) to issue unified criteria for automatic data sharing through the G20 efforts, which stresses combating tax evasion while ensuring the maximum reduction of compliance costs.

"Cutting down on compliance costs and generalizing benefits for the biggest number possible of countries should remain the goals that all of us are keen to achieve," he said.

He added that the central bank, because of its keenness on ensuring Jordanian banks' compliance with FATCA to spare them risks of incompliance and to ensure their readiness for the act, worked with a consulting company to ascertain local banks' readiness to comply by the American act.

He told participants that the ascertaining process went through two stages. The first was sending a questionnaire to banks that includes questions about procedures that banks adopted to ensure the compliance of them and of their subsidiaries with FATCA. Banks sent a detailed response to this questionnaire, he said.

The second stage consisted of visits to banks. Joint CBJ-consulting company teams paid visits to banks to ascertain the results of questionnaire and to review procedures taken in this regard. Each bank was provided with a detailed report of the results of the assessment process that includes detailed remarks of all aspects of FATCA's implementation, the sufficiency of those procedures and the aspects that still need to be addressed.

Currently, he said, a unified report is being prepared to evaluate the banks' positions in general based on the results of assessing procedures of banks as regards FATCA.

The deputy governor said that the Jordanian authorities decided to make each financial institution sign individually the FATCA. However, he added there are discussions among concerned authorities as to the possibility of entering into a government-IRS agreement.

On his part, ABJ General Director Dr. Adli Kandah said FATCA, which the American government endorsed in March 2010, compels American taxpayers with assets abroad to provide the IRS with a statement of those assets. It also compels non-American financial institutions to send reports on the financial accounts of American taxpayers or the entities for whom those taxpayers work directly to the IRS.

He explained the term of compliance as being that of financial institutions signing agreements directly with the IRS, or any government signing directly with the American government to act as a link between the country's financial institutions and the IRS.

The ABJ, he said, responded to FATCA by organizing a number of workshops to explain the law and its implementation in cooperation with outstanding companies like Deloitte & Touche. It also held a series of meetings with banks' senior and executive managements to explain the law, its implementation and the challenges it imposes.

Dr. Kandah said that challenges of compliance to FATCA are related to banking secrecy, closing down accounts of uncooperative clients, deductions and tax deductions made on uncooperative clients, in addition to the supervisory entities and raising the clients' awareness of the law and its implementations.

As regards the first point, Dr. Kandah said there is a conflict between FATCA and Jordanian laws, the banking secrecy issue in particular. Closing down the account of a client who refused to sign a written approval of disclosure of his/her financial statements to the IRS might be interpreted as illegal or arbitrary.

As regards closing down the accounts of uncooperative clients, Dr. Kandah said that FATCA does not force financial institutions to close those accounts. However, it imposes a 30% deduction fee on incompliance; therefore, most banks resort to closing the uncooperative accounts.

As regards the third point, Dr. Kandah said that the seizure and deduction of 30% of American income sources for uncooperative accounts and transferring them to the IRS is illegal and breaches local laws. In addition to this, there is no clear mechanism to identify American deductible sources of income according to FATCA.

Dr. Kandah said that the presence of financial institutions, which are subsidiaries to Jordanian banks, in countries that do not comply with the FATCA requirements could lead to considering all members of the financial group as uncooperative. The law also considers banks that signed with the IRS as agents for collection, the matter that might entail legal liabilities on the people who sign the agreement on behalf of the bank in case of non-compliance.

Supervisory bodies of financial institutions like the insurance and financial mediation companies are implied by the FATCA, yet the American authorities issued no instructions to this effect as regards the implementation of FATCA.

Dr. Kandah pointed out that updating the clients' data to ensure compliance with FATCA provisions made some clients close their accounts to open new accounts at banks that did not apply the amended forms according to FATCA provisions.

He called for raising awareness among clients as for the FATCA requirements so that it does not affect the client's relationship with the financial institution he/she is dealing with.

UAB secretary general Wissam Fattouh said the implementation of FATCA passes through two stages. The first is that the financial institutions acknowledge the law and register their names with it. The second stage entails sending information on the FI's American clients. This is the core of controversy.

He added that the exchange of information with the IRS is done either through signing a direct agreement with the IRS, or by the state creating a commission that represents the central bank, Ministry of Finance, association of banks and the anti-money laundering unit. This commission would sign directly with the US Treasury Department.

Fattouh said that the UAB prefers that signing happen between an official entity and the Treasury Department, instead of doing it individually by financial institutions.

Participants in the three-day conference came from Jordan, Saudi Arabia, Kuwait, Qatar, Yemen, Oman, Palestine, Lebanon, Syria, Iraq, Egypt, Sudan, Tunisia and Libya. Participants discussed issues of the final legislations and the executive procedures to implement FATCA. They also deliberated the legal challenges of FATCA, the manner of Arab governments and central banks' handling of FATCA and the policies, procedures and the link between compliance and FATCA's implementation mechanisms.

Head of investigations and legal affairs at Audi Saradar Group in Lebanon, Shahdan Jbeili, and the director of American tax at PWC Lebanon Mohammad Araji provided a detailed explanation of the final legislations and the executive procedures to implement FATCA. Jbeili also gave a lecture on the legal challenges relevant to FATCA, while Araji presented examples on FATCA implementation and the online registration at the IRS system.

ABJ General Director explained how Arab governments and central banks deal with FATCA, while barrister Dr. Paul Morcos from Lebanon explained the legal effects resulting from implementing FATCA. He also explained the legal nature of the act in question.

Business development director at Pio-Tech Zeina Haddadin made an intervention on the automation of work procedures to ensure compliance with FATCA. The executive director at Ernest & Young Hanan Shibli gave a lecture on FATCA: international government agreements and what comes after. The director of training and special researches on anti-money laundering at the Credit Libanais bank Aline Aziz gave a lecture on Links between compliance and FATCA implementation: Policies and procedures.

❖ ABJ participates in meetings of the national committee on community financial culture

The prime minister formed a national steering committee to oversee and implement a national program to spread financial culture in society. The committee is headed by the CBJ Governor Ziyad Fareez, while the members include ABJ Chairman of Board of Directors Bassem Khalil Al Salem and officials in a number of relevant parties.

The prime minister also formed a technical committee to prepare the national program to spread community financial culture that constitutes of ABJ General Director, and representatives of CBJ, MOPIC, Institute of Banking Studies and a number of official institutions and CSOs.

The ABJ Chairman of Board of Directors and ABJ General Director took part in the meeting of the two committees held at the CBJ on 21 July 2014.

The creation of the two committees is an indication of the CBJ's keenness on spreading and deepening the financial culture in the kingdom in a well-considered and wise way and to provide the necessary infrastructure to boost comprehensive and sustainable growth that will enhance financial, economic and social stability in the kingdom.

❖ ABJ takes part in preparing Jordan 2025 social and economic vision

ABJ Chairman of Board of Directors Bassem Khalil Al Salem took part in the meetings of the steering committee overseeing the preparation of an economic and social vision for 2025, to supervise making agendas for the next ten years and to endorse the final draft of the vision and the agendas. The prime minister heads the committee whose members comprise of a number of concerned ministers, members of upper and lower houses and heads of civil society organizations.

ABJ General Director, as a member of the working team on financial reforms and the team on the fiscal sector and financial services within the component of the economic development, participated at the meetings of technical and sectoral committees held by the CBJ to review strategies, reports, studies and initiatives and to have a say in making the future vision of the national economy in 2025, and the executive plans of this vision.

His majesty the King has directed the government to lay down a clear-cut future vision of Jordanian economy in the next ten years, according to a comprehensive framework that enhances the pillars of financial and fiscal policy and ensures their harmony, increases the economy's competitiveness, and enhances the values of productivity and self-reliance, until we reach the comprehensive and sustainable development.

His Majesty stressed in the letter that the success of the future vision depends on following a participatory and consultative approach with all parties: governmental institutions, parliament, private sector, CSOs and local communities. Success also relies on building on the institutional and accumulative efforts and studies such as the outcomes of privatization assessment committee, the governorates' development strategy and the national employment strategy, to benefit of them in drawing future economic and social policies.

❖ ABJ General Director takes part in FATCA meetings

ABJ General Director took part in the meetings of the committee formed by the prime minister to discuss the issue of compliance with FATCA at the MOJ on 22 July 2014.

The meeting discussed developments at the FATCA and the ABJ's efforts to inform concerned bankers and workers at financial institutions of the necessity of implementing the act and the necessary procedures to comply by the FATCA and the timeframe of its coming into force.

E. ABJ Publications in 2014

The ABJ issued the following publications in 2014:

❖ **The annual report:** the ABJ published its annual 36th report of 2013. It discusses the developments in the banking sector in 2013 in terms of liquidity, assets, liabilities and capital. It also included the banks' comparative performance analysis, the new banking services introduced in 2013 and the developments in human resources of banks and the number of branches in the kingdom. The report also shed light on the prospects of world and regional economy and a summary of the national and world economic developments and the most important ABJ activities during the said year.

❖ **A guidebook to banks in Jordan:** The ABJ published in 2014 the 10th guidebook to the banks in Jordan. It included a comprehensive and invaluable amount of information on banks in Jordan, including an overview of each bank; names of head and members of board of directors of each bank and the senior executive management; an overview of the most important services offered by each bank; and, the number of employees by the end of 2013. The guidebook also included statements of the financial position and the income statement of each bank for the last three years 2011-2013, in addition to data on geographical distribution of banks inside Jordan, including addresses of branches and contact information. The guidebook has three main chapters on Jordanian commercial banks, Islamic banks and foreign commercial banks working in Jordan.

❖ **ABJ series of booklets:**

-**Booklet No. (1):** The two speeches of HE Bassim Khalil Al Salem, chairman of ABJ's board of directors, and of HE Dr. Ziyad Fareez, CBJ Governor in the annual meeting of the banking community with the CBJ Governor.

-**Booklet No. (2):** Comparative performance of banks operating in Jordan in 2012 and 2013.