



ABJ's Activities in 2015





The Association of Banks in Jordan (ABJ) continued in 2015 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 2015 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 2015 a number of publications, reports and studies that relate to Jordanian banking system.

Hereunder are the most outstanding ABJ activities in 2015:

A. Meetings of ABJ's committees

ABJ's Legal Committee convenes to discuss the SSC's letter

The ABJ's legal committee held on 22 Dec. 2015 a meeting to discuss a letter addressed by the CBJ Governor Dr. Ziyad Fareez. The letter called for banks working in the kingdom to coordinate and consider Social Security Corporation's demand to come out with a means of cooperation to solve the issue of the pension salaries that the SSC pays unrightfully to pensioners and their heirs in case of death, and banks' refusal to return them to the SSC without the client's approval. The committee came up with a unified recommendation that it sent to the CBJ.

ABJ's Legal Committee discusses draft instructions of banking services to people with special needs

The ABJ's legal committee held on 23 Dec. 2015 a meeting to discuss "the draft instructions of banking services offered to people with special needs" that the CBJ sent earlier. The meeting aimed at coming up with unified remarks to be sent to the CBJ. However, it discussed remarks of member banks and formed a committee of banks to come up with approved-of remarks and send them to the central bank.

ABJ's Legal Committee discusses MoU to be concluded with the ISTD

The ABJ's legal committee discussed in a meeting held on 4 June 2015 the remarks of the CBJ's Legal Consultations Bureau on the Memorandum of Understanding to be signed between banks and the Income and Sales Tax Department (ISTD) on electronic attachments and detachments. CBJ representative and ISTD's advisors attended the meeting. The MoU aims at easing procedures of attachment and detachment on accounts of corporations and individuals indicted in income or sales tax lawsuits.



ABJ holds the first FATCA Consultative Committee

FATCA Consultative Committee held its first meeting attended by the ABJ's general director and representatives of member banks on Wednesday, 3 June 2015.

The ABJ's general director said that setting up a consultative committee for FATCA is an important development in the ABJ's work. It demonstrates the ABJ's keenness on following up developments in implementing FATCA by banks working in Jordan. The decision to create a consultative committee overlooking the implementation and developments in FATCA was taken by the ABJ's board of directors. Other purposes to create the committee include providing consultancy to member banks, answer any inquiries they might have in implementing the Act and exchanging expertise among the members.

The meeting discussed the most important developments in FATCA and the measures taken by banks in Jordan to comply by it. Committee members elected a mini-committee composed of 6 to 7 members to undertake all tasks of the Consultative Committee on FATCA.

B. Other meetings

Banks-insurance companies committee formed to discuss issues of mutual interest

ABJ's and JOIF's boards of directors held a meeting on 13 July 2015 to discuss issues of mutual interest. The two sides, the ABJ and the Jordan Insurance Federation (JOIF) formed a committee to discuss a range of issues of mutual interest and submit recommendations on them.

The meeting also discussed enhancing cooperation between ABJ and JOIF, in addition to banks' experience in dealing with the legal interest rate specified at 9%, loans insurance (houses, cars, businesses) at the full value market and not at the value of the loan, and abiding by the international terms of the insurance.

It also discussed cooperation in the training field and the JOIF's readiness to carry out joint programs with the ABJ on insurance issues, enhancing banking insurance, documentary credits insurance and respecting special conditions between the bank and its clients such as the condition on exemption. It highlighted the issue of not to ask insurance companies to accept reservations provided on shipping policies, and committing clients to ship in new ships.

Joint committee between ABJ, insurance companies to enhance bilateral cooperation

Chairman of ABJ's board of directors Marwan Awadh said the ABJ's meeting with the JOIF's board of directors is a positive step to be in touch with the other sectors that the ABJ affects and is affected with and to discuss issues of mutual interest.

Attendees decided to form a committee encompassing both parties. The ABJ's and JOIF's general directors are constant members with another two or three members nominated by the ABJ and similar members nominated by the JOIF. The purpose of this committee is to study proposed items and provide



joint recommendations submitted at the subsequent meetings of the board of directors for approval.

As regards items of enhancing cooperation between the two parties, cooperation in training and JOIF's intention to carry out joint training sessions and programs with the ABJ in various insurance issues, the boards of directors decided to sign a separate MoU to this effect.

The meeting also tackled the issue of handling the legal interest rate of 9%, loans insurance (houses or cars; properties or businesses) at the full market value and not at the value of the loan, insurance on documentary credits. It also highlighted the importance of providing insurance companies with all information relevant to DCs and insured goods, the quality of packaging of goods and endorsing certain companies for pre-shipping goods inspection and ascertaining that the goods' description is as agreed upon with clients.

The meeting further discussed abiding by the international terms of the insurance, especially the institute cargo policy. It called for an end to demands of their cancellation such as the ISM Code & ISPS Code, and the condition on the ship classification, and not designating specific insurance companies by banks to insure DCs, leaving it to the client to get the required insurance policy from his/her insurance company, and enhancing bancassurance.

Banks had suggested a number of proposals that included laying down joint working mechanisms by virtue of which insurance companies inform banks (which are first beneficiaries of the assigned insurance policy) in case of amendment or non-renewal of insurance policies. They also suggested that the Vehicles Licensing Department does not renew the licensing of any assigned car unless it is fully insured, taking into consideration that the insurance value is not less than the annual depreciation rate that is better specified by the JOIF.

Banks also proposed concluding an agreement between banks, insurance companies and Vehicles Licensing Department, pursuant to which banks are automatically provided with periodic information on cars assigned to banks that are not fully covered with insurance. In such an arrangement, banks are able to follow up with their clients to get full insurance to cover the remaining loan value in case the vehicle is subject to an accident not covered by the third party insurance. Banks currently get full insurance coverage for one year when they give the loan, although many clients do not renew the full coverage insurance when its term ends because it is expensive compared with the insurance against a third party. The meeting also discussed the government's intention to liberate rates of compulsory insurance.

Furthermore, attendees underlined compliance with CBJ's circular # 10/2/11462 dated 5 Oct. 2004 on marine security provisions for ships according to the terms of the International Convention for the Safety of Life in Sea and the International Ship and Port Facility Security (ISPS) Code. The provisions were issued by the board of directors of the Jordanian Marine Authority. The meeting insisted on adding the clause of ISPS code to issued DCs to safeguard the national interest and avoid delays affecting goods in ports as the ISPS Code enables marine authorities to prevent any ship from entering the port in case of non-compliance to the conditions of this Code.

The meeting called on banks to clarify their position in case their clients asked for the cancellation of



the afore-mentioned certificates (the ISPS and ISM Code certificates), accompanied by the No Objection certificate provided by the companies to approve the cancellation of the term on those certificates required for issued DCs. It should be understood that the Jordanian marine authorities require those two certificates for commercial ships and they might violating ships from entering ports according to article # 35 of the Jordanian marine Law and decision #1 of 2004.

Attendees called for coordination with JOIF to hold training courses for bank employees as regards technical issues of all types of insurance policies, enhancing cooperation between the two sectors and providing comprehensive services to clients by introducing a variety of bancassurance products that are prone to relate needs to the clients' income level. These products can be distributed and sold via banking channels that can access new and wide segments of clients, including insurance on risks of bad debts. They also demanded coordination between the two sectors to create qualified and efficient personnel capable of marketing bancassurance product.

The meeting also discussed means of increasing insurance culture in social and economic spheres, increasing the efficiency and promptness of approval procedures of the insurance companies, especially as regards life insurance on clients with housing loans. It called on the insurance companies to demand the safety code to carry goods and passengers in ships to reduce financial losses in case there is damage in the shipped cargo.

The meeting further discussed ways of reducing delays in insurance companies' delivering insurance policies of DCs to banks, as the delay period might reach 10 days, which might cause a loss in the shipped goods not covered by insurance.

C. Seminars, lectures and training courses

1) Workshops

The ABJ held the following workshops in 2015:

Workshop on out of court settlements in Jordan



The ABJ, in cooperation with the IFC, held a training program on Out of court settlements in Jordan. Specialists from the legal departments in banks attended the two-day workshop held at the ABJ's offices between 23 and 24 Nov. 2015.

The workshop aimed at informing participants with principles of the successful management of out of court settlements. The program of the workshop included an overview of the principles of out of court settlements, challenges and advantages relevant to the good implementation of those principles in Jordan, and a package of lectures, group exercises, case studies and role-playing activities.

Workshop on financial institutions' good governance



The ABJ and the Arab Egyptian Land Bank (AELB) organized a workshop on Good Governance in Financial Institutions. The member of board of directors of AELB/ head of internal revision committee



Mahmoud Asaad Abdel Latif and a number of specialists from banks in Jordan gave lectures in the workshop that was held on 4 Nov. 2015.

Workshop on Corporate Governance: the Path for integrity and transparency

The ABJ and the American Anti-Corruption Institute (AACI) organized a three-day workshop on Corporate Governance: the Path for integrity and transparency.

The workshop, held between 7 and 9 June 2015, aimed to highlight governance and compliance by rules and principles that companies should follow to have a better performance.

The workshop also aimed at enhancing the proper understanding of differences between governance and management, the critical and decisive role required from the board of directors in designing and implementing governance and responsibilities it is entrusted with, in addition to grasping the major differences between the efficient and inefficient implementation of governance.

The workshop further answered questions on how the efficient governance of businesses can play a critical role in enhancing integrity, transparency and preventing corruption.

Workshop on Enterprise Project management

The ABJ, in cooperation with the Make it Work organization for Consultations, organized a workshop on Enterprise Project management on 1 June 2015. The executive president of the organization, Jorge Vaz Girao, gave lectures to participants from banks working in Jordan.

Workshop on developing energy sector's project

The ABJ and the project of developing energy sector in Jordan, funded by the USAID, organized a workshop on the project. A number of higher management representatives from banks working in Jordan attended the workshop.

The ABJ general director Dr. Adli Kandah said Jordanian banks benefited of all programs in Jordan in cooperation with a number of government and private sector institutions and international funding institutions concerned with green energy projects.

Banks support investments of homes and businesses concerned with equipment that are energy efficient through their banking products and solutions, he added.

Kandah confirmed that banks welcome any new ideas that help to make loans more attractive to wider sectors in this field.

On its part, the expert of the project and a specialist in energy efficiency projects Thomas Dreessen said the energy services companies and consumers work to provide money to buy more efficient lighting, air-conditioning and ventilation equipment. However, their inability to get financing from banks is a hindrance.



Dreessen gave suggestions on financing energy efficiency projects, saying they are prone to facilitate the financing process as well as the borrowing process of customers. He mentioned in this concern increasing the period of settlement to decrease the value of monthly installments, increase the windows of borrowing and reduce or even cancel the need for additional collaterals.

It is worth mentioning that the project of developing the capacity of energy sector offers help to the government, the private sector and the different energy commissions to adopt projects for renewable energy and energy efficiency.

2) Training courses and programs

The ABJ organized in 2015 the following training courses and programs:

Training course on CBJ instructions on bad debts and debt rescheduling and restructuring

The ABJ organized a specialized training course on CBJ instructions as regards bad debts and ways of rescheduling and restructuring debts of banks.

HE Salem Khazaaleh lectured in the course that took place between 14 and 16 June 2015.

Course on instructions of dealing in a fair and transparent way with clients in Zarqa

The ABJ held a specialized training course on CBJ instructions of dealing in a fair and transparent way with customers. The course was held at the Zarqa Chamber of Industry on 16-18 March 2015.

HE Salem Khazaaleh gave lectures in the course attended by bankers and representatives of the commercial and industrial sectors. Khazaaleh discussed the importance of CBJ instructions, especially as they enhance values of treating customers in a fair and transparent way, and the importance of bank services and products having clear and explicit qualities and conditions that enable bank customers to understand the qualities, advantages and risks of products offered to them.

Training program on The Comprehensive Security Program for Bank Employees

The ABJ held on 7-9 June 2015 at its headquarters a specialized training program on The Comprehensive Security Program for Bank Employees. The ABJ advisor on combating financial and banking crimes was the lecturer in this course.

In the backdrop of this program is the interest of banks and financial institutions to improve the level of their banking security and fortify them against attempts to commit financial crimes from within. This concern is becoming increasingly greater as technological developments provided new tools at a comparatively low cost that facilitate committing such crimes against banks.



The program concentrated on the different components of banking security, financial crimes and fraud operations that target banks so that participants fully grasp those challenges and the new developments in fighting them.

The program's agenda included risk management of fraud in banks, fraud operations against banks' elderly customers, fraud and hacking of bank online services, fraud in ATMs and selling points equipment. It also included unveiling the forgery and counterfeit in banknotes, fraud and forgery of checks, passports, IDs and banking and official instruments, fraud of changing the bank account number of importers and forged invoices, and stealing bank customers.

Course on instructions of dealing in a fair and transparent way with clients

The ABJ held a course on CBJ instructions of dealing in a fair and transparent way with customers.

Former Minister of Industry and Trade and banking expert, HE Salem Khazaaleh, gave lectures in the course to a number of employees of banks in Jordan.

The course's agenda included issues of the rules, legal, regulatory and procedural aspects in the Central Bank of Jordan law # 23 of 1971 and its amendments, and Banks' law # 28 of 2000 and its amendments relevant to banks' operations in handling the relationship with customers.

Khazaaleh reviewed the legal, procedural and practical aspects provided for in the CBJ instructions; the orders, circulars and memos of the CBJ relevant to treating customers in a fair and transparent way that bank employees should abide by before executing any banking transaction, giving credits, signing, renewing, executing and terminating bank contracts.

The course included transparency and rules and conditions of retail portfolio; bank's duties after the client signs the contract; bank's duties in case the granted credit is given pursuant to a credit card, and the commission rate and fees. It further discussed dormant accounts; information and documents that a bank should provide the customer with; way of documentation; monitoring requirements that the bank should comply with vis-à-vis the CBJ as regards the instructions of dealing with customers in a fair and transparent way.

The agenda also explained the legal, contractual and monitoring consequences of non-compliance; the duties of banks and their employees; violations and penalties on breaching duties. The lecturer explained means and ways of dealing with CBJ's instructions, memos and orders.

The course aimed at deepening the participants' knowledge of CBJ's instructions, memos and orders relevant to Instructions to Dealing in a Fair and Transparent Way with Customers # 66/2012 and their amendments, the practical, procedural and legal aspects of them, especially those relevant to bank operations, granting bank credits, bank contracts, taking collaterals and their effect in protecting banks' rights.

It also extended participants' knowledge of the effects, consequences and risks resulting from



violating CBJ's instructions, memos and orders relevant to this issue. It also raised the efficiency of employees in banking operations, giving credits and managing bank contracts in terms of dealing with CBJ instructions, and incentivized participants to detect and identify the points that should be complied with in the different bank contracts, build a basis of reference points relevant to CBJ's instructions that the bank should periodically review. Furthermore, it deepened the participants' knowledge of drafting special terms in bank contracts to be in line with the CBJ's instructions and orders. In addition to that, the course gave participants the ability and knowledge necessary to those who work in corporate credits to assess the bank's position in light of the requirements mentioned in the CBJ's instructions, memos and orders.

Training course on negotiation skills in collecting, handling bad debts

The ABJ organized a training course on Negotiation skills in collecting and handling bad debts.

The course, which was carried out by Dr. Mohammad Othman, took place on 13-17 Sep. 2015 at the ABJ's building. Participants were employees in the credit departments of individuals and corporates, SMEs, monitoring and credit revision departments, collection departments, credit risk management, customer service and legal departments.

The course aimed at providing participants with the technical skills necessary to collect bad debts and ways of identifying bad debts and loans that could face problems or accounts that need maintenance. It also provided them of finding the right case-by-case solutions and handling.

The course was also designed to raise the efficiency of collectors by using methods and techniques that enable them to reach the appropriate settlement to collect debts. It also meant to make a link between the skills of a good negotiator and his/her ability to collect bad debts with efficiency and competence, and to inform participants of how to pre-plan to increase the competence of collecting troublesome debts.

Dr. Othman provided participants with skills to understand factors that enhance the success and competence of negotiators in collecting bad debts, as well as with the necessary ways to be followed to curb the bad debt phenomenon, whether through follow up and monitoring of debt before it goes badly or by getting early alarm signals of bad debt. He also equipped participants with ways and methods of calculating the non-performing debts allowance.

The course included lectures on the role of negotiations in collecting bad debts; the concept of negotiations; the types and forms of negotiations and the ability to collect bad debts through a planned process of negotiations. It also handled the good and successful planning of negotiations; preparing for negotiations as an important tool in collecting bad debts; factors that boosts successful negotiations to collect bad debts; methods of negotiations to collect bad debts; and, the key skills that the negotiator should have to collect bad debts.

The course also handled bad debts and loans; concepts linked to bad debts; monitoring, follow-up and revision; classification of bad debts and loans; methods of handling and settling bad debts; calculating non-performing debts allowance; and, suspension of interest and commission rates.



Course on CBJ Instructions on internal and external financial transfers

The ABJ organized a training course on CBJ Instructions on internal and external financial transfers, clients and inter-bank electronic transfers, and their risk management.

Specialists in executing and following up internal and external transfers, electronic operations, compliance, internal auditing and revision and legal departments participated in the course that took place on 16 Dec. 2015 at the ABJ headquarters.

The lecturer, HE Salem Khazaaleh, reviewed the rules and legal, regulatory and procedural aspects in CBJ Law # 23 of 1971 and its amendments, and Banks' law # 28 of 2000 and its amendments relevant to banks' operations in this field.

Khazaaleh reviewed and clarified the legal, procedural and practical aspects provided for in the CBJ instructions; the orders, circulars and memos of the CBJ relevant to local and external bank transfers and electronic transfer of money, whether it concerns clients or mutual inter-bank operations, that the bank and its employees should comply with in executing any of these transactions. This is especially true in the case of the CBJ regulations to facilitate money transfer among banks, the real time gross settlements (RTGS).

The lecturer also tackled the IBAN issue in money transfers and procedures of the immediate electronic implementation; instructions on electronic money transfer and instructions on banks' electronic implementation of their work. The agenda also included clarifications of principles of risk management of electronic banking; money laundering and terrorism combating; cases relevant to bank transfers and the types of local, external and electronic money transfers; monitoring guidelines in light of CBJ instructions in this regard; and the instructions on the contingency plan of continued work.

The course tackled the legal, contractual and monitoring consequences and the duties shouldered by banks and their employees; breaches and penalties thereon, as well as explanations of means and ways of dealing with the CBJ instructions, memos and orders.

Lecture on the importance of technical analysis

The ABJ organized with the Masaken Capital (Borsa Code) a lecture to educate on the importance of technical analysis in financial markets. Senior officers in the investment units, investment portfolios and risk managements at banks in Jordan attended the lecture that was held on Monday, 23 Feb. 2015 at the ABJ building.

Certified financial technician Mohannad Ereqat of Masaken Academy focused on the importance of technical analysis in managing investment portfolios of shares, currencies and metals to make profit and avoid risks. The lecture also included an introduction to technical analysis, definition of technical analysis and its elements, the inclusivity and resilience of technical analysis, and practical applications of the future of banking sector rates in Jordan.



Lecture on governance role in fighting corruption

The ABJ, in cooperation with Albatross Institution and AACI, organized a lecture on Corporate Governance: Path to integrity and transparency.

The lecture aimed at enabling mid and higher management and decision takers to develop their skills and knowledge relevant to prevention of corruption and fraud. Such knowledge and skills would contribute greatly to the success of the institution they run.

The lecture, introduced by the MENA technical Consultations Department of the AACI Mike Masood, handled the definition of fraud and corruption, the socio-economic cost of corruption; the extent of corruption in institutions; the role of members of board of directors, and the board's auditing committee and the executive management in preventing and detecting fraud and corruption. It also touched upon ways of preventing corruption in institutions, raising awareness of dangers of corruption, and the skills, knowledge and competence necessary for corruption and fraud detection and preventing.

The lecture described the dangers of corruption as being an enemy. It focused on the internal culture of institutions and their system of values. It further presented a model for the effective administrative management to prevent corruption, and discussed the impact of laws on preventing corruption.

Representatives of banks, corporations, public and private institutions, money laundering combat unit, anti-corruption commission and the Jordanian Transparency Center attended the lecture.

A session to introduce housing program

The ABJ, in cooperation with UN Habitat, organized on 2 March 2015 a session on the Jordan Affordable Housing Programme that the UN agency proposed with the Ministry of Public Works and Housing.

A number of representatives of banks working in Jordan attended the session held at the ABJ's headquarters, where they listened to the programme's concept and the advantages it offers in terms of good housing for the right price.

3) Seminars, forums and assemblies

The ABJ held the following seminars, forums and assemblies in 2015:

The ABJ organizes the 4th corporate responsibility forum

The ABJ organized the Fourth Corporate Responsibility Forum, on Sunday, 4 Oct. 2015.

Banks working in Jordan participated in the forum held under the sponsorship of CBJ Governor Dr. Ziyad Fareez.



The forum handled the latest developments in corporate responsibility at the local and global fronts, the corporate responsibility of commercial and Islamic banks working in Jordan, reports on corporate responsibility according to international standards and the experiences of a number of banks in Jordan, whether commercial or Islamic, and the experiences of strategic partners of banks.

Dr. Fareez said the concept of corporate responsibility has become an institutional cultural and approach for organizations and institutions, and one of the indicators of sustainable development they adopt.

The Jordanian banking system, he added, is doing a good job in terms of customer service, contribution to the development process and raising banking awareness.

CBJ Governor praised efforts of Jordanian banks to take part in various social and humanitarian initiatives, especially in light of the setback in the national economy performance. He mentioned in this regards the quality initiative of founding the Scholarships Fund of Martyr Pilot Muath Kassassbeh, calling however on banks to multiply their efforts and allocate more funding to social responsibility programs and initiatives, thus making social responsibility an integral part of the bank's strategy that reflects on its banking reputation and operation.

Fareez underlined the need to boost corporate responsibility efforts and focus on the priorities required by the stage through which Jordan passes because of regional turmoil and increased pressures of poverty and unemployment. In this way, he stressed, we can reach a genuine and true partnership and achieve the desired goals of partnership.

Fareez called for drawing a framework for social responsibility in the kingdom that could become an umbrella for all public and private companies and institutions that institutionalizes social work. Such a step would lead to more coordination in identifying priorities and key initiatives so that better results are achieved.

Vice chairman of ABJ's board of directors Moussa Shehadeh said the forum is an annual initiative of the ABJ considered as an event that highlights and boosts the roles that the social corporate responsibility of banks plays in Jordan, considers its achievements and approaches, exchanges experiences and expertise, and discusses ways of stimulating those roles.

The concept of corporate social responsibility, he went on to say, requires companies to strive to achieve their economic interests as well as the interests of their partners, being shareholders, consumers, workers, creditors or suppliers. It also requires respect of social values and customs that is reflected in the work's code of ethics, and compliance by legislations that govern their work.

Shihadeh stressed that social responsibility compels companies to go beyond concepts of contributions and charity to reach a more comprehensive level that reserves them a place in the active participation in various national development programs.

Corporate social responsibility is characterized by its voluntary nature, he pointed out, saying that companies practice it because of their sense of belonging and citizenship that is part of their moral and



ethical obligation to society.

Although companies in Jordan have gone a long way in practicing their social responsibility, yet, he added, their roles are below expectations. Therefore, he called on the private sector to be a true partner of the public sector in advancing social and development goals in light of the increasing burdens that the government suffers from.

Corporate social responsibility of banks has different facets, he pointed out. Banks disclose their financial results and annual statements; they offer a comprehensive variety of services, products and banking solutions and adopt the latest technological products in their field; they greatly comply with all legislative requirements and support national economy by contributing to the sustainable and comprehensive economic development. Banks also hired 20 thousand male and female employees and trained about 43 thousand employees in 2014, he added.

Shihadeh drew attention to key activities that banks performed as part of their corporate social responsibility in 2014. Activities include taking part in the CBJ's project of raising community awareness of financial culture that it has backed with 6 million JDs, donating rehabilitated old computers by Talal Abu Ghazaleh Group to charities and development centers in the less fortunate areas. Banks have an annual contribution to the Goodwill Campaign of Jordan Hashemite Fund for Human Development, Al Hussein Fund for Innovation and Excellence and Al Aman Fund for Orphans.

On his part, the ABJ general director Dr. Adli Kandah said in a working paper presented at the forum that the total amount of money that banks working in Jordan spent on social responsibility activities in 2014 reached 43.2 million JDs, with an increase of 8% compared with the year before, 2013, which registered an expenditure of 40 million JDs.

Kandah stressed that the concept of corporate social responsibility, in which banks believe, is a comprehensive one that embraces all economic, humanitarian and social sectors in the kingdom. Banks' contributions in social responsibility takes two forms, he said, one is the joint initiatives that banks launch collectively such as Martyr Pilot Muath Kassassbeh Scholarships Fund. The other form is individual initiatives, as banks in Jordan are reputed for the size and number of individual initiatives they take according to their own approaches in different fields.

Kandah said supporting cultural, social, economic and national institutions grasped 27.4% of total amounts expended on social responsibility initiatives in 2014. Support for environmental, tourism and religious fields accounted for 15.37%, education's share of support amounted to 4.37%, support to sports and health fields amounted to 3.2%, development and fighting poverty had 1.54% and cultural, artistic and professional fields had 1.26% of total social responsibility expenditure.

Banks also directed sums of money to initiatives relevant to women, children, social services and charities and persons with special needs.

Disclosure of social responsibility activities is a voluntary action of companies that could take the form of sustainability report or they can be included in their annual financial statements.



The high degree of transparency that banks in Jordan practice through the disclosure and periodic announcement of their financial results and annual work is the core of their social responsibility, he stressed. This helps to judge banks' commitment to different beneficiaries, whether they are shareholders, employees, treasury, local community or others, he explained.

Dr. Kandah pointed out that many banks in Jordan issued the sustainability report, which illustrates the bank or company's performance in the field of sustainable development and covers bank's contributions to economic, environmental and social fields.

ABJ holds a seminar on financing windows to renewable energy projects, efficiency

The ABJ organized in cooperation with the Ministry of Energy and Mineral Resources' (MEMR) Fund for Renewable Energy and Energy Efficiency a seminar on creating different financing windows for renewable energy projects and energy efficiency at the ABJ's headquarters on 19 Aug. 2015.

The seminar, which was attended by numerous bank representatives, aimed at informing banks with the Fund's goals and the strategic plan to achieve them. It also aimed at promoting banks' current products and the products to be offered soon, the innovative ideas of new products in this field and money, from the CBJ or international institutions, allocated for lending to renewable energy products in banks.

ABJ general director Dr. Adli Kandah highlighted the importance of the seminar, as the energy sector is a key component to different economic sectors. The energy bill, he added, is a great challenge and an opportunity for Jordan at the same time. The hikes in energy bill compelled the government to draw a strategy to diversify energy resources and look for renewable resources of energy like wind and solar energy.

Kandah pointed out the aspects of the banks' interest in the energy sector. The first reason is that banks enter into new big renewable energy projects concerned with producing wind and solar energy with tens of millions of dinars provided to those projects, and banks are ready to expand in this regard.

The second aspect is the banks' interest to create a company they themselves own to generate electric energy out of solar energy. They conducted feasibility studies that underlined the feasibility of such a project. However, banks faced the problem of choosing the right site for the plant, in addition to the limited capacity of the present electric grid.

He expressed hope that those two problems are dealt with promptly so that banks can go on in founding the company.

The third aspect of this interest is financing individuals and SMEs that want to establish companies to make use of solar water heaters.

He pointed out the CBJ's instructions to give mid-term grants to licensed banks # 54/2011 and their amendments. The CBJ also provides mid-term financing to licensed banks to relend economic sectors, including the solar energy, the wind energy sectors and energy efficiency projects within the instructions of to give mid-term grants to licensed banks, that include Islamic banks.



On his part, Renewable Energy and Energy Efficiency Fund's director Rasmi Hamzeh said the fund is considered the executive arm of MEMR. It works under an approved working plan of 2015-2018 that targets many sectors, including houses and hotels, government buildings and SMEs. It provides help to coordinate and support HM the King's initiative to heat schools and provide them with solar energy.

The fund, he said, is carrying out projects that target segments backed in their electricity consumption, which are houses all over the kingdom. The fund, he added, was able in no time to attract the attention and interest of donors to carry out strategic projects in cooperation and partnership with the fund.

The projects, he said, include the initiative on communities contributing to energy efficiency, in cooperation with the Jordan River Foundation. The initiative managed to install 2500 solar water heaters in various governorates of the kingdom. The number of solar water heaters is expected to reach 5000 heaters sold on the basis on the revolving loan through beneficiary organizations.

Hamza pointed out that the fund began to distribute 51 energy saving bulbs in the areas affected by the Syrian refugee influx. Ikea Company provided the bulbs. The fund is currently carrying out the project of installing solar cells on rooftops. The project's bid was announced last June. The capacity of this project, implemented in cooperation with Mercy Corps and local NGOs at the revolving loan basis, ranges between 600 and 700 k-wat.

The fund also develops programs and mechanisms to help target groups get the necessary fund to implement renewable energy projects and energy efficiency equipment from banks and donor institutions and programs, local and international.

Hamza added that the fund supports interest rates due on the fund's projects financed by banks, especially the energy efficiency program. In addition to that, the fund is due to launch a comprehensive national project to install solar water heaters for houses all over the kingdom. The fund, in cooperation with relevant parties, is currently preparing the tender's documents because the project is supposed to be carried out in cooperation with a number of financing institutions.

The fund also plans to install LED bulbs in houses in cooperation with electricity distribution companies in different regions of the kingdom, as a measure to make energy consumption more efficient, thus reducing the burden of the monthly electricity bills on citizens.

Hamza told participants that the fund also provides different financing programs in cooperation with international donor programs and institutions, and local institutions that include electricity distribution companies, micro-finance institutions and local CSOs. It also practices risk guarantees or credit in coordination with the different financial windows.

He stressed that the fund, as part of the financing programs it implements, takes part in supporting innovative and creative ideas, as well as participation in the working capital of technological start-ups that provide a creative added value to renewable energy and energy efficiency.

The fund's mandate also includes, he added, providing grants to projects relevant to the fund's goals.



It also pays for auditing costs of energy, costs of economic and financial feasibility studies of renewable energy projects and energy efficiency projects and the public campaigns to educate, train and raise awareness of renewable energy and energy efficiency.

The Renewable Energy and Energy Efficiency Fund was established by virtue of article 12 of the Renewable Energy and Energy Efficiency law # 13 of 2012. The bylaws of the fund # 49 of 2015 were issued according to the same law.

Forum to run talents of 2015

ThinkHR Company, in cooperation with the ABJ, organized the first forum to manage talents of 2015 under the title of Managing talents and the functional planning from theory to practice.

The forum, held at the Dead Sea shores on 5-7 Nov. 2015, discussed ways of implementing practical steps to run talents by detecting, selecting and attracting talents and means of laying down development plans for those talents.

As regards employees, the forum discussed the assessment of employees' performance, how to identify their potentials and competencies; bases of giving promotion, compensation and ways of keeping employees with the best performance and developing them as well as developing employees of mid-level performance.

The three-day forum handled ways of following up employees with the best performance so that they can best contribute to achieve the bank's mission and vision, in addition to means of acting decisively with employees of low performance.

D. Other news and activities

The CBJ Governor's annual event with bankers

The ABJ carried out on its annual tradition of bringing together the CBJ governor with bankers at the association's headquarters in Amman.

CBJ Governor Dr. Ziyad Fareez and chairpersons of boards of directors, executive presidents and general directors of banks working in Jordan attended the gathering.

The ABJ announced in this gathering the launching of a scholarship fund named after Martyr Pilot Muath Kassassbeh, in recognition of his sacrifice in defending the homeland and in appreciation of what the Jordanian armed forces and the Jordanian people do.

CBJ Governor Dr. Ziyad Fareez praised the ABJ initiative saying it is part of the banking sector's efforts to develop society and express its internal solidarity. He further expressed appreciation of the ABJ's role in advancing banking in Jordan, extending his thanks to the ABJ Chairman Bassem Khalil Al Salem for the efforts he exerted during his term as a chairman.



Fareez reviewed developments in the banking and financial fields in Jordan in 2014, saying that banks' performance was good despite the prevailing situation in the Middle East.

The total assets of banks, he said, grew by 4.9% to reach 44.4 billion JDs. Credit facilities granted by banks grew by 5% to reach 19.2 billion JDs, with a decrease of 6.2% in the ratio of non-performing facilities to total facilities, compared with 7% in the year before, 2013. Clients' deposits witnessed a growth of 9.7%, reaching 30.3 billion JDs; there is 6.2 billion JDs of them in foreign currency.

Fareez highlighted the unique example that the government and the private sector had been able to make in the past few years in terms of identifying challenges and finding ways of facing them. This was possible, he said, by adopting transparency and direct and tough talk, the matter that had a big impact on making the national economy overcome the difficulties imposed by regional and international negative developments.

The governor confirmed the recovery of Jordanian economy, saying there is a reinforced trust in its being a friendly environment for investments that stimulates economic growth.

Fareez stressed the improvement in economic indicators as the national economic reform program is approaching its end. This, he added, is an indication that the program achieved its goals, as public finances deficit decreased to 3.5% of GDP in 2014, compared with 8.3% of GDP the year before. NAPCO's losses decreased almost by 50%, the current account deficit improved because of the improvement in tourism income revenues and expatriates remittances, in addition to the increase in foreign investment flows. All of those factors made the foreign reserves reach comfortable levels that cover 7 months of imports of goods and services.

Fareez pointed out to a new national reform program due to be concluded with the IMF as an extension of the current program.

The governor went on to say that the monetary policy had been able during the past few years to achieve its goal of maintaining monetary stability. The CBJ, he added, reviewed the operational framework of monetary policy in two stages. The first was in 2012 to create instruments that pump liquidity in economy in anticipation of the economic burdens created by the large influx of Syrian refugees, the accelerating rise in imports bill and the great deficit in the budget and the current account, accompanied by scarcity in liquidity available for lending that targets different economic activities. Money pumped into the banking market to finance various economic activities amounted to 2.4 billion JDs. In the second stage that we embarked recently into, he went on to say, monetary stability would continue to be one of the key goals of monetary policy. Other goals include helping banks to use their available financial resources instead of them being stagnant and unused liquidity, especially by the private sector.

Assured by the constant positive developments in the various economic indicators, Fareez added, the CBJ reduced the main interest rates of monetary policy, twice in 2013 and twice in 2014 at the average of 125 base points.

However, banks' response to these measures was not as desired in terms of the granted credit facilities. This, he stressed, propelled the CBJ to develop instruments that help banks to boost their competence



to run their liquidity in a more efficient and capable way. The efficient management of liquidity would insure banks could meet their operational needs and provide the growing financing needs of the different economic sectors. The new framework of monetary policy provides the CBJ with sufficient resilience to manage monetary instruments in a way that achieves its goal of maintaining monetary stability, he stressed.

The monetary policy review, he pointed out, included adopting a main interest rate that becomes a reference rate for the purposes of running monetary policy. It is called the CBJ's main interest rate based on which the interest rates of other monetary policy instruments would be determined. Currently, this represents the interest rate of repurchase agreements for one week, which is 2.75%.

Such a measure, he said, aims at giving clear signals on the position and approaches of monetary policy as regards monetary and economic developments at the local and international levels and enhance inter-bank competition, in addition to developing instruments of running liquidity so that banks could run their liquidity with high efficiency and competence.

Fareez explained that the recent CBJ decision to reduce interest rates by a quarter-percentage point is based on the continuous and positive developments witnessed by the national economy. Indicators say that economy is registering comfortable levels of foreign currency reserves; there are forecasts of continued regression in current account deficit, continued regression of inflation rates, to create an environment that triggers economic growth to achieve desired and sustainable growth rates.

The governor stressed the CBJ would continue to monitor and follow up all economic developments in the national economy at the internal and external levels alike.

On his part, ABJ chairman of board of directors Bassem Khalil al Salem said this annual gathering indicates the ABJ's keenness of making a reunion of the banking family. In such reunions, he added, we exchange points of view, consider developments of national economy, anticipate developments and approaches in monetary policy and discuss the most important issues and challenges facing banks and economy in general.

Al Salem highly appreciated Jordanians' firm stand behind the Hashemite leadership to face the forces of terrorism and extremism that committed a heinous crime against the Martyr hero Muath Kassassbeh, who died defending Jordan's people, achievements and leadership.

Such an honourable stand, he added, requires us as banks to offer something in return, however small. Therefore, we established a scholarships' fund named after the hero Muath as a token of our gratitude to our armed forces and our responsible people.

Al Salem stressed that the relationship between the CBJ and licensed banks has always been the best example on the fruitful and constructive cooperation to achieve the higher national interests. Such a relationship resulted in a stronger and more efficient banking sector.

He also praised the participatory approach that the CBJ adopts, which gives banks the chance to express their opinion on all draft regulations, instructions and laws relevant to banking. He stressed that banks comply totally with all regulations and instructions in force.



A new ABJ board of directors elected, Marwan Awadh a chairman

The ABJ's general assembly conducted an uncontested election on Wednesday, 25 Feb. 2015 of a new board of directors for the next term.

The assembly also discussed the report of board of directors and approved the closing statements of 2014 and the budget and future plans of the current year.

The general assembly approved the proposal of ABJ's chairman of board of directors Bassem Khaleel Al Salem to extend the term of the board to four years instead of 3 years, and to mandate the new board to follow legislative procedures to amend the ABJ's bylaws.

The new board elected Marwan Awadh, the CEO of Jordan Ahli Bank, as a chairman of board of directors of the ABJ for the next three years, and Moosa Abdel Aziz Shehada, the vice chairman of board of directors and the CEO of Jordan Islamic Bank as the vice president.

The new chairman expressed thanks to the ex-chairman and ex-members of the previous term, underlining that the efforts of the board and its members resulted in important decisions taken in an exceptional stage that helped overcome challenges with competence.

The general assembly chose without contest the Arab Bank, Housing Bank, Jordan Ahli bank, Cairo-Amman Bank, Al Ittihad bank, Arab Banking Corporation, Jordan Islamic Bank, National Bank of Kuwait and the CBJ as board members.

ABJ board of directors approves the association's executive plan of 2015-2017

The ABJ board of directors approved in a session held on 11 May 2015 the association's executive plan of 2015-2017.

Chairman of board of directors Marwan Awadh praised the association's efforts to draw the plan, saying it reflects the expectations and aspirations of member banks and matches the goals specified in ABJ's bylaws issued pursuant to article 95 of Banks' Law.

Awadh illustrated the ABJ's plan targets three strategic components. The first is sponsoring the interests of member banks and assuming inter-bank coordination to achieve banks' common benefit and highlight the socio-economic role that Jordan's banking sector plays.

The second component is developing and upgrading means of performing banking services by developing the existing human resources in the sector, enhancing cooperation with other relevant parties to the banking system by taking part in conferences, seminars and workshops.

The third aims at boosting banking concepts and traditions by following unified regulations and procedures for this purpose. This is achieved by writing and publishing reports and periodic publications that raise banking awareness and build a wide banking culture, writing detailed and specialized studies and researches on issues of interest to the banking sector that help to enhance the work of banks.



ABJ's board of directors meets HRH Princess Basma

HRH Princess Basma Bint Talal held a meeting with the ABJ's board of directors, in the presence of a number of CEOs and general directors of banks.

ABJ's chairman Marwan Awadh highly appreciated Princess Basma's humanitarian initiatives, her blessed efforts to serve the poor and the needy all over the kingdom and her constant keenness to be in touch with banks working in Jordan.

The goodwill campaign that HRH launched in 1991, he said, has been able to maintain its continuity and exuberance for more than two decades. The campaign succeeded in achieving tangible results in terms of comprehensiveness, the extent of coverage and the level of support given to households, the matter that made the campaign an important pillar of, and a label for, charitable work in Jordan.

The campaign, he went on to say, went beyond the concepts of giving for consumption and adopted the concepts of productive support as it endorses the approach of encouraging poor households to start their own projects that guarantee them dignified lives.

Awadh reiterated that the ABJ takes great pride in the roles played by its member banks, which personify corporate social responsibility. It is proud with the way in which banks support the campaign, as it became with years a regular and institutionalized support.

This support, he stressed, stems of the citizenship duties of banks and their complete conviction of the campaign's important role in serving society. It reflects the deep faith that banking institutions have in the campaign's role and approach in facing the issue of poverty in Jordan in a creative and sustainable way.

Awadh expressed thanks to Princess Basma for staying in touch with the banking sector, and thanks to all member banks for their continued support for the Goodwill Campaign.

The ABJ offers 52 scholarships under the Martyr Kassassbeh Fund

The ABJ signed on Wednesday, 29 May 2015, a scholarship agreement with the Ministry of Higher Education and Scientific Research (MOHESR) that includes the ABJ member banks financing scholarships through the Martyr Pilot Muath Kassassbeh Scholarships Fund.

ABJ's chairman Marwan Awadh signed the agreement on behalf of the ABJ, and MOHESR under-secretary, Dr. Hani Dhmour, signed it on behalf of the MOHESR, in the presence of CEOs, executive managers, general directors in banks and directors of the ministry's departments.

Awadh called those present to watch a minute of silence in honour of the martyr of homeland and duty, the hero pilot Muath Kassassbeh and in remembrance of his great sacrifice for his religion, nation and homeland.



In his speech, Awadh said that HM King Abdullah II had the greatest influence in establishing the concept of social corporate responsibility. HM's constant concern is to improve the quality of life of each citizen. Those royal visions and initiatives set a good example for Jordanian public and private institutions. He quoted King Abdullah saying, "The responsibility of building a country and creating comprehensive development is not the responsibility of the leader alone. Rather, it is the duty of each individual; each citizen bears a share of this responsibility."

The ABJ Chairman stressed the private sector is playing an increasingly important role in comprehensive socio-economic development, thus becoming an active partner of the public sector in leading change, achieving the goals of sustainable development and improving the living conditions of Jordanians and society. The higher goal of all those endeavours, he added, is to build an exemplary country.

"Corporate social responsibility is a national obligation that needs concerted efforts and team work to consolidate it, ensure its sustainability and melt it into our social values," he confirmed.

Awadh pointed out that the social corporate responsibility of banks working in Jordan has become an institutional culture and approach based on the responsible performance, citizenship and social service. Banks in Jordan believe that their social responsibility is an investment in the present to ensure a better future for all Jordanians. This is the core of sustainable development, he said.

Awadh announced the establishment of Martyr Pilot Muath Kassassbeh Scholarship Fund (MPMKF) in appreciation of the sacrifice of our great hero and in commemoration of his name. This new social responsibility initiative adds to numerous previous initiatives that banks had in different economic fields and sectors.

The MPMKF targets giving one time 52 scholarships for each district in the kingdom. The scholarships target the bachelor degree in specific specializations. The initiative covers Tawjihi graduates of the school year 2015/2016 who got high marks but have no financial resource to continue their studies. In this case, he said, the ABJ and its member banks enhance the principle of equal opportunities for all Jordanian students in all governorates.

Banks are keen that this initiative is transparent and fair so that it benefits those deserving. Therefore, concise and transparent criteria were reached in cooperation with MOHESR, he said.

Awadh expressed hope that this initiative would set a good example for others so that similar initiatives are taken in other economic sectors.

On his part, MOHESR's general secretary said the agreement is an example in public-private partnership.

Dhmour called on all private sector institutions to cooperate and take such an initiative.

Naming this scholarship after martyr Kassassbeh reflects the true awareness of society and its institutions, especially as it concurs with celebrations of the 69th independence anniversary of Jordan.



This, he said, stirs enthusiasm and renews hope.

ABJ general director Adli Kandah said the agreement stipulates that a committee is formed to be headed by the MOHESR's secretary general, ABJ general director, Scholarships' director and head of internal scholarships at MOHESR.

The mandate of this committee is to study the issues arising during the period of implementation of agreement, he said.

The specializations that the scholarships cover are business administration, accounting and all economics, financial, finance and banking specializations.

Scholarships will be available to Jordanian students with a GPA of 80% and more in the summer session of Tawjihi, who are accepted to enroll at the ordinary program in a Jordanian public university, he added.

The procedure for submitting applications will be announced in different media outlets.

As regards scholarships in Jordan, Dhmour said the total annual scholarships reach 40 thousand; the private sector finances some of them.

In response to a question, Awadh said banks offer numerous scholarships at an annual basis, but this is done as an individual effort of each bank and as part of its social responsibility activities.

Banks, he said, annually allocate 8% of their overall profits to social responsibility activities; they also support a number of funds that offer annual scholarships to students who do not have the sufficient financial resources.

However, he continued to say, the Martyr Kassassbeh Scholarship Fund is the first collective endeavour that encompasses all banks.

The ABJ, JIJ sign an MoU

The ABJ and the Judicial Institute of Jordan (JIJ) signed an MoU to cooperate in the field of training by organizing specialized workshops in banking for judges to raise their competence in banking lawsuits from a banking technical view. This has contributed to accelerate taking decisions in all lawsuits involving banks.

The MoU was signed by ABJ chairman Marwan Awadh and JIJ president Dr. Bassam Talhouni.

The three-year MOU stipulates that the ABJ provide specialized local and international trainers and experts in banking, while the JIJ hosts and organizes training programs and workshops relevant to banking.



Talhouni said the MOU aims at raising awareness of the latest developments in banks lawsuits and litigation, describing the agreement as an example of cooperation between JIJ and local society institutions, especially the important and influential institutions like the ABJ.

The MOU, which is an initiative to serve the justice sector, is the first step that will be expanded to include the courts' employees, especially those working in the execution departments whose work intersects with that of banks in the kingdom.

On his part, ABJ Chairman Marwan Awadh said the conclusion of this memorandum is a preliminary step for a plan of the much-needed specialized judiciary in banking, as this would accelerate taking decisions in bank litigation. Such specialized judges, he stressed, help to reach just verdicts based on matter-of-fact information, a justice system that has concise understanding of the nature of bank transactions, so that the banking sector, and justice in general, are better served.

ABJ general director said the agreement is part of the ABJ's tripartite executive plan approved by the board of directors and greatly welcomed by all parties because it would play a role in serving national economy.

According to the memorandum, he added, the ABJ commits to provide local or international specialized trainers and experts in the field of banking, in addition to providing all logistics necessary for the training process.

JIJ's General Director Judge Dr. Thaer Adwan said the institute had gone a long way in the field of judicial training and orientation, which is part of a comprehensive vision that targets equipping judges with the necessary skills, knowledge and experiences to support specialized justice.

Dr. Adwan pointed out that the JIJ trained almost 600 judges in various fields as part of its continued training program.

Banks, ISTD sign agreements on electronic attachment, detachment

The Income and Sales Tax Department (ISTD) signed at the ABJ headquarters 25 agreements with banks working in Jordan that aim at facilitating procedures of attachment and detachment executed against the properties and deposits of individuals and corporates that are subject for tax seizure decisions.

ISTD General Director Iyad Qudhah, ABJ Chairman of board of directors Marwan Awadh and representatives of banks signed the said agreements.

Qudhah expressed his thanks to the ABJ for its efforts to make concluding these agreements easy by helping to reach a system acceptable to all parties. This, he added, contributes to facilitate and expedite the procedures of detachment and attachment on properties that used to take a long time.

He pointed out that the ISTD computerized its procedures because it is financially feasible on the one hand, and because it facilitates and simplifies the very procedures themselves. "Other agreements will



follow to achieve the same goal,” he said.

On his part, Awadh said the key objective of signing those agreements is to facilitate and develop procedures of fixing the sign of attachment and detachment on the properties and deposits of persons and corporates, bank clients against whom the ISTD has judgments of attachment.

The previous procedure, he explained, included ISTD sending letters of attachment to banks, which the latter process and enter into their bank software systems. In case there are accounts for the taxpayers, they will be attached and checks will be issued to the ISTD.

Such a process, he said, takes a tax clerk from one to days to finish, as it takes time to distribute letters of attachment on banks. It also takes time from banks to archive the letters and then enter them into the bank system, in addition to the problems of possible double attachment on the indicted client in case the client has accounts in more than one bank.

Awadh underlined the automation of attachments and detachments has a number of advantages and benefits, on top of which is saving time and effort on the part of ISTD and banks’ employees, and cost on the part of the two parties concerned. It reduces the costs of paper, post and correspondence, and it eliminates the possibility of double attachment by several banks in case the client has more than a bank account.

“The electronic execution of attachment and detachment is in line with the Kingdom’s approach to have an electronic government,” he stressed.

ABJ general director said conclusion of these agreements is in accordance with article 39 of Income Tax Law # 34 of 2014, which entitled the ISTD to ask the taxpayer to pay the tax or the amounts due to the department within 30 days of the date of serving notice. In case of default, money will be collected according to provisions of collecting state money.

The agreements are the first of their kind that the ABJ signs with government bodies within the framework of electronic government programs, he said, expecting more agreements to follow.

“Company Control Department and Social Security Corporation will follow in signing such agreements,” he said.

“Preparation for the agreements and drafting them took almost a year so that it covered all technical and legal aspects relevant to execution of attachment and detachment,” he indicated.

According to agreements, the ISTD can execute attachments or detachments electronically on the financial assets of individual and corporate taxpayers against whose moveable and immoveable properties attachment decisions were taken. This is done in cooperation with all managements of banks working in Jordan.

Agreements aim at activating the electronic linking program joining the ISTD and private sector institutions and at strengthening cooperation among them.



Agreements provide for the ISTD to supply and enable banks working in Jordan with an electronic system assigned to banks only, named “Electronic attachment system.” It deals with the accounts and deposits of clients against whom attachment is executed, and the owned shares that are not deposited at the Securities Depository Center through the name of individuals and corporates. The system also includes the national number of Jordanian individuals, the national number of facilities and the name, nationality and valid passport number or document number for non- Jordanians. The system enables Jordanian banks to enter requests to put the signs of attachment/ detachment electronically according to attachment or detachment decisions duly issued by ISTD.

Agreements also provides for banks to execute the attachment and detachment that correlates to the amount due to the ISTD and inform the latter thereof. In case there is no account or insufficient balance, banks will inform the tax department.

On its part, the ISTD will, within five working days of the bank’s response of putting the attachment sign, ask banks to issue and sign a check to the benefit of the ISTD with the value of the attached amount from the client’s account, in the name of ISTD general director/ in his capacity. The agreement also stipulates that each party will name a liaison officer to receive any remark that might come up at the system and provide the possible help to facilitate work procedures, follow up submitted requests at the system and address any errors that might arise.

According to procedures, the ISTD will issue and cancel passwords to system users in banks working in Jordan according to official correspondence between the parties via liaison officers. The ISTD will also train bank employees on ways of assigning the attachment and detachment signs on the system. It will further give banks the mandate to print out the necessary reports on all entries of attachment and detachment done against banks’ clients, provided that the work of system users is limited to assigning the attachment and detachment signs according to the attachment decisions issued by the ISTD.

ABJ, TAG sign MOU

The ABJ and Talal Abu Ghazaleh Organization (TAG) signed an MOU to mend and restore old computers and distribute them to the less fortunate areas in Jordan.

As an initiative of ABJ, the MOU targets making use of old computers that banks no longer need, so that TAG collects old and worn out computers, restores them to become reusable and distributes them to charities and development centers in the less fortunate areas in Jordan in coordination with ABJ’s member banks.

ABJ’s General Director Dr. Adli Kandah and TAG’s Executive Director of Professional Partnerships Salah Abu Osbeh signed the MOU.

Kandah said the MOU stems from the social corporate responsibility of banks working in Jordan. Banks donated their old computers and TAG will restore them for reuse.

The initiative is expected to have good results at the national level by contributing to reducing digital



illiteracy and increasing the number of people who own computers.

According to official figures, the percentage of Jordanian households that have personal computers does not exceed 36%.

On his part, Abu Osbeh said the initiative aims at changing the social culture in regards of IT and the transformation into the communities of knowledge.

TAG, he added, has until to date established 60 TAG Knowledge Centers in different regions of the kingdom.

The first stage of TAG's project was in 2010, when the organization restored and distributed 1500 computers to schools and CSOs.

Amman Out of Court settlement principles launched

The ABJ, in cooperation with the IFC, launched the Amman Principles for out of court settlement in a ceremony held in the ABJ's headquarters under the patronage of CBJ Governor Dr. Ziyad Fareez on 21 Oct. 2015.

The principles aim at assisting businesses that confront financial problems to continue doing business and improve their conditions. In this way, economic growth will be boosted.

The principles enjoyed great support and backing from the CBJ as they are compatible with the business environment in Jordan.

Dr. Fareez said implementing out of court settlement principles would contribute to shorten time needed to restore rights and the lengthy procedures of litigation and execution stages. He expressed hope that banks would activate this instrument because of its advantages for both creditors and debtors.

On his part, ABJ Chairman of Board of Directors Mousa Shehadah said the Amman Principles would reduce the cost and time required to settle financial problems facing debtors, increase recovery rates of debts for creditors and increase their confidence in recovering their money. Consequently, chances of getting credit increase and SMEs' growth is encouraged.

He described the problem of bad debts as one of the key problems facing banks in developed and developing countries alike as it affects banking institutions and other economic sectors of the country.

Banks, he added, handle the issue of bad debts either by liquidating debts in case there are no elements that keep the business going, or settling it if there are good elements for it to continue and address the disorder that it suffers from.

Shehadah praised the efforts that the IFC exerted to bring the Amman Principles to implementation after all parties approved their importance as an efficient framework to organize the relationship between debtors and creditors and ensure just settlements without referring to litigation, or taking legal actions



for forced execution on their properties.

IFC's resident representative and head of mission, Dr. Ahmad Attika, underlined the importance of having an efficient insolvency system that enhances a solid business environment that pushes forward economic growth.

He added that the insolvency systems protect businesses that are capable to continue their work despite the financial difficulties they face. Those insolvency systems, he reiterated, help to keep jobs and save the capital value for investment once again.

Attika said the implementation of this initiative is part of the IFC's strategy in Jordan that aims at pushing the economic growth forward by improving the business environment, curbing the regulatory burdens that prevent it and increasing the chance of access to financing.

ABJ general director said the Amman Principles is a new innovative document that contains rules to regulate creditor-debtor relationship by reaching just and acceptable settlements that enable debtors to settle their debts without the creditors having to resort to courts.

The out of court settlements, he added, give debtors who face difficulties in settling their debts the chance to continue working. They safeguard the workers' jobs and rights and reduce at the same time the burden on courts and execution departments.

Kandah pointed out that some banks in Jordan, in cooperation with the CBJ, settled their debts out of court and followed a settlement mechanism similar to that mentioned in the Amman Principles, which would be easy to implement because it provides a reference and a practical framework governed by clear guidelines to address bad debts. The principles, he pointed out, were unanimously approved by banks, the ABJ and the chambers of commerce and blessed by the CBJ and IFC.

It is a well-known fact that out of court settlements to restructure lagging businesses have higher returns to creditors compared with the customary litigation processes, since the former takes less time and costs less.

The Amman document includes a number of principles, such as the settlement is a privilege and not a right; good faith and keeping confidentiality; commitment of debtors; full disclosure on the part of the debtors during the period of keeping a status quo and the period of restructuring; and, it offers being in line with civil rights.

The ABJ hopes that the principles would enable businesses that can continue despite their financial difficulties to reach out of court settlement with creditors to arrange for a restructuring plan of their debts, their business and improving their conditions.

ABJ Chairman, general director take part in the UAB's conference



The ABJ took part in the conference of Union of Arab Banks (UAB) held in Cairo under the patronage of Egyptian Prime Minister Ibrahim Mahlab to discuss Financing for Development



Some 700 Arab figures, comprising ministers of finance, central bank governors and bank associations, attended the conference.

ABJ chairman Marwan Awadh took part in a working session that discussed banks' financing role in boosting and building economy of the future. Speakers at the session also included the Chairman of board of directors of Egyptian Ahli Bank and the MENA Projects Director at the World Bank Group, the chairman and general director of Iraqi Bank of Commerce, the managing director and CEO of Abu Dhabi Islamic Bank in Egypt and the general director of the Professional Group of Moroccan Banks.

Awadh said the financial system in any given country consists of two elements: the financial markets and the financial institutions. Financial system of any given economy plays the role of the intermediary that mobilizes and collects savings on the one hand and provides the financing necessary to different sectors on the other.

Without the financial system, he stressed, personal savings would remain fragmented and dispersed. Furthermore, financing seekers would not find sufficient and proper financing sources for them, he said.

Arab financial markets, he went on to say, did not reach the necessary stage of maturity. They are still characterized with the low or even non-existing pricing and operational efficiency, the absence of market makers and the unexpected price movements, in addition to the great risks facing investors in financial markets. These disadvantages made Arab financial markets less attractive to investors, and thus their liquidity went down. They also influenced their capacity and competence to play the role of the intermediary in economy compared with the financial institutions.

As regards financial institutions, Awadh said banks are the most important type of financial institutions in terms of size. Arab banks' assets are approximately the total Arab GDP. They even exceed the GDP of many Arab countries. They are capable of attracting savings. Deposits at Arab banks constitute almost two thirds of the total Arab GDP. They are also capable of financing economy, as bank loans constitute 60% of total Arab GDP.

Awadh underlined the depth of Arab economic sector, which is one of the most important pillars of financial systems. The overall Arab economy is based on banks, he said, adding that this is a burden and great responsibility to shoulder in the process of economic development, investment financing and creating job opportunities.

As regards the financing role of Arab banks, Awadh said banks are the most important source of funding for Arab governments, especially those suffering from budget deficit. Banks also provide all types of financing to the private sector, which seizes almost three quarters of bank financing in Arab countries.

The banking sector has many qualities that make it a force for development in the Arab countries, he stressed. "Arab banks have capital bases that range between 11% and 12% of their total assets, they enjoy high capital adequacy ratios that exceed 17% coupled with high quality of assets, as the non-performing debts ratio is within acceptable limits, 10%," he went on to say.



Arab banks, he said, have good performance in terms of profitability, efficiency and liquidity. This reflects the Arab banks' readiness to continue their role in serving Arab economies and enhance sustainable development, he added.

Awadh said the prospects of the funding role of banks in boosting future economy depends on a number of factors, atop of which is the security, political and social stability that enhances the political future of the region. This is the basic structure that attracts investments and triggers Arab economic environment, he added.

Other factors include completing the array of financial and economic reforms in the Arab countries, diversification of Arab economies and increasing their complementarity that will reflect on improving Arab business environment, stimulating and promoting growth engine sectors and mega projects that reflect positively on sustainable development.

In addition to that, Arab banks should comply by the requirements of local monitoring entities and the standards and guidelines issued by international entities like the Basel Committee.

The Arab conference discussed issues of mobilizing financial resources for development; facing challenges and the Arab strategic economic choice; and the influence of financial development on economic growth. The conference also shed light on economic reforms in Egypt, triggering Arab investments to back Egypt's development goals, especially enhancing SMEs financing that provide lasting job opportunities and are able to expand and spread.

Sessions in the conference discussed strategies of financial inclusion and their role in enhancing socio-economic development, means of stimulating investments and attracting capital to the Arab region, enhancing and controlling Arab development aids, and the economic and legislative reforms in Egypt and the prospects of sustainable development.

ABJ's general director submitted a working paper to the second session of the conference. The paper discussed the concept of financial inclusion or comprehensive financing which means providing financial services at reasonable costs to limited income or deprived segments of society.

Half of the world's adults and 74% of adult Jordanians do not have bank accounts or loan accounts, he said.

He drew attention to the fact that the concept of financial inclusion became important at the onset of the new millennium to become a common goal for many governments and central banks in the developing countries because of its important role in curbing poverty and reducing income disparities and increasing economic growth.

Kandah said the concept developed to have four dimensions. The first is the easy access to financing by all households and businesses; the second is available proper institutions guided by conscious regulatory and monitoring rules; the third is guarantee of financial and institutional sustainability of financial institutions; and finally, service providers' competition to provide alternatives to clients. Dr. Kandah referred to a World Bank report saying that financial institutions, which design financial services



allowing low-income people to save and transfer money, create instruments that help empower people and reduce the level of poverty.

He also pointed out that the Global Financial Development Report of 2014, titled Financial Inclusion, indicated that more than 50 countries had recently drew goals to improve financial inclusion. WB President announced in October 2014 an initiative to ensure access of all adults at the age of work to world financial services by 2020, with the help of technological innovations, like the electronic financial accounts, mobile electronic portfolios, with a special focus on low-income people, women, youth and urban people, and other vulnerable segments.

According to the report, he said, half of adults in the world, or 2.5 billion people, do not have bank accounts at any official financial institution because of lack of demand or because of restrictions like the cost, the long distances they have to travel and the required documents. In developing economies, he added, access to financing is the main obstacle facing 35% of small businesses, a veritable hindrance to their operations.

He drew attention to the fact that transformation into the electronic distribution of social benefits, humanitarian assistance or salary payments can push the financial inclusion forward and help the poor beef-up their savings, while achieving efficiency, transparency and saving in costs.

The general director pointed out that financial services are not at the fingertips of many people because the failure of the market and governments made the cost of services very high that prevent them to have, or because of regulatory and legal obstacles.

Kandah highlighted the importance of overcoming a number of key challenges like reviewing geographical distribution of bank branches that are usually concentrated in capitals and main cities. This makes it hard for individuals to get financial services. He also mentioned the weak banking awareness of individuals as one of the major obstacles to implement financial inclusion.

Kandah told attendees that the CBJ launched, in cooperation with the Ministry of Education, ABJ and others, an initiative to carry out an educational program on financial issues that introduces some curricula on financial education at some grades to increase youth awareness in basic financial and banking issues.

He stressed the importance of coordinating required documents of individuals to open bank accounts and get financing. However, he pointed out that too many documents required in compliance with international standards like the anti-money laundering and FATCA, hinder the pace of implementing financial inclusion.

Banks magazine interviews AJIB General Director/ CEO

The CEO/ General Director of Arab Jordan Investment Bank (AJIB) Hani Qadhi said in an interview with the Banks Magazine that the CBJ has always encouraged Jordanian banks to merge because of the numerous economic benefits mergers bring for all parties.

The benefits that AJIB had of its merger with HSBC include a rise in total assets to reach 1.75 billion



dinars and a growth of clients' deposits and collaterals to one billion and 50 million dinars by the end of 2014. The net credit facilities portfolio witnessed a growth from 377 million dinars in 2013 to almost 700 million dinars, and the securities portfolio increased to 610 million dinars at the end of 2014, he pointed out.

Qadhi explained that HSBC acquisition helped achieving many strategic benefits, the most important of which is the increase in market share, boosting the ability to provide wider banking services especially in the field of corporate banking and increasing the base of clients. In addition, acquisition of the corporate portfolio run by the HSBC branches in Jordan stimulated the AJIB to develop an array of state of art services that those companies are used to get from an international bank.

AJIB supported the policies and working procedures of the corporate department to maintain, if not upgrade, the level of rendered services through products directed to finance and facilitate the transactions of big corporations. Such measures expanded the base of corresponding banks that the corporations are dealing with. The bank had also introduced many products resulting from the merger the matter that gave AJIB's original clients wider and better choices than those they previously used to get.

Qadhi said the acquisition deal was effectuated pursuant to article 82 of the Banks Law. The article stipulates that, "A bank may, at the prior consent of the Central Bank of Jordan, purchase all or part of the assets of another bank and its rights or liabilities and obligations, including any bank facilities that the bank granted to its clients, or pledges it issued to beneficiaries and all its personal and in kind collaterals, without having to get the consent of any client, guarantor, pledger, beneficiary or any other person, and without having to abide by any assessment measures or others that any other legislation might provide for."

The ABJ holds a number of banking activities and events



The ABJ organized a series of activities that compliance monitors at banks attended.

The series included meetings, training courses and workshops. One of meetings discussed the forty recommendations issued by the Global Financial Taskforce for anti-money laundering and terrorism financing and relevant instructions. Banks discussed and reviewed their remarks and feedback on those recommendations and instructions before submitting them to the CBJ.

The CBJ had distributed instructions # 1 of 2014, Instructions to Carry out Obligations mentioned in UN Security Council's Resolution # 1267 of 1999 and 1989 of 2011, and other relevant resolutions, as well as instructions # 2 of 2014 to implement obligations mentioned in UNSC resolution # 1988 of 2011 and relevant resolutions. The circulars called for banks to give their feedback on the guidelines to comply by those instructions.

The ABJ held specialized training course on CBJ instructions on bad debts and debt restructuring, with the lecturer being Salem Khazaaleh. The ABJ held another specialized training course in Mafraq on CBJ instructions on bank transactions, with the lecturer being Salem Khazaaleh too.



The ABJ held at its headquarters a follow-up meeting to discuss the forty recommendations issued by the Global Financial Taskforce for anti-money laundering and terrorism financing and relevant instructions.

The ABJ launches the Guide to bank services and products of Islamic banks

The ABJ launched on 4 Oct. 2015 the Guide to Services, Bank Products and Solutions of Islamic Banks working in Jordan. The launch was on the sidelines of the Fourth Forum of Social Responsibility of Banks.

The ABJ Vice-Chairman Mousa Shehadah said launching of the guide that the ABJ prepared in cooperation with Islamic banks, is an important step to shed light on Islamic bank services, especially under the increased demand on them locally, regionally and at the international market.

The guide, he went on to say, is a response to the qualitative and quantitative developments in the bank services that Islamic banks in Jordan offer. It further adds to enhancing clients' knowledge of Islamic banks, whether clients are individual or corporate.

On his part, ABJ general director said the guide, which is the first of its kind in the kingdom and at the regional level, is an ABJ initiative to serve its members and those dealing with banks in general.

The guide, he added, follows the Comprehensive Guide of bank services, products and solutions provided by banks working in Jordan that the ABJ issued in 2012. The guide was a great success in highlighting those services.

The ABJ takes part in parliament's discussions of Money Exchange Draft Law

ABJ General Director Dr. Adli Kandah took part in the meetings of Lower House of Parliament's Economic and Investment Committee that discussed the draft law on money exchange.

The CBJ Governor also attended the meeting in addition to the head and members of Money Exchange Companies Association.

The committee's head, Dr. Khair Abu Seileek said the draft law aims at raising the working capital of exchange offices and opening the door to foreign exchange companies to enter the local market.

He pointed out that the law is biased against money exchangers and in favour of banks.

Dr. Fareez, on the other hand, said the objective of the money exchange law is to raise the level of this sector, reorganize and institutionalize it at strong and solid foundations. There is a plan to have a sector in which strong and organized companies work, and this can be done by raising the capital requirements of companies, he explained.

The draft law, he said, makes a distinction between two types of companies working in the sector. Some will be authorized to work in money exchange only, others financing only. The other type will be



authorized to do both: money exchange and financing according to a regulation that will be issued soon.

Policies and measures will be drawn to control the work of this sector, maintain its healthy practices, and raise its level, he added. As regards banks, the governor said there is a more complex draft law on banks than on money exchange, as monitoring on banks is greatly organized.

The parliamentary committee discussed 20 articles of the law during two meetings, where it amended, removed or approved some articles.

Discussions included the mandate of the governor, the CBJ and the CBJ's board of directors, the ABJ general director said. The committee shared a tendency to give most of the mandates mentioned in the draft law to the CBJ's board of directors. This suggestion enjoyed strong support, especially in what concerns granting licenses to money exchangers, registration and hiring non-Jordanians.

The ABJ takes part in forum on SMEs: Path to economic growth



Under the joint patronage of the CBJ and ABJ, the Union of Arab Banks (UAB) organized in Amman a forum on SMEs: Path to economic growth.

The forum took place during 26-27 Sep. 2015 with the participation of 250 leading banking and economic figures from Jordan, Palestine, Lebanon, Sudan, Bahrain, Saudi Arabia, Kuwait, UAE, Libya, Tunisia, Algeria and Iraq.

CBJ Governor Dr. Ziyad Fareez said in an opening speech that Jordan pins great hopes on SMEs and start-ups because of their role in achieving desired economic growth.

However, he went on to say, the lack of a concise and updated database on the financing activities of SMEs does not help to judge the situation of those businesses.

They do not suffer from financing problems, he insisted. What they need is technical assistance in training, production and marketing to pass the initial stages of founding and turn into big companies as is done in developed countries, especially in the industrial sector.

Fareez told participants that the CBJ provided almost one billion dinars for lending to MSMEs at competitive terms. Furthermore, he added, the government plans to create a fund that provide guarantees for the loans that start-ups take from banks. Start-ups has access problems to financing because they do not have a credit register that helps banks take the funding decision.

The governor stressed the importance of enhancing the investment environment to kick start Arab economies once again and to face challenges of regional security and political developments, and the economic and financial challenges currently facing the world.

On his part, ABJ Chairman Marwan Awadh said SMEs sector is the most important engines of economic growth because of its big share in the sustainable GDP. Those businesses constitute 80% of official sector's companies, contribute by 30% of GDP and hire 50% of labour force in the private sector.



The financial and regulatory factors, he pointed out, are the most important restrictions that hinder SMEs from entering the industry, constructions, transportation and tourism activities, especially the restrictions of capital requirements and the need for specialized skills. Such restrictions require us to draw and implement strategies that are apt to guarantee an increased contribution of those enterprises to economy, and consequently to combating poverty and low per capita income and reduce unemployment rates that Arab countries suffer from.

Awadh said the biggest challenge for those enterprises is access to financing, as more than half of them cannot get credit, which is the main source of funding for them. Figures show that bank loans for those companies constitute 9% only of total bank credits, with a total amount of \$ 50 billion.

The biggest obstacles to SMEs' access to financing are the incomplete reforms in collateral arrangements and the infrastructure of credit information in many Arab countries, he said. There are also gaps in the legal frames of executing contracts that increase the potential losses of banks in case of bad debts, the rise in non-performing debts in a number of Arab countries like Algeria, Yemen, Tunisia and Egypt, which might lead to toughening the credit policies of banks, he added.

Other obstacles include the weak and limited influence of specialized financial institutions established to give credits to SMEs, the weak competition in banking systems in some countries and the limited alternatives to SMEs' financing away from the banking sector, Awadh said.

In addition to those obstacles, there are non-financial obstacles that are relevant to the insufficient financial statements and credit registers of those businesses, he pointed out.

Awadh called for improving a friendly environment to facilitate SMEs' lending, while safeguarding financial stability. This can be done, he suggested, by introducing reforms that improve legal frames and financial infrastructures, developing products that are especially designed for those businesses, developing non-banking financing, especially leasing, and providing alternative and specialized terms to list those businesses in stock markets.

Other suggestions include providing a comprehensive and detailed database of SMEs that helps decision takers, policy makers and financial institutions to understand the needs of SMEs and take the necessary measures to support them.

On his part, the secretary general of UAB Wissam Fattouh said organizing such a forum on SMEs aims at launching Arab strategies at the national levels to trigger financing such enterprises and boost their role in socio-economic development at the Arab level.

In a session that discussed the Jordanian experience in financing MSMEs, the ABJ general director said the critical role that those businesses play in Jordanian economy and in development and hiring made the ABJ take a number of measures to finance this sector and improve its access to financing.

An ABJ study on the subject, he said, demonstrated that 60% of banks working in the kingdom have departments or units specialized in SMEs' funding, that 76% of banks in Jordan have qualified staff specialized in serving SMEs.



The study also showed that 95% of commercial banks in Jordan give overdraft facilities to SMEs and 38% of banks provide working capital financing.

Some 33% of banks provide revolving loans and documentary credits, he said, 29% of them provide short-term loans and 24% of them provide mid and long term loans to finance fixed assets, in addition to letters of guarantees and discounted bills.

75% of Islamic banks offer Morabaha financing to buy and import goods and raw materials and to finance fixed assets. They also offer Morabaha and leasing to finance real estate for SMEs.

Kandah mentioned that the average interest rate on facilities to SMEs ranges between 10% and 12%. He added that 88% of banks in Jordan believe that their products are compatible with the needs of SMEs, and that 60% of banks reject less than 10% of loan applications submitted by SMEs.

The study outcomes showed that the facilities portfolio of SMEs account for 13% of total facilities portfolio in 65% of banks. Some 58% of banks say there is a possibility to increase the credit portfolio of SMEs.

He pointed out that the most acceptable collaterals for banks to finance SMEs are the cash collaterals, real estates, securities and guarantors.

Kandah reviewed initiatives to increase financing of SMEs in Jordan. The most important initiative was that of the CBJ, the Ministry of Planning and International Cooperation and international and regional financing institutions, which aimed at mobilizing \$ 440 million in financing to SMEs at competitive interest rates, appropriate terms and with guarantees to granted loans.

The forum's final statement recommended the creation of concise and updated database on the economic situation and financing activity of MSMEs. It also highlighted technical assistance in the field of training, quality production and efficient marketing of MSMEs to ensure their success to go beyond the national boundaries.

The forum called for adopting strategies to raise the volume of financing enterprises for their increasing role in sustainable development, creating jobs and fighting unemployment.

The forum stressed developing investment friendly environment to facilitate SMEs borrowing from banking and financial institutions. It also recommended creating special units in banks and financial institutions, especially central banks, to follow up and finance the SMEs' needs in coordination with relevant parties.

The statement called for the creation of specialized funds to guarantee credit risks relevant to financing SMEs, accompanied by providing various types of incentives, tax and financial exemptions to MSMEs.

The statement also underlined enhancing financial inclusion for its role in supporting and developing MSMEs, through activating the chain of supply and demand to provide what those businesses require of services and products, and promotion of their own financial education.



It highlighted promoting entrepreneurial culture, boosting innovation and creativity, especially among women, young people and fresh graduates.

The final statement stressed exchange of expertise and successful experiences in developing start-ups and business incubators, coupled with media promotion of them at the local and regional levels.

It called for the adoption of Islamic banking products like Sukuk, taking precautions to avoid financing risks of those businesses and facilitate their entry into financial markets.

The ABJ takes part in the Arab Banking Summit at Budapest

The ABJ General Director Adli Kandah took part in the Arab International Banking Summit held in the Hungarian capital Budapest between 9-10 June 2015, under the theme of Financial Inclusion for social development and stability.

Dr. Kandah said in a paper he submitted on The most important measures and policies taken to improve SMEs' access to bank financing in the MENA that survey studies of the World Bank indicate that almost two thirds of companies established annually in the region are SMEs that help in employment and job creation. Yet, SMEs suffer from inability to access financing.

SMEs, he said, only receive 8.3% of total bank financing in the region. At the country level, SMEs receive 10% of total direct credit facilities that banks grant to various economic sectors in Jordan, 16.1% in Lebanon, 34.3% in morocco, and it drops to less than 1% in Qatar.

Kandah mentioned the most important institutional arrangements and restructuring programs of those sectors that MENA governments adopted in the past few years to improve SMEs' access to financing.

UAB publishes 2nd edition of The Banking Sector: Critical Role and Response to Challenges

The Union of Arab Banks (UAB) in Beirut published the 2nd edition of ABJ General Director Dr. Adli Kandah's book The Banking Sector: Critical Role and Response to Challenges 2006-2014.

UAB Secretary General Wissam Hassan Fattouh said in a foreword to the book that the UAB is honoured to usher into the Arab economic library a new book on a pioneering Arab banking experience that had a great impact in developing the structure of Jordanian monetary policy throughout a decade.

The book discusses the repercussions of local, regional and global economic developments on banking and financial sectors. It also deliberates on how the CBJ reacted to those developments in the said period with a wise monetary policy that was able to overcome challenges, maintain monetary stability, guarantee its soundness and raise its efficiency in containing regulatory pressures, protect the dinar's exchange rate and stimulate economic growth.

The book is a research that documents a decade of developments in the Jordanian banking sector:



measures taken to develop the sector and its pioneering role in serving national economy and boosting financial stability.

ABJ General Director takes part in a seminar on economy and Jordanian national security at the RJNDC

ABJ General Director Dr. Adli Kandah took part in the seminar on Economy and Jordanian national security that the Royal Jordanian National Defense College (RJNDC) organized on 17 Feb. 2015.

Speakers included economic expert Dr. Khaled Wazani, the CEO of Isnaad Consultations and Abdel Hakeem Shibli, the director of Economic Studies and Policies at the Ministry of Finance.

Dr. Kandah presented a working paper on the regional and international economic environment and international economic institutions and their impact of Jordanian economy. The paper said Jordanian external trade policy is based on economic openness on the world and the positive dealing with trade partners based on achieving common interest and equality.

Kandah pointed out that Jordan is in the forefront of regional countries in terms of economic openness despite its limited material and natural resources. It was able to enhance its economic and trade relations with Arab countries through the Greater Arab Free Trade Zone and a number of bilateral free trade agreements. It also entered the association agreement with the EU, a free trade agreement with the USA after ascending to the WTO, in addition to free trade agreements with AFTA and Singapore.

On his part, Dr. Khaled Wazani talked about the reciprocal relationship between economic development and the national security and defense. The most important component of economic development in Jordan is the higher political will to make economy and people's standard of living a priority. The government, with the prime minister and his ministerial team and civil servants, have to draw and implement comprehensive working plans and programs that aim to create economic opportunities and achieve prosperity that the country and its people deserve.

He added that the challenges that are facing Jordan require focusing efforts on governorates' development to ensure a more equitable distribution to development gains, and to create a competitive and attractive investment environment that attracts local, regional and foreign private sector to create sustainable economic growth and create job opportunities to Jordanians.

Dr. Abdel Hakeem Shibli addressed the economic problems facing national security.

He mentioned internal and external challenges such as the high budget deficit, the public debts, the poverty and unemployment rates that were aggravated by the regional political and security conditions and instability.

Debts, he added, are the biggest challenge facing the national economy. Unemployment rates, which are stagnant from 2008 to 2014 could pose strains on social coherence and political and security stability, which in turn affects the macroeconomic stability.



ABJ General Director lectures on Jordanian banking system in Yarmouk University

The ABJ General Director Adli Kandah delivered a lecture on Jordan's banking system at the Faculty of Economy and Administrative Sciences at Yarmouk University.

Deans of economy and pharmacology faculties, professors and students attended the lecture that reviewed the components of Jordan's financial system, including the financial institutions that are subject to the CBJ supervision, and the stock market represented by Amman Stock Market.

As regards the Jordanian banking system, Kandah said it comprises of 25 banks working in Jordan, there are 16 Jordanian commercial and Islamic banks and 9 non-Jordanian banks. Banks have 740 branches spread all over the kingdom.

The Jordanian banking system is characterized by its constant growth, its high capital levels and that it is open for investors from outside Jordan, he pointed out.

Non-Jordanian own almost 60% of shares in Jordanian banks, he went on to say.

Kandah gave a summary of the different bank services offered to individuals, big companies and SMEs, such as loans, deposits, money exchange, bank facilities and services of settling sales tax.

Banks in Jordan are the biggest pillar of national economy, he said. They provide 90% of financing sources in Jordan, in addition to being the biggest taxpaying sector, with a percentage of 35%.

Kandah told attendees that banks working in Jordan have been able to overcome the repercussions of the international financial crisis that increased the percentage on non-performing debts from 4.5% before the crisis to 8.5% after. Banks, he said, succeeded in decreasing this percentage gradually to reach 6%. Banks also succeeded in building allowances for this type of debts with a coverage percentage of 80%.

The general director also told attendees that the organizational structure of banks consists of an array of systems that help running financial and banking transactions such as the Deposits Guarantee Corporation, the Jordanian Loan Guarantee Corporation, the Jordan Mortgage Refinance Company, the general credit information in the CBJ and the National Council of Payments.

ABJ General Director stresses soundness of Jordanian banking system

In an interview with the London-based Al Hayat Arabic daily, the ABJ General Director stressed that Jordan banking system is strong, sound, and capable in general to endure risks and challenges facing it.

This conclusion, he went on to say, is true despite of the great impact of the world financial crisis on the Jordanian economy because of the world economic depression, and the rise in the non-performing debt ratio resulting from the faltering big companies that used to borrow extensively.

Yet, he explained, the increased ratio remained within safe boundaries set by international standards,



which is 10%.

Banks handled this issue by going through a debt rescheduling, the matter that reduced the bad debt ratio to total loans, thus becoming 6%. Banks also allocated sufficient allowances that amounted to 80% of total bad debts.

The banking system, he pointed out, constitutes 90% of the volume of financial sector. Thus, it is the main component of this sector, which puts great strain on it as the major financier of economy.

Banks' assets, he said, amount to 45 billion, deposits are 30.3 billion dinars and loans total 19.3 billion dinars. Therefore, he underlined, the position of the 25 Jordanian banks is sound, as none of them faces drastic problems.

Kandah highlighted the constant cooperation and excellent relationship between the ABJ and the CBJ, especially as the CBJ is an observer in the ABJ's board of directors.

The CBJ, he added, adopted unconventional policies to trigger the banking sector and stimulate economy, while the fiscal policies were somehow tight because of the public debt and the budget deficit, which limited the government's ability to start big projects to stimulate economy.

The fall down in international oil prices had a clear impact on economy as Jordan imports 98% of its needs of energy. Therefore, this setback had a positive impact because the cost of importing oil decreased for the Refinery and the National Electric Power companies; the oil import bill went down and affected positively the current account and the trade balance.

The fall down in oil prices also led to lower inflation rates that registered in the first month of this year minus 1.2%.

In answer to a question on the impact of the fall down in oil prices on the banking sector, Dr. Kandah said the goal of central banks is to maintain monetary stability and the low inflation rates, stimulate economy and raise the economic growth rates. Therefore, this setback encourages central banks to follow a facilitating monetary policy by encouraging banks to lower the interest rates, which would increase demand on credit facilities and thus stimulate economy. As regards challenges facing the banking sector, he said the biggest challenge is excess liquidity and ways of benefiting of it. The amount of the excess liquidity changes from one day to another because of the lending, the imports and exports activities. However, it ranges between 2.5 and 3 billion dinars.

ABJ General Director takes part in the Jordanian Expatriates Conference



The ABJ General Director Dr. Adli Kandah took part in the Jordanian Expatriates Conference, 2015, held under the patronage of HM King Abdullah II in King Hussein Palace of Conferences at the Dead Sea eastern shore.

The ABJ General Director presented a working paper on means of stimulating investments in Jordanian financial market. The paper reviewed the components of financial markets, the role of banks



in the financial system and economy in general, and developing Amman Stock Exchange.

The paper also discussed challenges facing investment in Amman Bourse and the need to offer some support tools, especially in terms of laws, regulations and instructions governing the work of this market.

The three-day conference discussed political and economic issues; Jordanians abroad: successes, challenges and solutions; and the role of Jordanian diplomatic missions.

The objective of the conference, held under the theme of Jordan pulls us together, is to enhance expatriate Jordanians' relationship with their home, understand the challenges they face, draw sustainable partnership mechanisms with them, strengthen their economic participation and improve the services provided to them.

ABJ General Director participates in the first conference of leasing companies association

The ABJ General Director participated in the first conference of the Jordanian Association of Leasing Companies that took place on 8-9 Sep. 2015 under the patronage of the Minister of Industry, Trade and Supply Maha Ali.

The conference discussed an array of issues including a historical view of leasing and its future, leasing in Jordan and the success it made, the continued growth in the leasing market in Jordan, the importance of asset management in making leasing a success, sources of financing and liquidity in leasing companies and the challenges of this aspect.

It also discussed the future prospects of the leasing of fleet, leasing for alternative energy projects and looking for opportunities in this sector, the Islamic Ijarah as a financing alternative, leasing to SMEs, and leasing as an engine for economic growth, risk management and credit rating in leasing, the Jordanian leasing law and the sales tax in leasing.

The conference also organized roundtable discussions on the lessors' view of leasing, the advantages of leasing for suppliers, and the practical implementation of accounting in leasing.

ABJ General Director participates in a workshop on Visa commercial products

The ABJ General Director took part in a workshop on the commercial products of Visa and the opportunities for credit cards sector that Visa International organized on 6 Sep. 2015.

The workshop discussed the commercial products of Visa International and Signature business cards in four main aspects. Those are the situation of Visa Card commercial products within the card issuers' portfolio, growth strategies followed by business cards sector, revision of the regional and international best practices and experiences in this field, and the support that Visa International gave to launch and run the life cycle of business cards.



The ABJ General Director said in an opening speech that the main beneficiary of such products and cards is the SMEs' sector.

The Visa International is an international electronic payments technologies company, he said. It provides consumers, companies, financial institutions and governments in more than 200 countries and sites with the e-payment services instead of paying in cash and checks. Visa Card works within the scope of 14800 financial institutions; it issued 2.1 billion cards and tens of millions of shops offering e-payment services to consumers, companies, banks and governments. It is qualified to run more than 47 thousand transactions per second.

He stressed the importance of SMEs in national economy because of their role in employment and development. Banks in Jordan, he added, adopted numerous measures to finance this sector and improve its access to funding.

ABJ General Director participates in a meeting of the steering committee of demographic opportunity policies

The ABJ General Director, member of the higher steering committee, took part in the 5th coordinating meeting of the national steering committee to discuss the implementation of the demographic opportunity policies.

The attendees decided to update the policies document of demographic opportunity – the third edition 2015, on condition that it is reviewed in light of the outcomes of the population census of 2015.

They also decided to update the national plan to monitor and follow up the progress made in making use of the demographic opportunity, and the actual, anticipated and targeted indicators of the demographic opportunity of 2014-2018, updating the updated demographic reflections 2015, the decision of population estimates for non-Jordanians living in Jordan.

ABJ General Director takes part in the Partnership Council meeting on energy

The ABJ general director took part in the first meeting of the Public-Private Partnership Council on the energy sector.

The meeting aimed at laying down a timetable for procedures that the center would take in this concern.

The prime minister had earlier approved the recommendation of the Minister of Energy and Mineral Resources to form a public-private partnership council in the field of energy that is composed of the different institutions and sectors, on condition that it promptly presents the outcomes of its work and its recommendations to the prime minister.



E. ABJ Publications in 2015

The ABJ published the following publications in 2015.

- **The annual report:** The association published its 36th annual report of 2014, which included developments of the banking sector in 2014 in terms of liquidity, assets, liabilities and the capital. The report further included an analysis of the comparative performance of banks in the kingdom, the new bank services, the number of bank branches in the kingdom and the developments in the human resources of banks. The report also shed light on prospects of world and regional economies, a summary of international and national economic developments and the most important ABJ activities of the year.
- **Guideline to services, products and solutions offered by Islamic banks in Jordan:** The ABJ published in 2015 the first edition of the Guideline to services, products and solutions offered by Islamic banks in Jordan, which is informative about the Islamic banking services, especially in light of the increasing demand on them locally and internationally. It also presented qualitative and quantitative developments in Islamic bank services in Jordan. The guide aimed at enhancing banking knowledge of Islamic bank clients, individuals and corporates. The first chapter was an introduction to the development of Islamic banks in Jordan from 2008-2013. The second chapter reviewed Islamic bank services offered to individuals, while the third reviewed Islamic bank services provided to corporates. The fourth chapter discusses the services of treasury and investment while the fifth chapter highlights the different electronic services provided by Islamic banks in Jordan.
- **ABJ Booklet Series:**
 - Booklet # 1. Bank Merger: Concept, types, motives, impact and the experience of AJIB, HSBC merger.
 - Booklet # 2: Comparative performance of banks in Jordan from 2013-2014.

