

A photograph of a field of golden wheat, with the stalks in sharp focus in the foreground and slightly blurred in the background. A bright sun flare is visible in the upper center of the image, creating a lens flare effect. The sky is a clear, pale blue. The entire image is framed by a white border with a decorative, angular cutout at the top center.

ABJ's Activities in 2017

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The ABJ continued in 2017 to discuss and follow up the different issues that occurred, especially those raised by member banks. ABJ's specialized technical committees reviewed those issues in depth and conveyed banks' comments and feedback on them to relevant parties, whose response was very serious. Many of the remarks and proposals that the ABJ submitted were taken into consideration upon discussing issues in question.

In the field of training, the ABJ organized numerous seminars, workshops, training courses and lectures in 2017 on issues and themes of concern to the banking sector.

As regards studies, the ABJ published in 2017 a number of publications, reports and studies on the Jordanian banking sector.

The following is a highlight of the ABJ's activities in 2017.

A. Meetings of Committees

A Meeting on Draft General Agreement on Repurchase

The ABJ held on 31 July 2017 a meeting to discuss the draft general agreement on repurchase proposed by the CBJ. The meeting comprised of representatives of legal and treasury departments in banks and the CBJ. The draft agreement comes in the context of the central bank's endeavours to develop the secondary market of government securities, which increases the efficiency of bank instruments in providing liquidity and completes the legal framework that governs the inter-bank contractual relations in selling and repurchase agreements of government securities by using the DEPO/X.

The meeting's outcome was forming a committee comprising of representatives of legal and treasury departments in banks and the CBJ representative to come up with a final draft of the agreement.

A Meeting on MOF- Banks Electronic Link

The ABJ held on 15 Oct 2017 a meeting of managers of banks' legal departments to discuss the Minister of Finance's letter on procedures of execution of seizure warrants against the moveable properties of tax payers against whom the Ministry of Finance/ Public Funds Directorate have claims. The procedure is already in place with the Income and Sales Tax Department and Social Security Corporation.

A Meeting on Draft Companies' Law Currently at the Lower House

The ABJ held a meeting for its legal committee to discuss the draft Companies' Law currently reviewed by the Lower House of Parliament.

An Assessment Meeting of Banks' Mechanism of Collecting and Paying Stamp Fees on their Transactions

The ABJ held on 17 Oct. 2017 a meeting of directors of legal and finance departments of banks operating in Jordan. The meeting's agenda was to assess and review of the mechanism that banks follow in collecting and paying stamp fees on different bank transactions.

Based on the meeting's outcomes, the ABJ addressed the Minister of Finance, demanding that he should issue instructions, pursuant to paragraph B, Article 4 of the Law on Revenue stamps' Fees, to enable banks to collect fees in a flexible and swift way by transferring the value of fees to the CBJ's Public Revenues Account, by a swift letter, stamping the transaction subject to fees with a stamp that illustrates fees are collected, along with the amount of fees collected and the date of collection. The letter added that any other proper means could be suggested and used.

A Meeting on Real Property Law

The ABJ convened a meeting for directors of legal departments in banks to discuss the draft law on real property of 2015. Participants reviewed articles of the law and reported their feedback on articles that are of interest to banks.

Discussion of Banks' Remarks on Draft Instructions on Anti Money Laundering and Terrorism Financing

The ABJ called for a meeting comprising of managers of compliance and legal departments in banks to discuss banks' remarks on the CBJ's draft instructions on combating money laundering and terrorism financing.

Article 37 of the law on combating money laundering and terrorism financing # 46 of 2007 stipulates that the National anti money laundering and terrorism financing Committee, formed according to the provisions of the said law, should lay down the necessary instructions to implement the provisions of law, including the controls and bases of reporting operations suspected of being related to money laundering or terrorism financing, and the controls of reporting cross border moveable property, procedures of reporting and implementing obligations stated in international resolutions according to provisions of item 2 of paragraph A of article 6 of the said law.

The meeting resulted in forming a mini-committee of banks' representatives to come up with unified remarks and recommendations on the draft instructions to be sent to the central bank.

B. Other Meetings

ABJ Discusses Tax Handling of Provisions for Non-Performing Loans

The ABJ held a meeting for representatives of member banks and those concerned at the Income and Sales Tax Department (ISTD) to discuss tax handling of non-performing debt provisions. The meeting was held upon request from ABC, whose letter # 2192 dated on 22 March 2017 pointed to the Regulations on Expenses, Provisions, Depreciation and Exemptions # 55 of 2015, issued pursuant to paragraph A of Article 77 of Income Tax Law # 34 of 2014. The Regulations entitle the bank to decrease provisions of non-performing debts that it sets aside according to the provisions of Banks Law and the CBJ instructions.

According to regulations, the general banking risks, the provisions on loan impairment under supervision and any general provisions that were not allocated to each client separately are excluded. As regulations did not specify when any customer could leave the non-performing loans category into performing loans category, thus reversing those provisions and suspended interests and commission fees into revenues, taking into consideration that the CBJ's instructions on classification of credit facilities are referential in this regard.

It is worth mentioning that banks had previously discussed the provisions on loan impairment with the ISTD, which considered non-performing loans as performing ones and thus the whole provision of loan impairment and all suspended interests and commission fees should be reversed to taxable revenues if there is cash collection of those loans, regardless of the amount collected. The ISTD did not endorse the relevant CBJ instructions despite the absence of the afore-mentioned provision.

A Meeting on Around-the-Clock Guards and Inspection Devices

The ABJ discussed with member banks' representatives the issue of mandatory hiring of around-the-clock guards and using inspection devices in their branches.

The meeting was convened on 14 May 2017 to discuss the CBJ Governor's letter, which conveyed a recommendation to oblige all commercial banks and money exchange companies to hire around-the-clock guards and inspection devices in their locations to protect their security and safety.

The recommendation, which comes from the Ministry of Interior's National Committee on Protection of Critical Infrastructure and Targets, argues that many commercial banks in Jordan inadequately depend on cameras for protection.

The meeting aimed to give recommendations to the ABJ's Board of Directors to take the appropriate decision.

Participants stressed that obliging banks to hire guards in branches violates instructions. Furthermore, branches are protected by surveillance systems, in addition to guards inside the branch if necessary.

Participants pointed out that the Municipality of Amman does not issue permissions to security booths outside the branch; it even issues tickets for violators.

The result of discussion was negative to the committee's recommendation. Participants recommended there is no need to hire around-the-clock guards as the protection systems used meet banks' needs according to the CBJ instructions.

A Meeting on HRH Princess Alia's Initiative on Paper Recycling

The ABJ held on 14 June 2017 a meeting comprising representatives of member banks to discuss the initiative of HRH Princess Alia bint Al Hussein to recycle paper for the benefit of government schools in Jordan.

The meeting recommended encouraging banks to take part in this important initiative by entering into multilateral agreements with banks, the initiative body, the recycling company and the Ministry of Education.

A Meeting on Banks' Issues with Government Bodies Beneficiaries of Bank Guarantees

The ABJ held a meeting for the ad hoc committee to discuss issues that banks face in dealing with government agencies beneficiaries of bank guarantees. The meeting resulted in addressing the prime minister on the issue. Consequently, a committee was formed, headed by the Minister of Finance with the membership of representatives of ministries of Health, Public Works and Housing, the CBJ and ABJ.

A Meeting Discusses Difficulties of Architectural and Engineering Consultancy Services Sector

The ABJ held on 12 July 2017 a meeting to discuss problems and difficulties that architectural and engineering consultancy services sector faces.

The ABJ General Director Dr. Adli Kandah, Jordan Loan Guarantee Corporation (JLGC) General Director Dr. Mohammad Jaafari, Executive Manager of A/E Business Council Samar Kilani and the Vice-President of Board of Directors Tareq Zreiqat attended the meeting, in addition to a number of the Council's members and representatives of member banks.

The meeting is a sequel to a former meeting held at the CBJ in which the CBJ Governor demanded that the sector of engineering consultation services should be discussed, especially the guarantees issue.

The ABJ meeting discussed the issue of direct soft loans from the CBJ, the possibility of adding the engineering consultation services sector to the sectors beneficiary of those loans, and the role of JLGC

in guaranteeing the guarantees of members at the local banks. Later on, attendees discussed the issue of guarantees.

The issue of guarantees, participants stressed, is linked to many factors. These include the relationship between the bank and the engineering firm, the CBJ instructions, and the applicant, while the provisions of the letter of guarantee depend on the firm's ability to negotiate since the position of the consultative engineering firms is different from that of contractors.

The council proposed issuing a guidebook for consultative engineering companies to help them understand requirements to applications for guarantees and signing contracts according to Jordanian or British laws. Any other law of whatever country is not preferable.

The council also stressed that risks of banks can be mitigated by the JLGC, with the right mechanism to do so.

JLGC General Director Dr. Jaafari said the consultative engineering sector is creative with high added value revenues. It is an important sector that exports its products of technical, supervisory and design services to more than 30 countries around the world.

Jaafari told participants that the JLGC would request banks to decrease the number of requirements vis-a-vis the council and its members, with banks taking stake in risks to issue guarantees according to the risk sharing formula.

JLGC role, he said, would be to ascertain the costs and procedures. It is normal to have cost sharing, not to increase or add the commission fees of any bank, he added.

There would be an analysis of the company to review risks it entails, along with pricing and commissions, before approving this measure, he went on to say, suggesting that the ceiling might be one million dinars.

ABJ General Director Dr. Adli Kandah expressed the ABJ's readiness to issue the suggested guidebook as well as to organize an informative workshop of the requirements of guarantees, targeting the consultative engineering firms. A copy of the ABJ's letter concerning the automatic renewal of the guarantee and the Council's follow up with concerned parties can be found at the ABJ.

Kandah recommended that the CBJ should be addressed to issue instructions to include the consultative engineering services sector into beneficiary sectors of soft loans, provided that government departments and agencies are addressed through the council and consultative companies.

He also recommended that the JLGC issues a package of loan guarantees for consultative companies willing to benefit of those loans.

A Meeting on Electronic Linkage between CCD, Banks

The ABJ and the Companies Control Department (CCD) held a meeting in which the CCD briefed banks on the Doing Business Gate and the electronic communication with banks.

The meeting aimed at activating the automation and opening accounts and depositing 50% of the capital at banks, which are requirements to complete registering companies of limited responsibilities at the CCD.

Companies Controller Ramzi Nazha highlighted the importance of this meeting with the ABJ and IT managers in banks to discuss means of cooperation to complete the electronic linkage with banks as regards companies' registering procedures.

The meeting, he added, comes in the context of developing the doing business gate and automation of all services it provides to facilitate and simplify its services.

On his part, the ABJ General Director Dr. Adli Kandah stressed the importance of such electronic linkage to facilitate and simplify procedures and decrease time and effort of all those concerned.

He called for drawing a framework for ABJ and CCD cooperation through a memorandum of cooperation.

According to linkage mechanisms between the CCD and Jordanian banks, an electronic account was opened for each bank so that it could browse the customer's data when it applies for registering a company at the CCD, ascertaining the data in light of which a bank business account is opened at the bank and a certificate is granted to finish the procedures of company registration.

A Meeting for the Governorates' Investment Map

The ABJ held on 5 Nov. 2017 a meeting that comprised the Minister of State for Investment Affairs Mohannad Shehadah, representatives of the Jordan Investment Commission (JIC) and of member banks.

The meeting's agenda revolved around presenting the investment map of governorates and development and SMEs investment opportunities in the different economic sectors.

Minister Shehadah urged banks to have a holistic approach to investment opportunities that the JIC proposes, especially in the competitive areas that each governorate has, and to promote such opportunities.

The 120 projects that the commission has reviewed, he added, are beneficial to all stakeholders, including the financing banks. They are capable of realizing development goals, especially as they could generate almost 4 thousand job opportunities in all governorates. The JD 300- million- projects range between small, medium and big sized enterprises, in addition to mega projects that the private sector can participate in on a BOT principle.

Shehadah said the JIC received 6 expressions of interest from investors interested in projects in governorates; three of them would be signed soon in the development zones.

He further asked banks to supply the JIC with their feedback and inquiries in regard of concerned projects, as building bridges between national institutions, he said, realize economic interests at the micro and macro levels.

On his part, the ABJ General Director said the ABJ took the first step to coordinate and cooperate with the JIC to introduce banks to the investment map in the kingdom and the different, multi-sized opportunities it presents.

Those opportunities, he explained, have completed the feasibility study stage and what they need now is marketing and financing, which banks could provide. Jordanian banks have financial surplus of 3 billion dinars ready to be lent once there are proper investment opportunities.

Despite challenges, Kandah said, Jordanian banking sector maintained a high level of soundness and safety thanks to the wise management of banks and the wise supervision of the CBJ. The non-performing debts decreased to 4.3% by the end of 2016, with a coverage percentage of 77%.

Director of JIC's Studies and Policies, Dr. Mohammad Abu Omar, presented the 240 projects that the JIC submitted for implementation in the governorates. There are feasibility studies for 120 projects that are capable of realizing development goals and creating new job opportunities.

He said the rate of return on investment in those projects ranges between 21% and 38%. They are entrepreneurial projects with high growth potentials. The most important is that they create job opportunities in the governorates where all citizens could benefit.

Abu Omar highlighted the nature of those projects that have links to other areas. Therefore, the existing investment clusters could benefit of them. They are also harmonious with the government-endorsed development plan of the governorates in the coming years.

C. Seminars, Lectures, Training Courses

1) Workshops

The ABJ organized the following workshops last year:

A workshop on Cash Center

The ABJ, in cooperation with Hemaia Jordan, held a workshop on the services of the Cash Center on 24 July 2017. The workshop gave a briefing on the history of outsourcing money protection services, whether in transporting money or ATM, and the development of ATM services at the international level.

Hemaia Jordan gave a detailed presentation of the Cash Center services for ATMs and money transporting, whether for an individual bank or a group of banks. It explained the up-to-date equipment and systems that enable the company to manage and process cash, and the hardware and software programs that can be used for this purpose.

The workshop also included a briefing on security and tracking systems of the cars and teams of transporting and beefing, and a discussion of new ideas in the models and developed uses of ATMs.

A Workshop on IT Software Testing in Jordan

The ABJ, in cooperation with the Royal Scientific Society's National Software Quality Assurance Centre, held an interactive workshop on Software Testing in Jordan, on 8 March 2017.

The workshop highlighted the importance of software testing and quality insurance as it is the basis for developing applied experiences and systems in this field.

A Workshop on Green Finance in Jordan

The ABJ, in cooperation with the Regional Center for Renewable Energy and Energy Efficiency in Cairo, organized a workshop on green lending in Jordan.

The workshop, which was held on 26 Oct. 2017, dealt with Capacity Needs Assessment on green energy and climate finance in MENA region. A number of representatives of finance departments in banks and experts in green finance took part in the event and discussed international experiences, as well as the Jordanian experience, in this field and success stories over the past years.

A Workshop on Developing Means of Fighting Money Laundering and Terrorism Financing in Financial and Non-Financial Institutions

The ABJ co-organized with the Anti Money Laundering and Terrorism Financing Unit a workshop on Developing Means of Fighting Money Laundering and Terrorism Financing in Financial and Non-Financial Institutions.

The three-day workshop took place on 7 March 2017.

A Workshop on Health Prevention and Professional Safety to Raise Health Awareness of Bank Employees

The ABJ, in cooperation with the Jordanian Society for Medical Services, organized a workshop on Health Prevention and Professional Safety to raise health awareness of bank employees.

The workshop took place in the period of 15 to 16 May 2017 at the ABJ headquarters.

A Workshop on E-Payment of Government Services for Bank Employees

The ABJ co-organized with the Income and Sales Tax Department a workshop on E-Payment of Government Services for Jordanian Bank Employees.

The workshop, held on 19 July 2017, reviewed services that the ISTD provides through the E-Services Gate in addition to the e-payment services with Madfo3atcom.

A Workshop on IT in Banking

The ABJ, in cooperation with INTAJ, organized a workshop on IT in Banking Sector.

The workshop was held on 18 Sep. 2017 to introduce participants from bank to the latest technologies currently used in the banking industry around the world and in the region.

The workshop discussed means of exchanging expertise and knowledge between IT companies and banks to develop ways of providing and upgrading bank services by using the latest technologies in this field.

ABJ General Director Dr. Adli Kandah highlighted the importance of banks' using latest technologies in different fields in a way that is attuned to the banking sector's needs, as banks are committed to CBJ requirements and the requirements of banks outside Jordan and their needs and priorities for the next couple of years.

Technology, he stressed, should support protection of information and maintaining their confidentiality, amidst an approach to cancel paper work and substitute it with IT. In addition, there is automation of legal departments which have computer systems to run their work. Banks can further use cloud computing.

The CEO of INTAJ Nidal Bitar said that INTAJ member companies have long experience in working with local banks. The banking sector, he added, is one of the best sectors that back raising the rate of economy digitalization, as they rely on all forms of technology to provide distinguished services to their customers.

Bitar pointed to the royal vision REACH 2025 that aims at increasing the digitalization of economy. Digitalization in Jordan reached 8%, compared with 18% in the American economy.

A Workshop on Rationalization Programs of Energy Consumption

The ABJ, in cooperation with the USAID- funded Energy System Capacity Building (ESCB) project, organized a workshop on launching a draft agreement to implement programs on management and rationalization of energy consumption. The workshop was held on 8 Aug. 2017.

A Workshop on TOEIC

The ABJ organized a workshop on certification of the Test of English for International Communication (TOEIC).

The workshop was held on 8 Nov. 2017 in cooperation with Masa for International Exams.

A Workshop on Guarantees in Jordanian Law

The ABJ organized a workshop on Guarantees in Jordanian Law and the Importance of Implementing the Uniform Rules for Demand Guarantees.

2) Training Courses and Programs

The ABJ held the following training courses and programs in 2017:

Training Course on CBJ Instructions on IT Governance, Application in Jordanian Banks

The ABJ organized a training course on CBJ Instructions on IT Management and Governance and Means of their Application in Jordanian Banks.

The three-day course took place on 30 Jan. 2017.

A Training Course on Negotiations Skills and Collecting Bad Debts

The ABJ organized a training course on Negotiations Skills, Handling and Collecting Bad Debts. The course was organized in the period of 6 to 9 March 2017.

A Training Course on CBJ Instructions on Local, Foreign Electronic Transfer of Money to Customers and Inter-banks, and Risk Management

The ABJ organized a training course on CBJ Instructions on local, foreign Electronic Transfer of money to customers and inter-banks, and Risk Management. The course was held during the period of 20 to 22 March 2017.

A Training Course on CBJ Instructions on Financing Individuals, SMEs

The ABJ organized a training course on CBJ Instructions on Financing Individuals and SMEs. The course was held during the period of 24 to 26 April 2017.

A Training Course on Rules, Criteria & Procedures of Compliance and their Role in Jordanian Banks in light of CBJ Memos, Orders and Basel Core Principles for Effective Banking Supervision

The ABJ held in the period of 22 to 24 May 2017 a training course on the Rules, Criteria & Procedures of Compliance and their role in Jordanian Banks in light of CBJ Memos, orders and Basel Core Principles for Effective Banking Supervision.

A Training Course on Rules, Criteria & Procedures of Compliance and their role in Jordanian Banks in light of CBJ Memos, orders and Basel Core Principles for Effective Banking Supervision

The ABJ held in the period of 31 July to 2 Aug. 2017 another training course on the Rules, Criteria & Procedures of Compliance and their role in Jordanian Banks in light of CBJ Memos, orders and Basel Core Principles for Effective Banking Supervision.

A Training Course on CBJ Instructions for Dealing with Customer Complaints regarding Financial and Banking Services Providers

The ABJ held a training course on CBJ Instructions for Dealing with Customer Complaints regarding Financial and Banking Services Providers. The course took place between 20 and 22 Nov. 2017.

A Training Course on Developing Leadership Skills

The ABJ organized, in cooperation with MED for Training and Consultation, a training course on Developing Leadership Skills during the period of 22 to 24 May 2017.

The course aimed at building new leadership skills and developing existing ones to enhance the role of leadership in business institutions.

The course was designed to equip employees with knowledge, behavioural and professional skills that strengthen their positive attitudes towards their institutions and the targeted audience, in addition to new trends in leadership.

The three-day course included sessions on types of leadership; leadership positions and their responsibilities; the leadership functional performance and the leadership grid; distinction between a manager and a leader; drafting institutional goals, working plan and assessment of performance and creative thinking, in addition to practical exercises.

A Course on the American Selling Methodology

In cooperation with MED for Training and Consultation, the ABJ held a training course on the American Selling Methodology. The course took place during the period of 24 to 26 Oct. 2017.

A Training Course on BPM

In cooperation with MED for Training and Consultation, the ABJ organized a training course on Bullet Proof Managers (BPM) during the period of 26 to 28 Sep. 2017.

Two Training Courses under the MOU with the JC

The ABJ held two training courses on Modern Banking and Business Operations.

The first course was held in the central region during the period of 10 to 14 Dec. 2017, while the second one targeted the north region in the period of 17 to 21 Dec. 2017.

The two courses come in the context of an MOU that the ABJ concluded with the Judicial Council (JC) to train judges on banking lawsuits.

Training Course on CBJ Instructions on IT Governance, Application in Jordanian Banks

The ABJ organized a training course on CBJ Instructions on IT Management and Governance and Means of their Application in Jordanian Banks.

The three-day course took place between 30 Jan. 2017 and 1 Feb. 2017.

A Training Course on Negotiation Skills and Handling, Collecting of Bad Debts

The ABJ organized a training course on Negotiation Skills and Handling and Collecting of Bad Debts during the period of 6 to 9 March 2017.

3) Seminars and Forums

The ABJ held the following seminars and forums in 2017:

An Interactive Session on Facilitating Access of Entrepreneurial Firms to Financing

The ABJ, in cooperation with the JLGC, organized on 12 Dec. 2017 an interactive session on Facilitating Access of Entrepreneurial Firms to Financing at the ABJ headquarters.

A Seminar on CBJ Instructions on Domestic Systematically Important Banks

The ABJ organized a seminar on CBJ Instructions on Domestic Systematically Important Banks on 20 Sep. 2017, to shed light on those instructions, their application and the way of dealing with them at the enter-banks level. Participants in the seminar, which was held in the ABJ headquarters, included managers of compliance, risks and auditing departments in banks operating in Jordan.

The CBJ had issued the Instructions on Domestic Systematically Important Banks in line with the Basel Committee resolutions on banking supervision and because of its keenness on maintaining the stability of monetary and economic system of the kingdom.

ABJ General Director stressed the importance of those instructions that aim at enhancing the capacities of banks that are domestic systematically important, by maintaining their financial soundness and strength and alleviating the negative impacts of substantial troubles at the financial and economic levels in general.

Dr. Kandah said the main components of those instructions are: the methodology of determining

which banks are systematically important at the domestic level; the additional capital required of systematically important banks; the quality requirements of systematically important banks and their relevant supervisory measures; and alleviating the impact of facing substantial troubles.

An Introductory Seminar on Next Generation IT Security

The ABJ, in cooperation with SOPHOS, organized an Introductory Seminar on Next Generation IT Security on 16 Aug. 2017.

The ABJ Organizes the Fifth Forum for Social Responsibility of Banks

The ABJ, in cooperation with the United Nations Environment Program (UNEP), organized the Fifth Forum on the Social Responsibility of Banks on 15 Nov. 2017 under the title of From Social Responsibility to Sustainable Development.

CBJ Governor Dr. Ziyad Fareez said in the opening speech that Jordanian economy demonstrated a number of indicators for recovery and possible positive growth rates in the coming years.

Fareez, under whose patronage the forum was held, reiterated that Jordan has been able to overcome many challenges in the past five years. Challenges caused a dramatic drop in economic growth rates from 7.1% annually before the crisis to an average of 2.6% annually in the post-crisis period (2010-2016).

Despite the modest growth rates in recent years and the rise in debts, he went on to say, we have indications that we surpassed the toughest period and we reduced the existing challenges.

The first half of 2017 registered positive growth rate of 2.1%; almost the same as the growth rate of the year before, he said. He expected the growth rate of 2017 to register 2.2%, compared with 2% in 2016.

Dr. Fareez said the fifth forum comes days after His Majesty the King opened the second ordinary parliamentary session with a speech that minutely and realistically diagnosed challenges facing our economy. The Throne Speech suggested measures that should be taken by the government, state institutions and private sector, to face challenges and maintain the economic stability of the kingdom.

His Majesty's speech, he said, calls us to provide decent livelihoods for citizens of limited and middle income segments. Jordanians, he stressed, are always up to expectations with their loyalty and perseverance. "I am confident of Jordan's ability to surpass all challenges and obstacles," he said.

Reading the economic scene and its micro developments tells us a recovery is in process and there is a gradual comeback to higher growth rates in the coming years, he said. There is tangible improvement in some indicators of the external sector and a drop in the setback rate of other sectors, he added.

The governor named some of those indicators. The tourism income, he said, continued to rise at a rate of 12.7% by the end of October 2017, compared to a setback of 1.8% for the same period of 2016.

Foreign direct investments (FDI) to the kingdom also improved by about 30% in the first half of 2017, which raised its ratio to GDP to 6%, compared with 4.7% for the same period of 2016.

Expatriates' remittances registered a positive growth rate of 0.7% by the end of September 2017, compared with a setback of 4% for the same period of 2016.

The governor drew attention to stability in national exports, following an annual setback of 7.8% in 2015 and 2016. What calls for optimism, he said, is that this stability comes in spite of the 8% fall down in the price of exports by the end of Aug. 2017. This fall down was met by a general rise in the quantity of exports at a similar rate, in addition to access to new markets.

As regards the reopening of borders with Iraq, the governor said there are indicators that trade with Iraq is improving, "although we fully understand that restoring the pre-border closure's levels of exports would take time." He expressed hope that "we would feel the positive impact of resuming trade with Iraq as of the second half of 2018."

As for capital expenditure, the governor said it grew by 7.4% by the end of Sep. 2017, compared to a setback of 9.4% for the same period of the year before. Such a growth, he explained, is leverage to economic performance whose positive influence would spread to different economic sectors, especially as the government's approach is to rely more on the private sector in implementing some capital projects. Strengthening partnership with the private sector and benefiting of its accumulated experiences would help the country and cut down the budget deficit, he added.

He pointed out to the continued rate of growth in facilities granted to the private sector, at 7.8% by the end of Sep. 2017, as it also witnessed good growth compared with the same period of 2016, registering 7.5%. Credits were spread all over economic sectors, especially productive ones.

Dr. Fareez said this is a positive indicator as it illustrates potentials of economic growth in the future, adding that those developments come as we feel trust and confidence in the development of bank strength indicators.

The governor highly valued efforts of managements of banks operating in Jordan for their "incessant cooperation stemming out of your high sense of responsibility." Achievements of the banking sector and its quality contributions to the national economy, he said, would continue despite whatever difficulties or fluctuations in the domestic or external financial and economic environments.

The governor praised banks' steady commitment to the restrictions of safe and sound banking practices, and their keenness on providing the necessary conditions and provisions to solidify the best practices in banking, and wise risk management to advance banks' ability to absorb internal and external shocks.

Fareez called on banks to assume an even greater role towards social development, saying their social responsibility should not be limited to charity and cash and in kind donations. Rather, "It should

be an ethical commitment” that has an institutional character of a sustainable and high added value in the different sectors of education, health, training and rehabilitation, environment and empowerment of local communities. „

As regards the monetary policy, CBJ Governor stressed that the monetary and financial stability is maintained and the dinar attraction as a safe haven for internal and external savings is increasing. Despite the modest growth in deposits since the beginning of 2017, he said, deposits in Jordanian dinar increased since the end of March 2017 by five times compared with the same period of 2016. Deposits exceeded half a billion dinars, he pointed out.

The governor explained some non recurrent events that some reports interpreted as a decline in dinar deposits. What happened, he said, is a pure process of re-classification for statistical purposes, and the deal of purchasing the Saudi-Ojer shares in the Arab Bank by Jordanian and non Jordanian investors for the locally unfamiliar amount of USD 1.1 billion. This in fact is “an indicator of the strength of the banking system and firm faith in the foundations of the monetary stability and the stable environment of the Jordanian economy at the long run,” he said.

He pointed out to the tangible progress that the kingdom made in the World Bank’s recent report on Doing Business. Jordan’s ranking improved to occupy # 103, up from the ranking of 118 in last year’s report. Progress was mainly due to the improvement in the criterion of accessing credit, which progressed by 26 ranks resulting from the launching of the credit bureau as of last year.

Despite all the positive indicators of the Jordanian economy, yet, he said, building on these gains “requires facing challenges looming ahead.”

He quoted His Majesty saying that no one would care to find solutions to our problems but us; we should depend on our will, our potentials and powers to face challenges laying ahead with determination and strong will.

Fareez called for facing new realities, the changing priorities of the international community and regional developments, saying that these changes made self-reliance a bigger challenge than ever. Reforms known to everyone should be implemented without reluctance. Any delay in implementing reforms would inevitably affect negatively the socio-economic security.

He reiterated that the government’s implementing of the economic growth plan and the national economic reform program is certain to face external distortions, such as the current account deficit, and internal distortions such as the public budget’s deficit. This would require putting an end to wasting the limited economic resources, the infeasible expenditures, the economically unwarranted exemptions, and addressing distortions in the tax system.

Those measures would positively enhance the investment environment, strengthen pillars of comprehensive growth, and address the issue of public debts by putting it on a sustained downward track.

The banking system is the main financing channel of the national economy, he said. This type of

financing continued at a great momentum despite the unfavourable conditions that the national economy has been passing through in recent years. This is an actual representation of banks’ practice of social responsibility.

He said that the concept of social responsibility has become an institutional culture and approach for organizations and institutions in the developed societies. It is one of their sustainable development indicators. “Despite the different perspective and purposes of the social responsibility concept, I think it mainly means an institution’s ability to create a positive relationship with the community in which it works, and to develop it in a way that serves the community and its prosperity and safety. This is done by commitment to best practices in the domain in which the institution works and in the way that strikes a balance between its interests and the community’s interests,” the governor stressed.

He continued to say that this concept includes constant commitment on the part of institutions to act ethically and contribute to economic development and to work to improve the living conditions of the labour force and their families, and society as a whole.

Available charts, he said, show the increase in amounts that banks expend in the framework of social responsibility. Expenditures on social responsibility rose from 0.8% in 2015 to 1.3% in 2016. “This is commendable,” he said.

The CBJ Governor called for laying down guidelines for social responsibility for other institutions to build a strategy to achieve sustainable development goals at the national level.

On his part, the ABJ Chairman Musa Abdel Aziz Shehadah said the fifth forum on social responsibility is an important opportunity to review member banks’ achievements and approaches for their social responsibility in financing sustainable development and exchanging experiences and expertise.

Shehadah added in the opening ceremony speech that participants would discuss means of developing and triggering all roles relevant to social responsibility so that all sectors of our country could profit.

The ABJ, he said, has always been keen on playing an active role in strengthening sustainability and social responsibility of banks operating in Jordan. The association was one of the pioneers in adopting this concept and conveying it to its members through specialized forums and publishing studies on the social responsibility roles of banks operating in Jordan.

Shehadah pointed out that the ABJ joined in 2016 the United Nations Environment Program’s Financing Initiative (UNEP FI) as a supporting institution, thus becoming the second banks association in the region to do so. It would work with the FI’s secretariat to enhance the concept of sustainable financing in Jordan’s banking sector, and to contribute to adopting and implementing sustainability practices in the banking industry.

He underlined the social responsibility as a concept requiring companies to be a good member of their communities, so that they would seek to achieve their financial interests, and the interest of other stakeholders, including the consumers, the employees and managers, the environment in which they work and the media and society in general.

Shehadah highlighted social responsibility as having an exceptional importance in the developing world, especially the countries that suffer from strains in public finances and face big burdens. In this case, the private sector should step in to be the public sector's partner in supporting social and developmental goals and assuming its responsibilities towards society through quality contributions in the different domains of social responsibility.

He reiterated that the Jordanian banking sector was in the forefront of those who assumed their social responsibilities and confronted social challenges by providing support to different segments of the Jordanian society. This has made banks in Jordan a forerunner in serving society compared with other sectors.

Banks in Jordan are the backbone of national economy; they are one of the strongest sectors as they contribute to provide the principal channels for monetary policy and to increase the efficiency and competency of macroeconomic policies. Banks, he added, shoulder their responsibilities in taking active part in the comprehensive and sustainable development by attracting savings, promoting saving and investment, and distributing economic resources with efficiency and competency.

Shehadah said banks enjoy the highest degrees of transparency and disclosure according to international standards and international best practices, by the periodic and minute declaration of their financial results and annual work. This confirms banks' commitment to all their stakeholders.

He went on to say that the wider concept of sustainability represents efforts exerted to ensure the long term success of corporations, which depends on contributing to socio-economic development, providing the proper environment and achieving stability to society.

He said he believes sustainability in financial institutions has four elements: the financial sustainability of financial institutions and their clients of corporations; the economic sustainability of projects and companies that the financial institutions finance through supporting local economies; the environmental sustainability through the conservation of natural resources; and the social sustainability through improving living standards, fighting poverty, taking care of the society's welfare and the respect of basic human rights.

The past five years, he said, witnessed clear approaches towards implementing the concept of sustainability on the part of banks operating in Jordan. Two thirds of banks in Jordan have a sustainability strategy. Furthermore, many banks operating in Jordan issue sustainability reports according to the framework of the Global Reporting Initiative (GRI).

Signatory Relations Manager at UNEP FI Liesel van Ast said the concept of social responsibility for corporations has been transformed into a strategic approach for banks. Further, rating institutions takes it into consideration when rating banks' performance.

She added that one of the development goals of the banking sector is to support the socio-economic growth that is in line with the UN development goals. This provides greater chances for banks to contribute to achieving those goals.

It is greatly important that banks be active in the green financing processes that help to achieve development goals. Therefore, it is substantial to build the institutional capacities of banks to help them deal with this type of financing, especially in the sectors of renewable energy, environment and guaranteeing the sustainability of natural resources.

She called for cooperation and exchange of expertise and entrepreneurial experiences in financing projects that achieve all aspects of sustainability. Jordan, she said, provides an ideal environment for this.

Participants in the fifth forum reviewed experiences of UNEP, ways of sustainability reporting according to the GRI guidelines, and they shed light on sustainability in the Jordanian banking system.

They also discussed the response of Jordanian government institutions to global initiatives in social responsibility and sustainable development goals, and the national green economy strategy, in addition to success stories in social responsibility and sustainable development that had been implemented in the kingdom.

Participants in the one-day forum included representatives of banks, ministries and government institutions such as the Ministries of Planning and International Cooperation, Environment, Amman Stock Exchange; a number of CEOs and general directors of banks; head of Jordanian Businessmen Association Hamdi Tabbat and Chairman of Jordan Chamber of Industry Adnan Abul Ragheb.

D. Other Activities and News

ABJ Holds its Ordinary General Assembly, Approves its 2017 Budget

The ABJ held its ordinary general assembly meeting on 20 March 2017, under the chairmanship of its Chairman Musa Shehadah, in the presence of representatives of member banks. The ABJ general assembly approved the board of directors' report on ABJ work for 2016 and discussed the future plan of 2017. It further approved the financial statements of 2016 and the estimated budget of 2017.

The ABJ Draws Strategic Plan of 2017-2019, Operational Plan of 2017

In line with the strategic planning approach that it started since 2010, the ABJ drew its strategic plan for 2017-2019, which comprises three main strategic components and 11 strategic sub-goals.

The ABJ further drew its operational plan of 2017 in line with the components and strategic goals of the overall plan. The operational plan of 2017 included a great range of sub-goals (operational goals), reaching 56 operational sub-goals that work to achieve the strategic goals set in the 3-years plan.

ABJ's Steps to Found Companies for Commercial Banks, Islamic Banks

The ABJ took the following steps in the context of incorporating two separate companies for Jordanian commercial and Islamic banks to have stakes in the Saudi-Jordanian Investment Fund Co LTD:

The ABJ contacted Ali Sharif Zu'bi Law Firm to appoint them to do the incorporation procedures of two separate companies for commercial banks and Islamic banks, with the purpose of having stakes in the Saudi-Jordanian Investment Fund Co LTD. The preliminary capital of the fund company is almost \$10 million (7.1 million JDs); the Public Investment Fund of Saudi Arabia contributes 90% to the company while the two Jordanian banks' companies contribute 10% (or 710 thousand JDs), divided as 83.87% for the commercial banks' company and 16.13% for the Islamic banks' company.

- On 8 March 2017, the ABJ delivered to banks a table showing banks' contributions in the two companies' capital, in addition to the Articles of Association, Articles of Incorporation, minutes of Board of Directors' meeting and minutes of general assembly meeting. The ABJ asked banks to furnish it with their feedback and remarks on the said enclosures, as well as sending a letter of confirmation of their contributions, the Articles of Association of the bank and the certificate of the authorized signatory on behalf of the bank. The letters were a preliminary action to convene the general assembly meeting and the first meeting of the board of directors for both companies. The ABJ received the requested information and documents.
- The ABJ held on 29 March 2017 the first general assembly meeting and the first meeting of the board of directors of the commercial banks' company and Islamic banks' company. Banks signed the two companies' articles of association and the minutes of meeting of both the general assembly and board of directors of each company. An auditor was appointed. The board of directors of each company was elected and an account was opened at the CBJ so that banks could deposit their contributions in both companies.
- Registration procedures at the Companies Control Department were completed; certificates of registration for both companies were issued on 6 April 2017 under the name of Jordanian Commercial Banks Investment Group, for commercial banks, and the name of Jordanian Islamic Banks Group for Investment Activities, for Jordanian Islamic banks. Banks' contributions were deposited in the account of the Saudi-Jordanian Investment Fund Co LTD.
- The ABJ addressed the CBJ Governor and the Prime Minister in April 2017 to reaffirm that the two companies, aiming to contribute in the Saudi-Jordanian Investment Fund Co LTD, get the exemptions decided to be given by the Jordanian government and the CBJ.

UAB Organizes the SMEs Forum: the Path to Economic Development and Social Justice

Under the patronage of the Minister of Industry and Trade and Supply Yaarob Qudhah and the CBJ Governor Dr. Ziyad Fareez, the Union of Arab Banks (UAB) co-organized with the CBJ, ABJ and Association of Banks in Palestine (ABP) the SMEs Forum: the Path to Economic Development and

Social Justice, on 19-20 July 2017.

More than 250 leading banking, financial and economic charts took part in the forum. Participants came from Jordan, Palestine, Lebanon, Egypt, Sudan, Bahrain, Saudi Arabia, Qatar, Kuwait, UAE, Libya, Tunisia, Algeria and Iraq.

In the opening session, UAB General Secretary Wissam Fattouh, ABJ Chairman of Board of Directors Musa Shehadah, CBJ Deputy Governor Dr. Maher Sheikh deputizing for the governor, and Minister of Industry, Trade and Supplies Yaarob Qudah addressed the forum consecutively.

Dr. Maher Al Sheikh said SMEs provide between 40 and 60% of total job opportunities created all over the world. They account for 95% of total companies operating in Jordan, and they contribute almost 40% of Jordan's GDP.

As regards the financial inclusion of adults in Jordan, he said that it is almost 25%, which is low if compared with other countries of the same income category at the world level.

He added that Jordan is committed to increase the percentage of financial inclusion to 36.6% of the adult population by the end of 2020, in addition to reducing the gender gap in financial access from 53% to 35% by the said year.

In the past four years, the CBJ, in cooperation with the Ministry of Planning and International Cooperation and international and regional financing institutions, mobilized almost \$440 million financing at low interest rates for the SMEs sector. Out of this amount, \$220 million were credited to Jordan until to date and were lent to 16 thousand enterprises, Dr. Sheikh said.

ABJ Chairman Musa Abdel Aziz Shehadah said the biggest challenge facing SMEs is access to financing, as more than half of those businesses suffer great difficulties of accessibility to credits. Therefore, the challenge facing countries in the region is to create a friendly environment that could facilitate SMEs' financing.

Shehadah said by analyzing interaction between supply and demand factors, and institutional and regulatory factors, the main barriers and challenges facing SMEs in accessing credit could be summarized as insufficient collaterals and the infrastructure of credit information in many Arab countries, the high percentage of non-performing loans, the weak and limited impact of specialized financial institutions, the weak competition in banking systems in some countries and the limited alternatives to financing SMEs outside the banking sector, in addition to non-financial barriers such as the limited financial accounts and credit registers of those businesses.

The ABJ Hosts Launching CBJ Economic Initiatives

Under the patronage of Prime Minister Dr. Hani Mulki, the ABJ hosted on 12 March 2017 the CBJ launching of a set of economic initiatives that include the incorporation of investment companies for

banks with a capital of JD 125 million to invest in medium-sized enterprises and the program to support the national exports credit, to which JD 100 million has been allocated.

CBJ Governor Ziyad Fareez said the initiatives are the banking system's response to the recommendations of the Economic Policies Council (EPC), launched by His Majesty King Abdullah and later endorsed and adopted by the Cabinet.

The first initiative aims at supporting exports through a JD100 million loan from the CBJ to the Jordan Loan Guarantee Corporation (JLGC) to establish a fund whose returns would enable the JLGC to guarantee Jordanian exports' credit and, subsequently, boost exports to different destinations, especially new markets.

The CBJ, he added, has worked with the Ministry of Planning and International Cooperation (MOPIC) to create the Jordanian Entrepreneurship Fund at a cost of \$100 million split 50-50 between the CBJ and the World Bank, to be launched during the first half of 2017, with the aim of investing in start-ups.

To boost financing of start-ups, small and medium size enterprises, the governor said, the CBJ would increase allocations of loan guarantee program of start-ups to JD 100 million, up from JD 50 million, once the current budget is used up.

The initiatives launched today, he said, include the incorporation of two banking investment companies in Jordan, the first is "The Commercial Banks Company for Investment" with a capital of JD100 million and the second is the "Islamic Investment Company," whose capital stands at JD25 million.

The two companies, he went on to say, aim to invest in medium-sized companies to trigger growth and expand their scope of business to be reflected positively on their job generation capacities. This would certainly reflect on all economic activities and other initiatives and investment funds would emerge of those two companies, he stressed.

He stressed that banks' initiatives come out of their conviction in the promising future of the national economy. "The number of Jordanian and non-Jordanian investors who invested in the Arab Bank's deal, whose value exceeded one billion dollars, is the best evidence of the positive outlook of the Jordanian economy."

The governor reiterated that Jordan proved it can handle challenges with efficiency and determination under the wise leadership of His Majesty the King. The government implemented wide-scale reforms that could not have succeeded lest for the harmony and complementary roles played by all sectors in the country.

It is in this context, he added, that the CBJ raised interest rates on fiscal policy instruments to boost the competitiveness and attraction of the Jordanian Dinar as a vessel for local savings. The CBJ, however, did not overlook the developmental aspect. So it kept unchanged its interest rates on re-financing programs that include industry, agriculture, tourism, renewable energy and IT sectors. Sums granted under this program, including SMEs in these sectors, exceeded JD 300 million.

The CBJ secured USD 440 million from regional and international institutions for local banks to re-lend them to SMEs to reduce the credit costs on those sectors that are important for job creation and triggering growth.

On his part, Chairman of ABJ's Board of Directors Musa Shehadeh highlighted the importance of initiatives that implement the first package of EPC's recommendations to trigger the national economy.

Such initiatives, he said, serve national economy, achieve targeted economic growth, alleviate unemployment issues and boost exports to new and traditional markets.

Jordanian banking sector, he went on to say, was able to achieve noticeable and constant growth over the past few decades. It had been able to have a special niche with the backing and support of CBJ which adopts wise fiscal policies.

Total assets of banks operating in Jordan doubled to reach JD 48.4 billion by the end of 2016; credit facilities was increased by two and a half times to reach JD 22.9 billion; and, deposits rose by two and a quarter times to reach JD 32.9 billion by the end of 2016, he went on to say.

Shehadeh underlined the strength and resilience of Jordanian banking sector as shown by the financial strength indicators, despite the difficult circumstances that the national economy passed through in the past years. It was able to deal with new conditions and circumstances in a responsible and wise way that conforms to the proper international standards, according to valid banking practices and rules and according to the CBJ's instructions, he said.

ABJ Chairman added that the ratio of non-performing debts stayed low at less than 5% of total debts, with big provisions that cover three quarters of non-performing debts. Capital adequacy ratio in banks is greatly higher than the minimum limits required by the CBJ and the Basel Committee.

The general manager of the Arab Bank Nemeh Sabbagh stressed that banks' initiative to invest in Jordanian medium sized businesses "arose from our deep belief in the vital role that medium sized enterprises play in job creation and in the growth and prosperity of our national economy."

Sabbagh was talking on behalf of banks operating in Jordan, in his capacity as the head of the committee that banks formed to prepare for the initiative of investment in medium sized Jordanian enterprises.

A specialized technical committee composed of the Arab Bank, the Housing Bank, Jordan Islamic Bank, Jordan Kuwait Bank, and Arab Jordan Investment Bank developed an organizational and legal structure for investment in Jordanian medium sized companies.

The initiative received a warm welcome from most banks, and 18 banks took part, 15 commercial banks and 3 Islamic banks, Sabbagh said.

The initiative provides for the creation of two investment companies: one for commercial banks to invest in an authorized capital of JD 100 million. It is completely owned by participating commercial banks. The other is for Islamic banks with an authorized capital of JD 25 million, and it is completely

owned by Jordanian Islamic banks.

A third company with experience in investment would be appointed to run the investment. The investment policy of this third company would be drawn by the two principal companies.

The initiative would contribute to achieve growth and expansion and maximize the organizational and administrative support to medium sized companies that have qualitative administration and competitive advantages. Banks would invest directly in the equity of those companies at commercial bases to support their capital, Sabbagh pointed out.

On his part, JLGC General Director Dr. Mohammad Jaafari said the launching of the program to guarantee Jordanian exports' credit at a value of JD100 million funded by the CBJ would enable the JLGC to expand the scope of its insurance coverage of national exports.

The program, Jaafari added, would also enable JLGC to provide wider insurance coverage of traditional markets and penetration into new markets that are not covered by international insurance and reinsurance companies in light of the unbecoming political and security developments in the region.

So, the JLGC would be able to ensure the necessary coverage of constructions and service, technical and consultation exports, as well as providing guarantees to exports whose settlement term is longer than what is currently in force. This would increase the competitiveness and chances of national exports, he said.

The JLGC program would definitely work in a sustainable way, he said. The company would invest the CBJ's loan proceeds in government bonds, and the net revenues of the sum would be allocated to cover risks of guaranteeing exports.

Jaafari expressed hope that the JLGC would exercise its national role in guaranteeing financing of SMEs and guaranteeing exports' credits. These two missions are extremely important in stimulating growth and creating job opportunities in light of the sluggish economic growth and high unemployment rates, he said.

The corporation would render its services according to the best standards and most efficient methods, JLGC general director said.

On his part, ABJ General Director, Dr. Adli Kandah, said in a presentation that the Jordanian banking sector has always been a true and efficient partner of the public sector in all that enhances economic growth and achieves comprehensive and sustainable development.

This partnership, he added, resulted in a great number of joint initiatives, such as the launching of the "The Commercial Banks Company for Investment" and the "Islamic Banks Investment Company."

Dr. Kandah highlighted the important role the CBJ plays in the management of monetary policy and maintaining monetary and financial stability to achieve socio-economic development in the kingdom.

He stressed that achieving comprehensive and sustainable development and realizing national economic goals cannot be done without a genuine public-private partnership, in which the private sector is the main engine of economic activities.

ABJ General Director Takes Part in the 4th Conference on Enhancing Institutional Governance, Applications in Business Associations

The ABJ General Director Dr. Adli Kandah took part in the 4th International Conference on Enhancing Institutional Governance and its Applications in Business Associations as a Basis to Develop Performance and Achieve Goals, that was held during the period of 19 to 20 April 2017.

Kandah's working paper in the first session of the conference handled the issue of governance and its role in developing the performance of banks and financial institutions.

Central banks, he said, play a substantial role in founding and cementing the good governance systems in the banking sector, through the precautionary regulation, banking supervision and ensuring payment systems.

The proper practice of governance enhances the soundness of the banking system, by committing to the standards that the Basel Committee set for supervision on banks and banking industry.

In the same context, Dr. Kandah pointed to CBJ measures on governance, including the instructions on corporate governance of banks which contained the principles, rules and conditions that banks should follow for the effective implementation of corporate governance. Those include separation between the responsibilities of CEOs and those of the general directors.

Instructions, he added, focused on the rights of the stakeholders who should be treated equally and with transparency so that they could properly assess the bank's situation and financial performance. The relationship between management and stake holders should be governed by accountability rules, he said.

Corporate governance, he said, provides clear-cut frameworks for supervision, accountability and compliance. It strengthens integrity and transparency, guarantees the lack of interest conflicts and realizes full justice in the relationship of all stakeholders.

The biggest winner of implementing corporate governance, he said, is the relevant firm, its sector and the national economy as a whole. The sound managements of companies committed to the components and applications of governance are the genuine tools to achieve sustainable development by strengthening active elements in building the national economy.

General Director Takes Part in the Women Empowerment Conference

The ABJ General Director took part in the Conference on Women Empowerment that the UAB organized in Beirut on 3 March 2017.

Dr. Kandah delivered a working paper on the Role of Banks and Financial Institutions in Jordan in the Economic Empowerment of Women in the conference that was co-organized with the World Union of Arab Bankers (WUAB).

The Jordanian National Commission for Women drew the first national strategy for women in 1993. The commission became in 1996 the reference for all official agencies in what concerns women affairs and activities, as official institutions ask for the commission's opinion in all matters of concern to women.

Despite this long history of commitment, Jordanian women participation in economic activities is still low, he said.

Kandah called on the conference to adopt a clear-cut road map to increase economic empowerment of women and increase their economic participation, providing decent working opportunities for women that include furnishing appropriate choices to give care for the children of working mothers, such as flexible working hours or less working hours, and creating a friendly environment for women entrepreneurs that is based on gender equality.

He also called for increasing women representation in the management and leadership positions in the region, encouraging women to start their own businesses, making use of the experiences of banks and financial institutions in other countries that provide financial services to women, and creating a societal culture that indicates the importance and advantages of financing women-owned and women-run businesses, in addition to adopting the international best practices in banking services targeting women-owned SMEs and developing more products and services that target women.

Dr. Kandah recommended creating programs and funds that provide financing to women-led start-ups without collaterals, and developing the financing mechanisms to guarantee creative products, such as the venture capital.

The ABJ to Develop Outcomes of YU's Economics Faculty

The ABJ General Director discussed with the dean of Economics and Administrative Sciences at the Yarmouk University (YU), Dr. Mohammad Taamaneh, developing the faculty's curricula in all fields to match the requirements of the job market.

The CEO of Amman Stock Exchange Nader Azar, heads of departments of the faculty and representatives of companies, especially from the Irbid governorate, took part in the discussions.

The meeting aimed at discussing ways and means of implementing the faculty's objective of developing

students' skills and matching courses to the needs of the market, especially banks, financial institutions and capital markets such as the ASE, Securities Depository Center, Jordan Securities Commission and electricity companies.

The YU's Faculty of Economics and Administrative Sciences is the second biggest faculty teaching economics, financial and banking specializations in Jordan. It graduated many charts and experts in those fields who occupied senior positions in Jordanian ministries and banks and contributed to advancing banking in many Gulf countries.

The ABJ Takes Part in a Workshop on Entrepreneurship in Green Businesses

The ABJ General Director took part in a workshop on Entrepreneurship in Green Businesses that the Ministry of Water and Irrigation co-organized with the European Union under the theme of Factors of transformation to green economy in Jordan.

A number of concerned partners took part in the workshop held on 27 April 2017.

Dr. Kandah said banks offer many products and financial services to green entrepreneurial sector in Jordan that include short, medium and long term loans, capital finances and purchasing immoveable assets, financing start-ups, and issuing the necessary credits and guarantees to implement businesses. Banks also have programs to support the Renewable Energy and Energy Efficiency Fund (REEEF), in addition to CBJ advances to the renewable energy sector, industrial medium term advances to the industrial sector, and the JLGC programs.

Islamic banks offer product to finance hybrid and electric cars, and products to finance renewable energy as a Morabaha and Mosawamah selling formulas, financing renewable energy for SMEs and financing energy efficiency systems and equipment.

Kandah said granting funding requires that it is in line with the bank's credit policy, as well as having feasible studies and financial statements for the projects, commitment to the conditions of agreements signed with the CBJ and the REEEF, and that it should be in line with the requirements of official regulatory agencies.

He added that there are a number of challenges facing financing green entrepreneurial projects and the innovative environment and social initiatives of civil society. Those include the weak awareness of investors in this type of investment that benefits of available financing programs of entrepreneurial green businesses; the need for more interest in environment-friendly businesses along with renewable energy, recycling, organic agriculture, clean industry and waste recycling. There is also the absence of a proper legislative environment to regulate the work of those enterprises and give them sufficient incentives; the difficult government procedures of having the necessary approvals and permits; the absence of different sources of financing that could provide the necessary funding at reasonable costs and at an acceptable level of risk; the high cost of installing renewable energy systems compared with the benefits; the fluctuating cost of those systems and the numerous companies selling them; and the insufficient capacity

of NAPCO's infrastructure to absorb new projects.

ABJ's major recommendations as regards ways of innovative financing of clean technology, environmental innovations, green entrepreneurial businesses and green economy include looking for low-cost sources of financing to help those businesses grow and continue; having more benefit of agreements concluded with local and international agencies to provide the necessary financing of such businesses, to cover the risks of failure and endure part of financing costs.

ABJ, IBS Conclude Zuheir Khoury Scholarships Fund Agreement

The ABJ and the Institute of Banking Studies in Jordan (IBS) signed an agreement on Zuheir Khoury Scholarships Fund, pursuant to which the Khouri family provides a scholarship for the Masters Degree that the IBS offers in the specializations that the scholarship specifies.

Omar, the son of late Zuheir Khoury, signed the agreement on behalf of his family, while the general director signed it on behalf of the ABJ and Dr. Riyadh Hindawi signed it on behalf of the IBS.

According to the agreement, the Khoury family would finance one scholarship each two years for the Master's students. Acceptance conditions and specializations are set by the IBS to determine who could compete for this scholarship and its privileges.

Conditions for applying for the scholarship include the GPA of the bachelor degree in specific specializations, working experience in financial and banking fields, mastering of English and Tawjihi JPA.

Zuhair khouri is one of the pillars of banking in Jordan. He was assistant secretary of Jordan Currency Board between 1961 and 1964, a head of a CBJ department between 1964 and 1968, and the executive manager of CBJ between 1968 and 1973.

Khouri helped to found many prestigious economic institutions, on top of which is the Housing Bank. He had been the general director of the housing bank from 1973 until 1997, and then he became the chairman of board of directors of the bank from 1997 and 2002. He has also been the chairman of board of directors of the ABJ for 15 years and represented Jordan in the UAB for a long time.

ABJ General Director Takes Part in a Regional Conference on Total Compliance to Fight Money Laundering and Terrorism Financing

The ABJ General Director took part in the regional conference on the total compliance to combat money laundering and terrorism financing, co-organized by the World Union of Arab Bankers (WUAB), the Central Bank of Cyprus and the Association of Banks in Cyprus, in Limassol, Cyprus, on 8-9 June 2017.

ABJ's General Director, Dr. Adli Kandah, pointed in a keynote speech in the opening session to the international community's efforts to fight money laundering and terrorism financing.

He stressed that integrity and stability of the international financial system should never be affected by who are implicated in criminal acts. "Money laundering and terrorism financing should be confronted as they have severe impact on economic activities, especially as developments in ICT sector and the available financial data increased this impact," he added.

He underlined the importance of such a conference as it strengthens the exchange of expertise and enhances cooperation in banking among countries in the region.

ABJ General Director Dr. Adli Kandah said dirty money deeply penetrates the financial system, and the clandestine nature of money laundering processes makes it difficult to find out its source or volume.

The United Nations Office on Drugs and Crime estimates that money laundering accounts for 2 to 5% of GWP, which ranges between \$800 billion and two trillion dollars. This is a huge chart even in the minimum value; we have to face this problem seriously.

He stressed that the world is aware that money laundering and terrorism financing affect us all. Countries, including Jordan, realize that and undertook national measures that are in compliance with law to fight the phenomenon and its economic, political, social and security risks. Countries adopted the necessary tools to enhance supervision and enforce law.

Ever since the 1990s, Jordan started to focus on combating money laundering by amending the Central Bank of Jordan's law to oblige banks operating in Jordan to report any suspicious transactions that might be connected to a criminal act.

He pointed out that the CBJ created the Unit for Combating Money Laundering in 2007 to strengthen the process of combating money laundering and terrorism financing. The unit, which is responsible for the legal aspect of this fight, developed its work and managed to thwart many of the increasingly growing cases due to the regional stability and the challenges of terrorist and extremist groups.

He reiterated that Jordan is one of the strictest countries in the region and the world in fighting money laundering and terrorism financing. It ranked third at the Arab level and 35th at the international level at the Basel Index for Combating Money Laundering in 2016.

SSC, Banks Conclude MOUs for Electronic Attachment, Detachment

The Social Security Corporation (SSC) signed in May 2017 memoranda of understanding with 25 banks operating in Jordan, to facilitate and advance procedures of attachment and detachment on the deposits of individuals and companies who are financially indebted to the SSC and who have deposits at those banks.

The MOUs were signed by the SSC General Director Nadia Rawabdeh and general directors of banks.

ABJ Chairman Musa Shehadah said the conciliatory and coordinating efforts of the ABJ to sign the said MOUs with the SSC is because of the association's keenness to advance banking, which is one of its main goals of fostering the interests of member banks and coordinating with them to reach a common benefit.

This procedure, he added, serves the kingdom's efforts to implement the e-government strategy by the end of 2020. Signing those MOUs would develop procedures of attachment and detachment on the deposits and money of individuals and corporate indicted with attachment by the SSC.

The procedure is an electronic attachment system that would also allow banks to inquire about the data of SSC beneficiaries through the SSC website, he explained.

On her part, Rawabdeh said the SSC is a public corporation that was established to enhance social security programs and contribute to socio-economic plans.

Signing those MOUs with banks, she added, contributes to facilitating procedures of attachment and detachment requests electronically according to SSC's decisions.

The corporation, she said, exerts impressive efforts to reduce the time and effort taken in attachment and detachment procedures, thus simplifying the SSC's procedures against facilities indebted to the corporation.

This would also advance the level of rendered services to beneficiaries, whether individuals or corporate, she added.

The ABJ General Director hailed those MOUs, which reflect the genuine public-private partnership, as having direct influence on advancing services.

This event is a successful example of electronic attachment. It takes only one working day to effect attachment or detachment once the signing bank receives an electronic request from the SSC to this effect, he said.

Banks are licensed to practice banking in the kingdom; they are the only party who knows the type and value of deposits of any customer. This requires confidentiality on the part of banks; therefore, what happens is that the SSC requests attachment or detachment of the customer's money, which the bank will duly perform, Kandah added.

Arab Forum on Fighting Money laundering, Terrorism Financing and Tax Evasion

The World Union of Arab Bankers (WUAB) in cooperation with the ABJ organized the Annual Arab Forum on Fighting Money Laundering, Terrorist Financing and Tax Evasion which kick started in

Amman between 23 and 24 Aug. 2017.

The two-day forum shed light on new mechanisms and means of combating money laundering, financing of terrorism and tax evasion, which are key issues for the future of Arab banks, especially in light of the latest political developments taking place at the regional and international levels.

The forum further discussed the principles and foundations of international laws and regulations in compliance with the requirements of the Basel Committee, the Financial Action Task Force (FATF) recommendations, the United Nations and other relevant international institutions.

Deputy Chairman of Arab Bankers and Chairman of the Board of Directors of Social Security Investment Fund, Marwan Awad, said in opening remarks that globalization gave financial crimes risky dimensions that threaten global economy, security and stability, hence it has become a priority on the international agenda.

Multiple risks of financial crimes require standards for financial institutions. To meet this goal, the FATF has developed applicable universal standards to anti-money laundering, he said.

These standards are now known as the "Forty Recommendations," which have been recognized as the international standards for combating money laundering and the financing of terrorism, he added.

The strict implementation of the terrorism fighting standards forced financial institutions to avoid risks by restricting their relations with some customers, he said. De-risking, he pointed out, is an evidence of market failure as it forced customers to resort to unregulated channels and harmed achieving the goal of financial inclusion.

Awadh further underlined the importance of curbing tax evasion, especially the law adopted by the Organization for Economic Cooperation and Development (OECD), which is more comprehensive than the American FATCA. Global Account Tax Compliance Act (GATCA) permits the automatic exchange of information between international financial institutions, known as the common reporting standard.

Awadh urged Arab countries to join this standard as soon as possible as only five Arab countries acceded to it. There should be attempts to raise awareness of financial institutions as regards its implementation mechanisms, he added.

On his part, ABJ's General Director, Dr. Adli Kandah, said during the past years, the international community has been exerting incessant efforts to combat money laundering and terrorism funding to prevent those engaged in criminal activities from abusing the safety and stability of the international financial system.

Despite those efforts, he went on to say, the challenge continues to exist because threats are constantly evolving, and the nature of illegitimate cash flows vary and intersect between countries and economic sectors.

He pointed out that those engaged in criminal activities resort to developed ways in money laundering

or terrorism funding, as the quick ICT developments allow money to flow speedily and easily all over the world. Therefore, he said, combating money laundering has become more urgent than any time ever.

He pointed out to a number of developments in the international financial system during the last decades that made detecting, freezing and confiscating revenues and assets arising out of criminal activities an even more difficult process.

Some of those developments include dollarization in the black market (using the American dollar in transactions), and the general tendency towards financial liberalization, the progress in the European market and the increasing number of secret havens for money.

Progress in ICT domains developed financial infrastructure in a way that constituted a global system that works constantly and gives encoded funds free and easy mobility anywhere in the world, he said. "This is an important issue that affects us all as money laundering and terrorism funding is a genuine threat to the stability and trustworthiness of financial systems, let alone their high social and political costs," he added.

Jordan's concern in combating money laundering and terrorism financing goes back to the 1990s, and the Banks' Law # 28 of the year 2000 was issued to contain rules on money laundering transactions that bind banks operating in Jordan to promptly report any financial transaction pertaining to or implying any illegitimate action or crime to the Central Bank of Jordan.

The CBJ, he went on to say, established in 2004 a section for suspicious transactions as part of the Bank Monitoring Department, which later developed into the Anti-Money Laundering and Terrorism Funding Unit, in addition to the formation of the National Anti-Money Laundering and Terrorism Funding Committee pursuant to provisions of Article 5 of Combating Money Laundering Law, headed by the CBJ Governor with members including 9 of relevant bodies.

Jordan is one of the countries that most comply with fighting money laundering and terrorism financing at the regional and world levels. Jordan ranked one at the Arab level and 36 at the international level in the Basel Indicator for fighting money laundering in 2017 that includes 146 countries, he pointed out.

Jordan, he went on to say, also complies with international laws of fighting tax evasion. This is evidenced by the number of bilateral and multilateral agreements that Jordan signed with other countries to prevent tax evasion.

ABJ Takes Part in the Arab Financial Inclusion Day, Organized by CBJ

ABJ chairman and ABJ General Director took part in the Arab Financial Inclusion Day, organized by the CBJ under the slogan of Enhancing Financial Inclusion is the Way for Sustainable Development in Arab Countries.

CBJ Governor Dr. Ziyad Fariz said financial inclusion is a main component of sustainable socio-

economic development, as it liberates capacities of the restraints blocking them and creates true opportunities for individuals to play an essential role that befits Arab citizens and countries.

The CBJ undertook the responsibility to expand financial inclusion vertically and horizontally, so that it reaches residents of isolated areas and governorates, and provides different services that meet the needs of all society segments, he added.

The CBJ, he said, began to take the practical measures to draft the National Financial Inclusion Strategy, hand in hand with our partners in the public and private sectors.

The strategy handles the most important components to achieve financial inclusion, atop of which is MSMEs' access to financing, e-payment systems and micro-financing, financial culture and protection of financial consumer.

On his part, ABJ Chairman Musa Shehadah said financial inclusion has become a major issue on the agenda of international and national financial and economic meetings, as it is a major approach to build strategies of international and national sustainable and comprehensive development, and because of its big role in fighting poverty and unemployment, increasing productivity, improving prospects of development and enhancing financial and social stability.

As regards the ABJ's role in enhancing financial inclusion, Shehadah said the association has taken a great range of measures that helps achieving and enhancing financial inclusion in the kingdom. Those measures include striving to spread financial and banking culture, seeking to enhance the financial inclusion of women, young people and SMEs, in addition to enhancing an environment friendly of financial inclusion in the kingdom.

As for the role played by banks operating in Jordan in enhancing financial inclusion, Shehadah said banks are a principal partner of the CBJ in realizing plans, policies and programs of financial inclusion in the kingdom.

Banks, he added, endorsed initiatives that help to achieve this goal, including developing a set of bank services, products and solutions that meet the needs of different segments of society. They have developed specialized services for women, youth and MSMEs and start-ups. They have endorsed and used the latest electronic channels to empower customers in remote places to access and benefit of bank services.

Banks are supporting a number of national initiatives in the field of financial inclusion, he said.

The Most Important Events in which the ABJ Took Part in 2017

The ABJ, represented by its general director, took part in different events at the local, regional and international levels.

The ABJ General Director delivered an opening speech at the Annual Forum on Money Laundering, Terrorism Financing and Tax Evasion that the World Union of Arab Bankers organized on 23 Aug, 2017.

He also chaired, and intervened in, the Fifth International Conference organized by Tamkeen for Administrative and Technical Development under the title of Knowledge Capital the Path to Innovation, Renewal and Quality Insurance in Financial and Banking Institutions. The two-day conference was held on 19 Sep. 2017.

The general director participated in Laila Baqqili Conference that was organized by SIGI- Jordan on 14 Oct. 2017. He presented a working paper on The Situation of Women in the Banking Sector. He participated in the Financial Inclusion Conference held by the CBJ on 4 Dec. 2017.

Dr. Kandah further took part in the two-days Arab Banking Summit, Finance in an Unpredictable World, that the Union of Arab Banks held in London on 1 May 2017.

In the conference on Women Empowerment in Beirut on 3 March 2017, Kandah presented a paper on The Role of Banks and Financial Institutions in Jordan in the Economic Empowerment of Women.

He took part in the seminar on Making Islamic Finances: Islamic Financing, Reality and Vision, on 21 March 2017. He further took part in the seminar organized by Talal Abu Ghazaleh Foundation on 21 May 2017 on Competitive Edge, Innovation and Talent.

The ABJ General Director presented a working paper on Jordanian Banks Operating in Palestine in a conference of the Situation of the Palestinian Banking Sector: Opportunities and Challenges. The two-day conference was held in Amman on 30 Jan. 2017.

Kandah presented a working paper on Sustainability Report for the Banking Sector in Jordan to the Arab Banking Conference, 2017, that was held in Amman in period of 2-3 April 2017. He presented another paper on The Role of Financial Actors and Expectations from Green Entrepreneurs and Grassroots Green Entrepreneurship and Eco-Innovative, in the forum on Grassroots Initiatives: Agents of Change towards a Green Economy in Jordan, on 27 April 2017 in Amman.

The general director participated in the Forum on Energy Efficiency and Renewable Energy on 8 July 2017 in Amman. He presented a working paper in the discussion panel held by TAG Group in Policies and Required Means to revive Amman Stock Market on 21 Dec. 2017. He presented a working paper in the specialized seminar held by the Center for Future Studies at the Philadelphia University on 23 Dec. 2017. The paper's title was Future Prospects of the Youth.

As regards meetings, the ABJ General Director took part in the meetings of the Committee for Spreading Financial Culture that took place on 30 March 2017 and 30 Oct. 2017 at the CBJ headquarters. He participated in two meetings of the parliamentary financial and economic committee that were held on 10 and 11 April 2017 at the Lower House of Parliament. He also took part in the meeting held at the Upper House of Parliament on 24 April 2017 to discuss draft Banks Law. He also took part in the press conference that the CBJ held on the Arab Financial Inclusion Day on 27 April 2017.

The general director held a meeting with representatives of the Middle East Investment Initiative (MEII) to discuss means of cooperation between the ABJ and the MEII on a financing program of SMEs.

He also participated in a meeting with World Bank representatives that was organized by JLGC on 10 Oct. 2017 to discuss proposed mechanisms to help export-oriented sectors in terms of developing bank products and exports guarantee programs, etc.

Kandah also participated in a meeting at the Ministry of Education to discuss the initiative of HRH Princess Alia, related to paper recycling on 1 Oct. 2017.

He attended a meeting at Philadelphia University to develop educational services and drawing the university's strategy for 2018-2022, on 19 Oct. 2017.

E. ABJ Publications in 2017

The ABJ issued the following publications in 2017:

■ **The Annual Report:** The ABJ published its 38th annual report of 2016 in Arabic and English. The report included developments in the Jordanian banking sector in 2016 in terms of liquidity, assets, liabilities and capital. It also included analysis of comparative performance of banks operating in Jordan and new banking services that banks offered in 2016. The report analyzed the development of human resources in banks and the number of branches all over the kingdom. The report further shed light on the prospects of world and regional economy as well as a summary of national and international economic developments. It highlighted the ABJ's main activities in the year that the report covers.

■ **Half-Year Report and a report on the first three quarters of 2017 on the most important developments in bank indicators in Jordan**

■ **The Series of ABJ Booklets:**

Booklet #1: the Comparative Performance of Banks operating in Jordan in 2015 and 2016.