



جمعية البنوك في الأردن  
ASSOCIATION OF BANKS IN JORDAN

# *Annual Report*

*Thirty - six*

**2014**





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ASSOCIATION OF BANKS IN JORDAN

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## *Thirty - Six*

# 2014

### **Association of Banks in Jordan**

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**His Majesty King Abdullah II bin Al Hussein**





**His Royal Highness prince Hussein bin Abdullah**

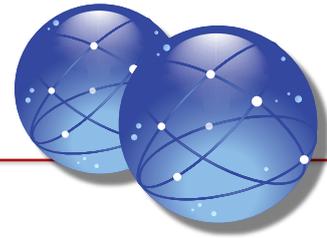
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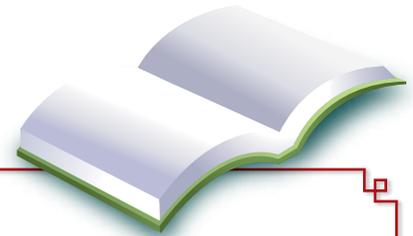
## Our Vision

To maintain our leadership as one of the most efficient association of banks in the region by providing services to member banks so as to uphold their capabilities and enable them to maximize their contribution towards achieving sustainable development in the Kingdom.



## Our Mission

We seek to upgrade and advance the banking business by keeping the interests of member banks and achieving the highest levels of coordination between them and with the other partners. We aspire to develop the process of delivering and updating banking services as well as deepening the understanding of banking functions and norms besides pursuing unified systems and measures for this purpose.



## Our Values

- **Collaboration:** We work with members in a team spirit for serving the society and the national economy
- **Development and modernism:** We seek to upgrade the methods of delivering the banking services in accordance with the best international practices.
- **Innovation and distinctiveness:** We inspire innovative ideas that serve the members and marks their services with quality and distinctiveness.
- **Integrity and transparency:** Transferring of knowledge and exchanging information in accordance with the highest degrees of integrity and transparency
- **Professionalism:** We practice our work with a high professionalism, comprehensive coverage and full vigilance to all what happens in the Jordanian, Arab and international banking environment.
- **Credibility:** We abide by accuracy and reliability and we verify our sources of information with high precision.
- **Continuity in training:** We endeavor to elevate the academic and practical levels as well as keeping up with all what is new in the banking and financial areas.



## **Board of Directors of the Association of Banks in Jordan**

The Association's Board of Directors comprised the following dignitaries at the end of 2014:

- ❖ H.E. Mr. Basem Khalil Al-Salem / Capital Bank of Jordan / Chairman
- ❖ H.E Ms. Nadia Al-Saeed / Bank Al-Etihad / Vice Chairman
- ❖ Mr. Nemeh Sabbagh / Arab Bank / Member
- ❖ Mr. Omar Malhas / The Housing Bank for Trade and Finance / Member
- ❖ Mr. Mohammed Yaser Al Asmar / Jordan Kuwait Bank / Member
- ❖ Mr. Shaker Fakhoury / Bank of Jordan / Member
- ❖ Mr. Kamal Al-Bakri / Cairo Amman Bank / Member
- ❖ Mr. Mahdi Allawi / Jordan Commercial Bank / Member
- ❖ Mr. Krosi Zakarian / National Bank of Kuwait / Member
- ❖ H.E. Dr. Maher Al-Sheikh Hasan / Central Bank of Jordan / observer

**Director General**  
**Dr. Adli Kandah**

## Members

Membership in the Association is mandatory for all Jordanian banks and branches of non-Jordanian banks operating in Jordan. Membership in the Association at the end of 2014 comprised the following banks:

### First: Jordanian banks

#	Member Name	Established in	Website
1	Arab Bank	1930	www.arabbank.com.jo
2	Jordan Ahli Bank	1956	www.ahli.com
3	Cairo Amman Bank	1960	www.cab.jo
4	Bank of Jordan	1960	www.bankofjordan.com
5	The Housing Bank for Trade & Finance	1974	www.hbtf.com
6	Jordan Kuwait Bank	1977	www.jordan-kuwait-bank.com
7	Arab Jordan Investment Bank	1978	www.ajib.com
8	Jordan Commercial Bank	1978	www.jgbank.com.jo
9	Jordan Islamic Bank	1978	www.jordanislamicbank.com
10	Investbank	1989	www.jifbank.com
11	Arab Banking (Corporation) Jordan	1989	www.arabbanking.com.jo
12	Bank Al-Etihad	1991	www.unionbankjo.com
13	Societe General _ Jordan	1993	www.sgbj.com.jo
14	Capital Bank	1996	www.capitalbank.jo
15	International Islamic Arab Bank	1997	www.iiabank.com.jo
16	Jordan Dubai Islamic Bank	2009	www.jdib.jo

### Second: Non-Jordanian banks

#	Member Name	licensed in	Website
1	Egyptian Arab Land Bank	1951	www.aqaribank.jo
2	Rafidain Bank	1957	www.rafidain-bank.org
3	Citi Bank	1974	www.citibank.com/jordan
4	Standard Chartered	2002	www.standardchartered.com
5	Bank Audi	2004	www.audi.com.lb
6	National Bank of Kuwait	2004	www.nbk.com
7	BLOM Bank	2004	www.blom.com.lb
8	National Bank of Abu Dhabi	2009	www.nbad.com
9	Al Rajhi Bank	2011	www.alrajhibank.com.jo

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## *Chairman of Board of Directors' Foreword*

Dear esteemed members of the Association of Banks,,

I am pleased to present to you the 36th annual report of the ABJ's activities, achievements of the year 2014, and the audited financial statements of the fiscal year that ended on Dec.31, 2014.

Dear esteemed members,,

Available data indicate that Jordanian economy was able to achieve a growth rate of 3.1% during 2014, which is the highest level during the last five years. Jordanian economic indicators also recorded a clear improvement as inflation and unemployment rates have declined from their levels in the previous year, and local revenues increased by more than the growth in public spending, reducing the budget deficit, but the internal and external public debt figures have shown a clear rise during 2014.

Jordan's banking sector maintained its stability and strength, and could even register tangible developments during 2014. Assets of licensed banks went up by 4.8% to reach the amount of JD 44.9 billion. Credit facilities granted by banks registered an increase of 1.8%, reaching JD 19.3 billion at the end of 2014. The balance of total deposits at banks went up by 9.7% to become JD 30.3 billion.

As for indicators of the financial strength of banks operating in Jordan, the capital adequacy ratio proved the strength of Jordan's banking sector as it registered levels higher than the minimum requirements of the Central Bank of Jordan's instructions and Basel II standards. The ratio of non-performing loans to the overall loans regressed to 5.6% in 2014 compared with 7.0% at the end of 2013. Finally, the liquidity ratio of banks operating in Jordan greatly surpassed the margin required by the CBJ: it reached 152.2% by the end of 2014.

Honorable members of the Association,,

Allow me to extend my heartfelt thanks to all members of the ABJ for the efforts they exerted throughout the year to accomplish the goals of the association. I also extend my thanks and appreciation to the Governor of the Central Bank of Jordan and all employees and apparatus of member banks of the association for their constant cooperation with the association for the benefit of the banking sector in particular and Jordanian economy in general under the guidance of His Majesty King Abdullah II.



*Musa Shihadeh*  
*Chairman of the Board of Directors*



## *Speech of the Director General*

During 2014, the ABJ continued to carry on its mandate of discussing and following up the different issues that were submitted by member banks. Specialized technical committees of the ABJ discussed in depth those issues and presented their comments and feedback to the concerned parties which showed a response characterized with a high degree of seriousness.

In the field of training, the association organized a series of lectures, seminars and workshops that dealt with different issues of concern to the banking sector. The association held 4 workshops and 4 training courses.

As for studies, the association issued a number of publications, reports and studies that pertain to Jordan banking system. The association issued its 35th annual report for the year 2013 in both Arabic and English. In addition, it issued the 10th edition of the guidebook to banks in Jordan. Furthermore, the association issued two booklets.

Finally, I extend my greatest gratitude and thanks to the chairman and members of the board of directors who never spared a breath to support the association with their enlightened ideas and distinguished experiences. I also thank all member banks for their fruitful cooperation with the association, in addition to all employees of the association for their efforts to develop and upgrade the ABJ's work.



*Dr. Adli Kandah*  
*Director General*





# **Chapter One**

## **Prospects of Global and Regional Economy and Summary of International Developments**



The chapter reviews the global economic environment and its expected direction, as well as the prospects of regional economy in the Middle East and North Africa (MENA) region, by discussing the economic developments in the oil importing and oil exporting countries.

## **1. Global Economic Outlook**

Global economy was able to register a growth rate of 3.4% in 2014, which is the same rate registered in 2013 and 2012. However, prospects indicate a rise in growth rates to reach 3.5% in 2015 and 3.8% in 2016.

Stability in global economic growth rates reflects an increase in growth rates of advanced economies, where the economic growth rate rose to 1.8% in 2014, compared with 1.4% in 2013 and 1.2% in 2012. This improvement in advanced economies is pushed by the growth in some advanced economies such as the USA where the economic growth rate rose from 2.2% in 2013 to 2.4% in 2014. The Eurozone economies also achieved a growth rate of 0.9% in 2014, after a two years slowdown. Japan registered an economic regression of 0.1%. Advanced economies are projected to witness a clear growth over the next two years with growth rates reaching 2.4%.

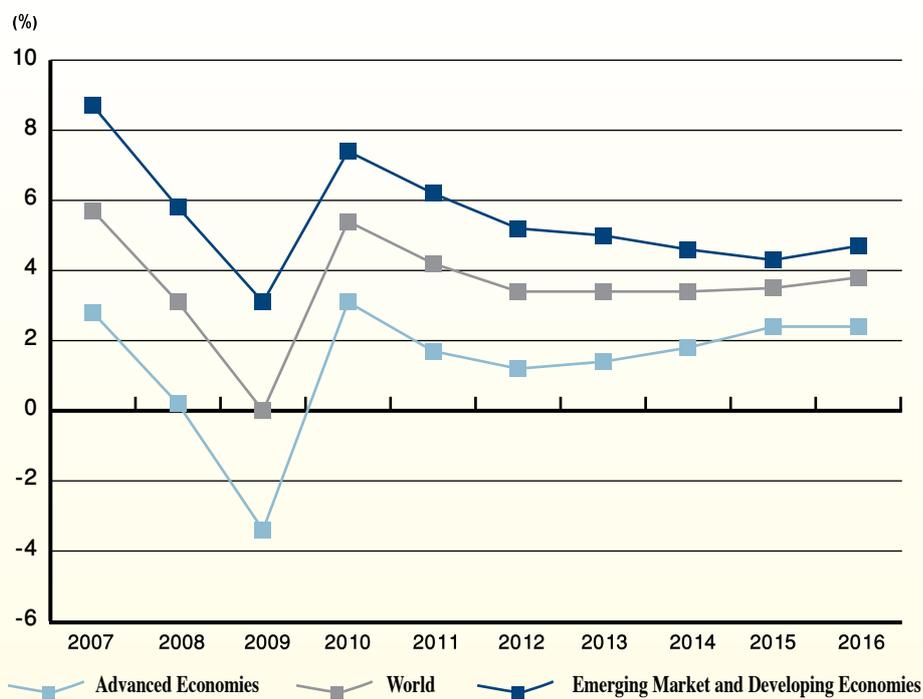
In regard of emerging and developing economies, they registered a growth of 4.6% in 2014 in comparison with 5.0% in the year before. Despite this slowdown, growth rates of emerging and developing economies are bigger than those of advanced economies. Growth rates of emerging and developing economies are projected to regress to 4.3% in 2015, then to rise to 4.7% in 2016.

**Table (1)**  
**Economic growth rates in the world**

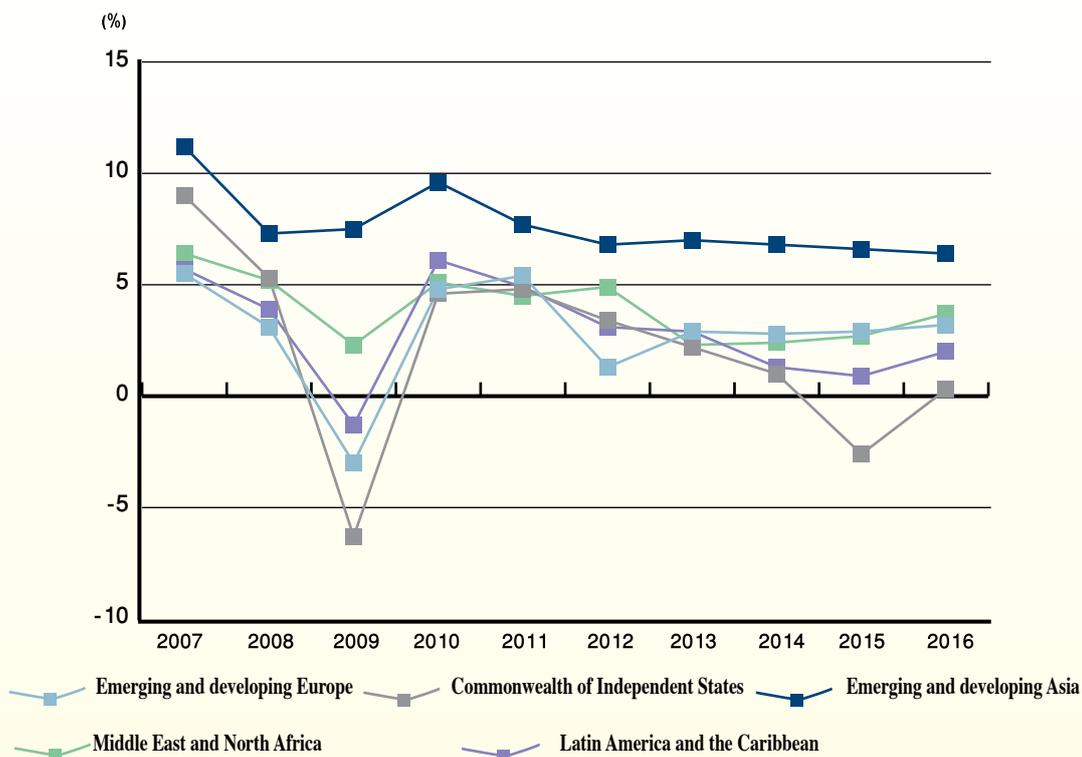
	Actual								Expected	
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
World	5.7	3.1	0.0	5.4	4.2	3.4	3.4	3.4	3.5	3.8
Advanced Economies	2.8	0.2	-3.4	3.1	1.7	1.2	1.4	1.8	2.4	2.4
United States	1.8	-0.3	-2.8	2.5	1.6	2.3	2.2	2.4	3.1	3.1
Euro Area	3.0	0.5	-4.5	2.0	1.6	-0.8	-0.5	0.9	1.5	1.6
Japan	2.2	-1.0	-5.5	4.7	-0.5	1.8	1.6	-0.1	1.0	1.2
Other Advanced Economies	4.1	1.2	-2.1	4.6	2.9	1.7	2.1	2.7	2.7	2.8
Emerging Market and Developing Economies	8.7	5.8	3.1	7.4	6.2	5.2	5.0	4.6	4.3	4.7
<b>Regional Groups</b>										
Emerging and Developing Europe	5.5	3.1	-3.0	4.8	5.4	1.3	2.9	2.8	2.9	3.2
Commonwealth of Independent States	9.0	5.3	-6.3	4.6	4.8	3.4	2.2	1.0	-2.6	0.3
Emerging and Developing Asia	11.2	7.3	7.5	9.6	7.7	6.8	7.0	6.8	6.6	6.4
Latin America and the Caribbean	5.7	3.9	-1.3	6.1	4.9	3.1	2.9	1.3	0.9	2.0
Middle East, North Africa, Afghanistan, and Pakistan	6.3	5.2	2.2	4.8	4.4	4.8	2.4	2.6	2.9	3.9
Middle East and North Africa	6.4	5.2	2.3	5.1	4.5	4.9	2.3	2.4	2.7	3.7

Source: World economic Outlook, IMF, April 2015

**Chart (1)**  
**Real GDP Growth Rate (%)**



**Chart (2)**  
**Real GDP Growth Rate for Regional Groups**



## 2. Regional Economic Outlook

Economic growth rates in the MENA region registered a slight recovery in 2014, reaching 2.4% compared with 2.3% in 2013 and 2.3% in 2012. The economic recovery is projected to get stronger so that the growth rates will reach 2.7% and 3.7% in 2015 and 2016 respectively.

At the same time, inflation levels regressed in the region, reaching 6.5% compared with an average that exceeded 9.2% in the three previous years. The outlook indicates that the inflation average will range between 6.2% and 6.4% in the next two years.

Existing tensions and conflicts in the region still cast a dark shadow on the MENA countries as the numbers of refugees are still growing which constitutes great pressures on the economies of host countries. There is an evident confusion and regression in the bilateral trade movement and the transit trade; a setback in the touristic activity of many countries; and, a growing sense of uncertainty in the region.

### Oil Exporting Economies

Oil exporting economies in the MENA region suffered great losses in exports and public finances as a direct result of the fall down in oil prices. Consequently, economic growth registered a slight improvement in 2014, reaching 2.4% compared with 2.1% the year before. This is far less than the growth rates realized between the years 2000 and 2012, which exceeded 5%.

The growth rate is expected to remain unchanged in 2015, and to stay at the level of 2.4%, with projections that the growth rate will rise to 3.5% in 2016.

As regards the Gulf Cooperation Council (GCC) countries, they registered a growth rate of 3.6%, the same rate registered the year before. However, forecasts are that the growth rates would fall down to 3.4% in 2015 and 3.2% in 2016. The public budget surplus of GCC countries reached 4.6% in 2014, compared with a 12.1% surplus the year before. The budget surpluses are projected to turn into a deficit of 7.9% in 2015 and 3.6% in 2016.

The fall down in oil prices accompanied by the continuous conflicts and tensions in the region still constitute huge risks to the economic outlook of oil exporting countries. A state of uncertainty is reigning over the oil market and fluctuations in oil prices are increasing. Conflicts and security disorder in a number of oil exporting countries might contribute to a greater weakening of the economic activity, delaying the implementation of reforms and stirring a decline in trust.

It is important for oil exporting countries to take preemptive measures to be ready for a long-term fall down in oil prices, to handle weaknesses in public budget that might result from the quick corrosion of precautionary reserves. It is also important for them to seek to control the status of public finances by giving priority to capital expenditure over current expenditure, and to increase the non-oil revenues.

### Oil Importing Economies

The economic activity of oil importing MENA countries was affected by a number of negative factors. The most important of them are the rising conflicts and regional tensions in the region, the negative repercussions of the weak growth in the Eurozone, and the setback in the competitive edge of some countries as a result of the appreciation in US dollar.

Economic growth rates declined to 2.5% in 2015, compared with 2.7% in the year before. There are projections that the growth prospects will rise to 3.9% in 2015 and to 4.3% in 2016, especially in light of the fall down in oil prices.

Risks of negative developments still prevail over the prospects of oil importing MENA countries. Increasing tensions and setbacks are controlling the general political environment and are reflected in the waning trade and touristic activity. This is added to a decline in trust levels and the weakening of the macroeconomic stability. However, on the other hand, the fall down in oil prices might lead to strengthening growth in those countries, especially with prospects that the inflation levels would set back, and the deficit in the public budget of oil importing countries would regress in 2015 and 2016.

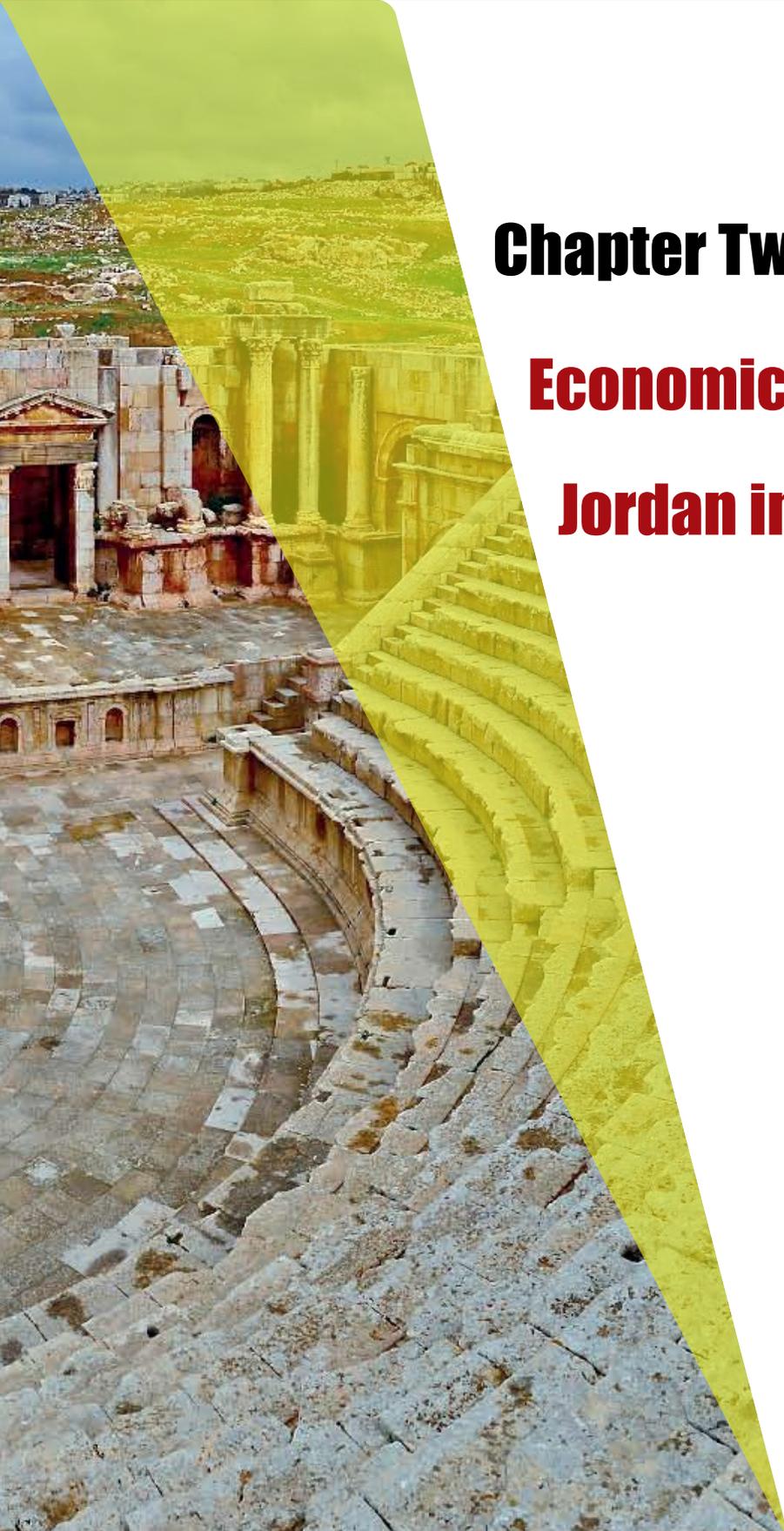
It is imperative for those countries to take a number of procedures to improve the economic prospects and increase job opportunities, including improving the business environment, conducting reforms in good governance, increasing the chances of getting funding, and increasing the efficiency of the labour market and the infrastructure. There is no doubt that international support in providing funding, facilitating access to major export markets, and extending technical assistance and advice related to policies would enhance the strides for reforms.

**Table (2)**  
**Economic growth rates in the Middle East and North Africa region**

Economic growth rates	Actual	Expected	
	2014	2015	2016
Middle East and North Africa	2.4	2.7	3.7
Oil Exporting Countries	2.4	2.4	3.5
Oil Importing Countries	2.5	3.9	4.3

Source: World economic Outlook, IMF, April 2015





## **Chapter Two**

# **Economic Developments in Jordan in 2014**



Jordan's economy was able to register a slight recovery in 2014 higher than the levels that have been achieved in the past five years. Macro-economic indicators also recorded a notable improvement as inflation and unemployment rates declined comparing with the previous year. Public finance achieved significant developments where local revenues grew by more than the growth in public spending, leading to narrowing the budget deficit, nevertheless, the public debt showed a remarkable increase during 2014.

Regarding the external sector indicators, although the exports growth rate exceeded the growth rate in imports, the trade deficit rose slightly, while foreign direct investment and workers' remittances increased.

The monetary and banking indicators showed a remarkable increase in the Central Bank's reserves in foreign currencies, and the balances of assets, credit facilities and deposits of licensed banks registered a visible growth in 2014. The most important economic, fiscal, monetary and banking indicators in Jordan during 2014 will be presented hereunder.

## 1. Production, Prices, and Companies

❖ **Gross Domestic Product (GDP):** Gross domestic product at constant prices amounted to JD 11.15 billion by the end of 2014, compared to JD 10.81 billion at the end of 2013. Therefore, growth rate in GDP reached 3.1% in 2014 in comparison with a growth rate of 2.8% in 2013. The growth rate in 2014 is considered the highest during the past five years, reflecting the improved economic performance of Jordan.

On a sector by sector basis, all economic sectors in Jordan grew during 2014, mining and quarrying sector registered the highest growth rate of 27.7%, followed by the agriculture sector, which grew by 7.5%. The rest of the economic sectors in the Kingdom witnessed a positive growth rates that exceeded 3% for some sectors.

The sector of financial services, insurance, real estate and business services, the manufacturing sector and telecommunications sector maintained their status as the most important pillars of GDP, as their contribution to GDP registered 20.0%, 16.7% and 14.4% in 2014 consecutively, which forms 51.1% of GDP.

- ❖ **Consumer Price Index:** Consumer price index during 2014 rose to the level of 117.4 point compared with 114.1 point in 2013. Therefore, inflation rate reached 2.9% by the end of 2014, compared to 4.8% in 2013.
- ❖ **Producers' Price Index:** producers' price index decreased by 1.7% during 2014, compared to a decrease by 2.6% during 2013.
- ❖ **Unemployment:** The unemployment rate declined during 2014 reaching 11.9% compared with 12.6% in 2013 and 12.2% in 2012.

## 2. Public Finance

❖ **Domestic Revenues:** Domestic revenues of the government went up by 17.8% during 2014, to become JD 6.03 billion compared to JD 5.12 billion in 2013. The volume of foreign grants to the kingdom

increased significantly by 93.5%, rising from JD 639 million in 2013 to JD 1236 million in 2014. The total value of domestic revenues and foreign grants registered an increase of 26.2% in 2014 to become JD 7.27 billion compared with JD 5.76 billion in 2013.

- ❖ **Public Expenditures:** The total value of public expenditures rose by 10.9% in 2014, reaching JD 7.85 billion, compared to JD 7.07 billion in 2013. The rise in public expenditures was due to the increase in the current expenditures by 10.9% and the increase in capital expenditures by 11.4%.
- ❖ **Budget Deficit:** because the growth in domestic revenues and foreign grants (26.2%) exceeded the growth in government expenditure (10.9%), budget deficit narrowed in 2014 by 55.7% to reach JD 583 billion compared to a deficit of JD 1.32 billion in 2013. Thus the ratio of budget deficit to GDP regressed to 2.3% in 2014 compared to a deficit rate of 5.5% in 2013.

### 3. Public Debt

- ❖ **Net Domestic Public Debt:** The net domestic public debt of the central government rose from JD 11.86 billion in 2013 to JD 12.52 billion in 2014, which means a rise of 5.6%. Nevertheless, the ratio of domestic public debt to GDP regressed from 49.7% in 2013 to 49.2% in 2014.
- ❖ **External Public Debt:** The balance of external public debt rose from JD 7.23 billion in 2013 to JD 8.03 billion in 2014, which means a rise of 11%. Accordingly, the ratio of external public debt to GDP increased from 30.3% in 2013 to 31.6% in 2014.
- ❖ **Total Public Debt:** The balance of the total public debt increased in 2014 by 7.6% to reach JD 20.5 billion compared to JD 19.1 billion in 2013. Therefore, the ratio of total public debt to GDP rose from 80.1% in 2013 to 80.8% in 2014. It is observed here that the ratio of total public debt to GDP exceeds 60%, the maximum limit set by the Public Debt law and its administration.

*The Public Debt Law and its Administration No. (26) for the year 2001 and its amended law No. (8) for the year 2008 stipulate in Article no. 21 that the net outstanding balance of internal public debt should not exceed in any time 40% of the gross domestic product in current prices. Article 22 thereof also stipulates that the net outstanding balance of external public debt should not exceed in any time 40% of the gross domestic product in current prices. Article 23 thereof stipulated that the total outstanding balance of public debt should not exceed in any time 60 of gross domestic product in current prices.*

*However, it worth mentioning here that the Cabinet decided to postpone the implementation of the amended Public Debt Law No. (8) for the year (2008) until further notice, in accordance to the decision published in the Official Gazette no. (5010) dated 17/1/2010.*

#### 4. External Sector

- ❖ **Domestic Exports:** Domestic exports rose by 7.5% in 2014 to amount JD 5.16 billion compared to JD 4.8 billion in 2013.
- ❖ **Re-exports:** The value of re-exports fell down by 2.8% during 2014 to reach JD 790 million, in comparison with JD 813 million in 2013.
- ❖ **Total Exports:** The volume of total exports (domestic exports + re-exports) rose by 6% in 2014, to reach JD 5.95 billion, compared with JD 5.62 billion in 2013.
- ❖ **Imports:** Imports rose by 3.1% in 2014, reaching JD 16.15 billion, up from JD 15.67 billion in 2013.
- ❖ **Trade Balance Deficit:** The deficit in trade balance went up in 2014 by 1.4%, reaching JD 10.19 billion, in comparison with a deficit of JD 10.03 billion in 2013.
- ❖ **Workers' Remittances:** Workers' remittances rose by 2.6% in 2014, reaching JD 2.39 billion, up from JD 2.33 billion in 2013.
- ❖ **Foreign Direct Investment:** Foreign direct investment in Jordan rose slightly in 2014 by 0.7%, reaching JD 1250 million JD, up from JD 1241 million JD in 2013.

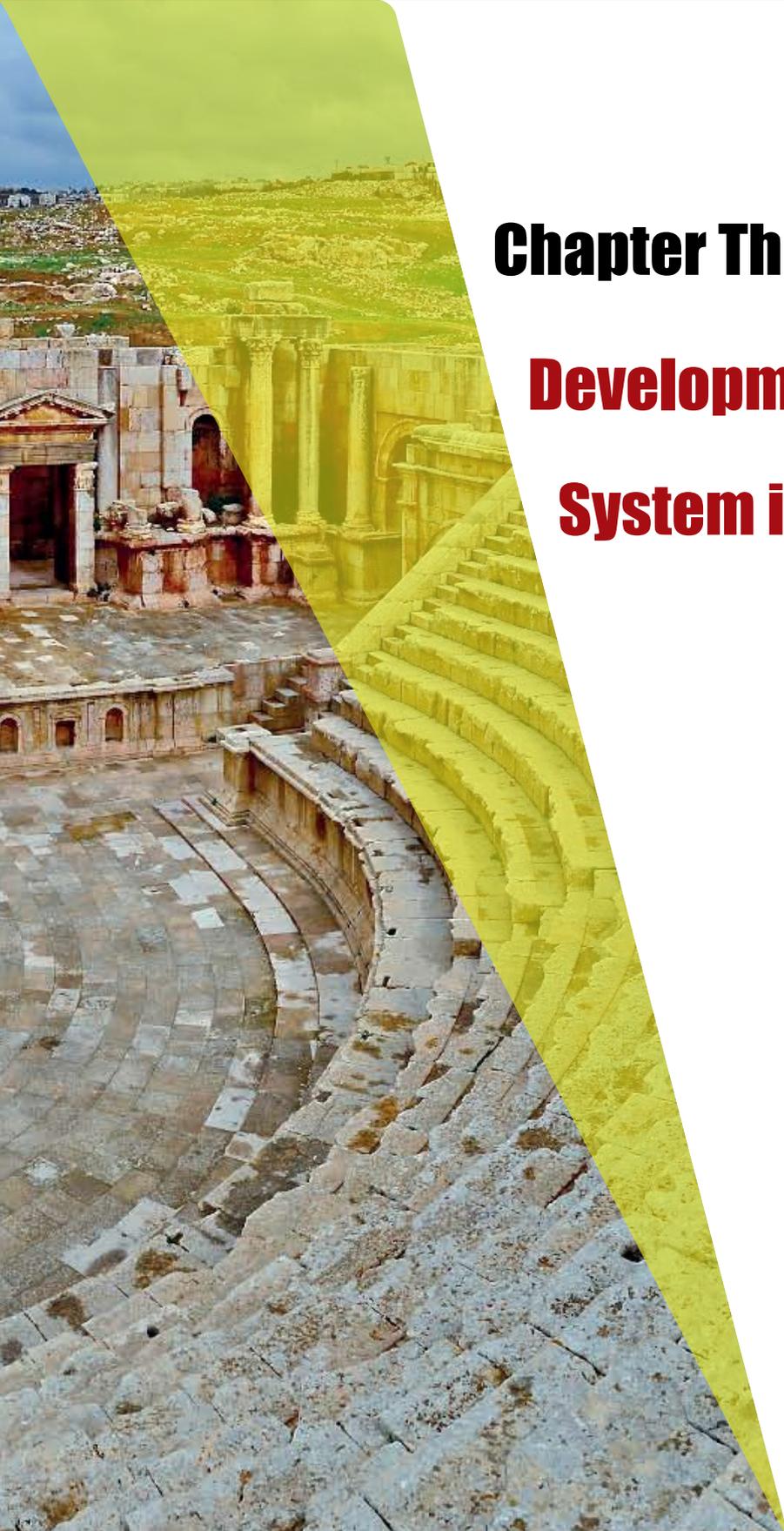
#### 5. Monetary and Banking Sector

- ❖ **Local Liquidity:** Local liquidity (M2) went up in 2014 by JD 1877 million, amounting to JD 29.24 billion, thus registering an increase of 6.9% of the level it reached in 2013.
- ❖ **Gross Official Reserves at the Central Bank:** The balance of gross official reserves at the Central Bank increased by 17.3% at the end of 2014. The balance rose from JD 8.51 billion in 2013 to JD 9.98 billion at the end of 2014. This amount of reserves is enough to cover the kingdom's imports of goods and services for approximately 7.3 months.
- ❖ **Licensed Banks' Assets:** Licensed banks' assets registered by the end of 2014 an increase of 4.8%, reaching JD 44.868 billion, as compared to JD 42.803 billion at the end of 2013.
- ❖ **Credit Facilities:** The balance of Credit facilities granted by licensed banks rose at the end of 2014 by JD 335 million (1.8%), reaching JD 19.274 billion compared to JD 18.940 billion in 2013.
- ❖ **Deposits:** The balance of total deposits at licensed banks increased at the end of 2014 by almost 9.7%, reaching JD 30.261 billion compared to JD 27.893 billion in 2013.
- ❖ **Share Price index weighted by Market Capitalization of Free Float Shares:** the share price index weighted by market capitalization of free float shares increased at the end of 2014 by about 99.7 points, reaching 2165 points. This meant a rise of 4.8% from its level at the end of 2013.

*Free float are shares available for circulation by investors. They represent the total number of shares listed in the stock market, minus shares owned by each member of the board of directors and their relatives, parent companies, subsidiaries, or associate companies, and shareholders who own 5% or more of the company's capital, the government, public firms and the company itself owning the shares.*







## **Chapter Three**

# **Development of the banking System in 2014**



Monetary and banking indicators continued to develop during 2014 in different fields. Those developments reflected the strength and soundness of Jordan's banking system and its ability to achieve constant growth throughout the years; it is an indicator of stability. This chapter will deal with the most important monetary and banking indicators along with the developments in such fields during 2014, including the developments of monetary policy and the developments witnessed by indicators such as foreign reserves, assets, facilities and deposits at banks operating in Jordan.

## **1. Developments of Monetary policy during 2014**

### **A) The Central Bank's Decisions regarding interest rates on Key monetary policy Instruments during 2014**

The Central Bank of Jordan (CBJ) lower interest rates on key monetary policy instruments two times during 2014; the first time by 25 basis points in January 2014, and the second time by 50 basis points in June 2014. Following are the details of these cuts.

#### **- CBJ lower interest rates on its key monetary policy instruments**

The CBJ decided to lower interest rates on key monetary policy instruments by 25 basis points as of January 20<sup>th</sup>, 2014, as follows:

- Rediscount Rate: from 4.50% to 4.25%.
- Overnight Repurchase Agreements: from 4.25% to 4.00%.
- Weekly/Other Repurchase Agreements: from 3.75% to 3.50%.
- Overnight Deposit Window Facility: from 3.50% to 3.25%.

The CBJ believes the measure is a catalyst to further economic growth stimulation through promoting private sector credit expansion, and comes in light of the continuous positive improvement in Jordan's fundamental economic indicators, including subdued inflationary pressures, higher appetite for JD denominated assets, increased investment inflows, and the resulting positive impact on foreign reserves levels.

#### **- CBJ lower interest rates on its key monetary policy instruments**

The Central Bank of Jordan has decided to cut the interest rates on key monetary policy instruments effective from June 25, 2014, as follows:

- The interest rate on overnight Deposit Window Facility will be decreased by 50 basis points to 2.75%.
- The interest rate on Weekly/Other Repurchase Agreements will be decreased by 50 basis points to 3.0%.
- The Rediscount rate and the Overnight Repurchase Agreements will remain unchanged at 4.25% and 4.0%, respectively.

This decision was prompted by recent positive developments in the fundamentals of the economy, acceptable level of expected inflation, the increase in the attractiveness of the JDs denominated assets as well as the significant improvement in the current account, reflecting a robust growth and a comfortable

level of foreign exchange reserves. The decision attempts to promote investments, economic growth and Job creation through the provision of credit at lower costs for various economic sectors.

## B) Most Important Instructions and Circulations Issued By the Central Bank of Jordan during 2014

The CBJ issued during 2014 a set of instructions and circulations to the licensed banks, including the following:

- Corporate Governance Instructions for banks No. (58/2014) dated 30/9/2014.
- Instructions of Audit Committee in the branches of foreign banks operating in the Kingdom No. (59/2014) dated 4/11/2014.
- Instructions of classification and treatment of Ijara ended with ownership for Islamic banks No. (60/2014) dated 17/11/2014.

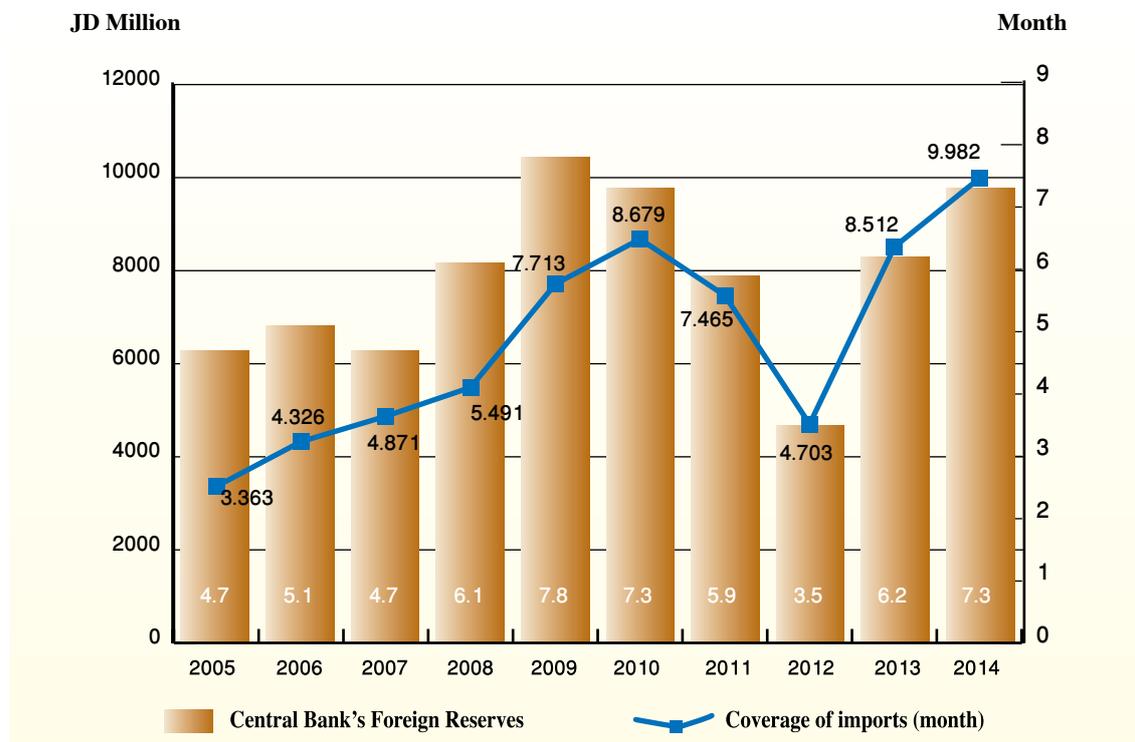
The CBJ also issued a set of circulations to the licensed banks regarding various aspects of the banking operations.

## 2. Foreign Reserves

Central Bank's reserves of foreign currencies rose at the end of 2014 by JD 1.47 billion from the registered level at the end of 2013 to reach JD 9.98 billion. This equals a rise of 17.3%. This level of reserves is enough to cover the kingdom's imports of goods and services for almost 7.3 months.

*Central bank of Jordan defines CBJ's reserves of foreign currencies as the ready cash, balances and deposits in convertible foreign currencies, and bonds and securities in foreign currencies, and cash, balances and deposits in non-convertible foreign currencies, subtracted from them the deposits of all licensed banks and non-residents in foreign currencies at the Central Bank. The CBJ's official reserves of foreign currencies' coverage of goods and services imports represent the CBJ's ready-to-use reserve divided by the monthly average value of imports in goods and services and subtracted from them the monthly average value of re-exports.*

**Chart (3)**  
**Central Bank's Foreign Reserves**



### 3. Assets/Liabilities of banks operating in Jordan

The balance of assets/liabilities of banks operating in Jordan registered at the end of 2014 an increase of 4.8%, reaching the amount of JD 44.9 billion, in comparison with JD 42.8 billion at the end of 2013.

#### A. Domestic Assets

The net domestic assets of licensed banks rose at the end of 2014 by the amount of JD 2.49 billion (6.6%) compared to their level at the end of 2013, thus reaching JD 40.14 billion at the end of 2014, in comparison with JD 37.65 billion at the end of 2013.

This rise in the domestic assets of banks in 2014 was the result of the increase in the claims on public sector by JD 557 million (5.3%) to reach JD 11.01 billion, and the increase in the claims on private sector (resident) by JD 628 million (3.7%) to reach JD 17.83 billion.

Banks' reserves at the central bank increased by JD 1.11 billion (19.4%) to reach JD 6.86 billion.

#### B. Foreign Assets

The net foreign assets of licensed banks decreased at the end of 2014 by JD 421 million (8.2%) from their level at the end of 2013, to reach JD 4.73 billion, in comparison with JD 5.15 billion in 2013.

The decline registered in 2014 was resulted from the regression in most foreign assets items; including the decline in credit facilities to private sector (non-resident) by JD 336 million (41.1%) to reach JD 482 million, and the decline in other foreign assets by the amount of JD 131 million (55%) to reach JD 107 million.

Table (3)

Consolidated Balance Sheet of Licensed Banks

JD Million	2013	2014	Change	Change percentage
<b>Assets</b>				
<b>Foreign Assets</b>	<b>5151.9</b>	<b>4731.1</b>	<b>-420.8</b>	<b>-8.2%</b>
Cash in Vaults (In Foreign Currencies)	238.7	210.5	-28.2	-11.8%
Balances with Foreign Banks	3348.1	3289.6	-58.5	-1.7%
Portfolio (Non-Resident)	508.9	641.9	133	26.1%
Credit Facilities to Private Sector (Non-Resident)	818.0	481.9	-336.1	-41.1%
Other Foreign Assets	238.2	107.2	-131	-55.0%
<b>Domestic Assets</b>	<b>37650.9</b>	<b>40137.0</b>	<b>2486.1</b>	<b>6.6%</b>
Claims on Public Sector	10458.8	11015.4	556.6	5.3%
Claims on Private Sector (Resident)	17201.9	17830.3	628.4	3.7%
Claims on Financial Institutions	90.3	91.1	0.8	0.9%
Reserves	5745.1	6858.2	1113.1	19.4%
Deposits with CBJ in Foreign Currencies	751.9	732.8	-19.1	-2.5%
Unclassified Assets	3402.9	3609.2	206.3	6.1%
<b>Total of Assets</b>	<b>42802.8</b>	<b>44868.1</b>	<b>2065.3</b>	<b>4.8%</b>
<b>Liabilities</b>				
<b>Demand Deposits</b>	<b>6956.6</b>	<b>7662.0</b>	<b>705.4</b>	<b>10.1%</b>
Public Non-Financial Institutions	29.6	65.2	35.6	120.3%
Municipalities and Village Councils	4.5	24.2	19.7	437.8%
Non-Banking Financial Institutions	68.8	87.1	18.3	26.6%
Social Security Corporation	88.0	66.5	-21.5	-24.4%
Private Sector (Resident)	6765.7	7419.0	653.3	9.7%
<b>Time and Saving Deposits</b>	<b>16779.5</b>	<b>17766.4</b>	<b>986.9</b>	<b>5.9%</b>
Public Non-Financial Institutions	321.2	180.8	-140.4	-43.7%
Municipalities and Village Councils	17.2	29.1	11.9	69.2%
Non-Banking Financial Institutions	209.1	273.3	64.2	30.7%
Social Security Corporation	801.9	725.4	-76.5	-9.5%
Private Sector (Resident)	15430.1	16557.8	1127.7	7.3%
Foreign Liabilities	6716.1	6738.3	22.2	0.3%
Central Government Deposits	744.0	1380.0	636	85.5%
Credit From CBJ	842.7	645.6	-197.1	-23.4%
Capital Accounts & Allowances	6146.2	6773.7	627.5	10.2%
Unclassified Liabilities	4617.7	3902.1	-715.6	-15.5%
<b>Total of Liabilities</b>	<b>42802.8</b>	<b>44868.1</b>	<b>2065.3</b>	<b>4.8%</b>

Source: Central Bank of Jordan, Monthly Statistical Bulletin.

#### 4. Assets and Liabilities in Foreign Currencies

The assets of licensed banks in foreign currencies declined from JD 9.1 billion in 2013 to JD 8.7 billion in 2014, which makes a decrease of 3.8% compared to the previous year's balance. This regression was a result of the decline in other foreign assets by JD 297 million (55%), and the decline in credit facilities by JD 103 million (4%).

**Table (4)**  
**Foreign Currency Assets of Licensed Banks**

JD Million	2013	2014	Change	Change percentage
Cash in Vaults	238.7	210.5	-28.2	-11.8%
Balances with CBJ	751.9	732.8	-19.1	-2.5%
Balances with Banks	3565.3	3662.0	96.7	2.7%
Portfolio	1391.2	1399.2	8	0.6%
Credit Facilities	2599.3	2496.5	-102.8	-4.0%
Other	540.9	243.6	-297.3	-55.0%
<b>Foreign Currency Assets</b>	<b>9087.3</b>	<b>8744.6</b>	<b>-342.7</b>	<b>-3.8%</b>

Source: Central Bank of Jordan, Monthly Statistical Bulletin

Liabilities of licensed banks in foreign currencies declined with the amount of JD 767 million to reach about JD 8.74 billion in 2014; this makes a decrease of 8.1% from the year before.

**Table (5)**  
**Foreign Currency Liabilities of Licensed Banks**

JD Million	2013	2014	Change	Change percentage
Customers' Deposits	6590.1	6247.9	-342.2	-5.2%
Central Government	8.4	7.2	-1.2	-14.3%
Public Entities	19.4	16.6	-2.8	-14.4%
Non-Banking Financial Institutions	47.6	40.9	-6.7	-14.1%
Private Sector	6514.7	6183.2	-331.5	-5.1%
Cash Margins	549.2	383.0	-166.2	-30.3%
Deposits of Banks	1889.5	1894.1	4.6	0.2%
Other	473.3	210.1	-263.2	-55.6%
<b>Foreign currency liabilities</b>	<b>9502.1</b>	<b>8735.1</b>	<b>-767.0</b>	<b>-8.1%</b>

Source: Central Bank of Jordan, Monthly Statistical Bulletin

## 5. Capital, Reserves and Provisions

Capital, reserves and provisions of banks operating in Jordan registered significant growth by 10.2% during 2014 to reach JD 6.77 billion compared to JD 6.15 billion at the end of 2013.

## 6. Credit facilities Granted by Licensed Banks

The outstanding balance of the total credit facilities granted by licensed banks increased from JD 18.94 billion in 2013 to JD 19.27 billion at the end of 2014. This represents an increase by JD 335 million (1.8%) from its level at the end of 2013.

Credit facilities granted by banks operating in Jordan were mainly in the form of loans and advances, which represent approximately 65.4% of the total credit facilities. Islamic banks receivables represented 21.1%, while overdrafts stood at 11.6%, and discounted bills and bonds at about 1.2%. Credit cards represented only 0.7% of total credit facilities.

Table (6)

### Distribution of Credit Facilities according to Type

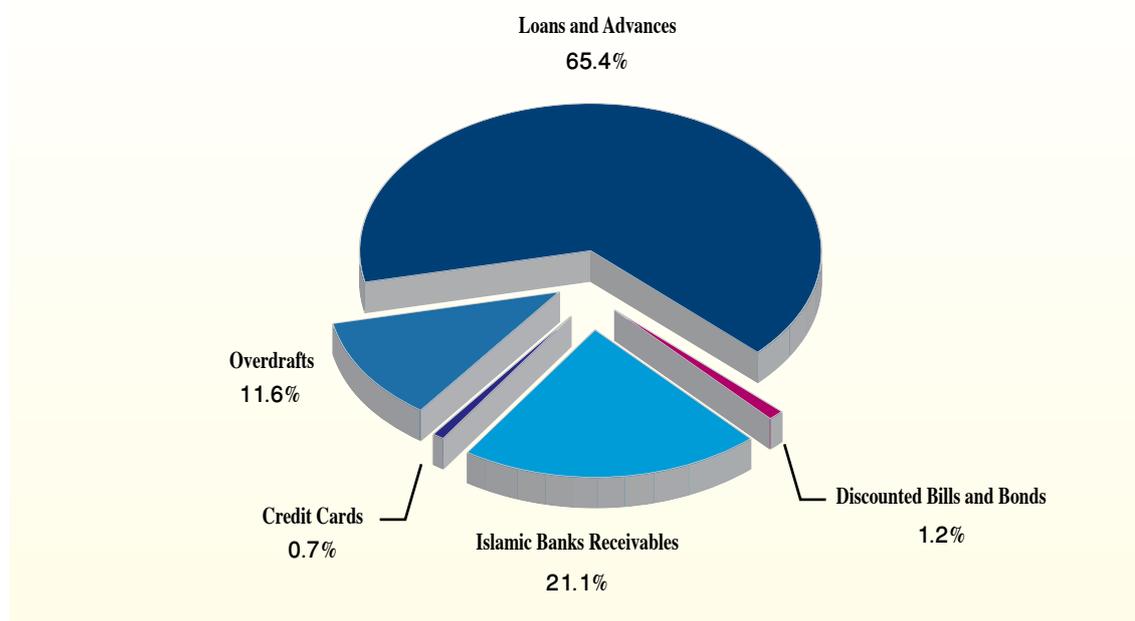
JD Million

Credit Facility Type	2013	2014	% of total Credit Facilities
Overdrafts	2378.9	2228.4	11.6%
Loans and Advances	16279.1	12606.6	65.4%
Discounted Bills & Bonds	281.7	240.7	1.2%
Islamic Banks Receivables <sup>(1)</sup>	-	4067.8	21.1%
Credit cards <sup>(2)</sup>	-	131.0	0.7%
<b>Total of credit facilities</b>	<b>18939.7</b>	<b>19274.5</b>	<b>100%</b>

<sup>(1)</sup> As of December 2014 The Item Islamic Banks Receivables Appeared Independently from Loans and Advances.

<sup>(2)</sup> As of December 2014 The Item Credit Cards Appeared Independently from Overdraft.

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

**Chart (4)****Distribution Of Credit Facilities according to Type as the End Of 2014**

In what concerns the development of credit facilities according to the currency used, credit facilities in Jordanian dinar accounted for 86.7% of the total facilities at the end of 2014, compared to 85.9% at the end of 2013. Consequently, the relative importance of credit facilities in foreign currencies registered 13.3% of the total facilities of 2014.

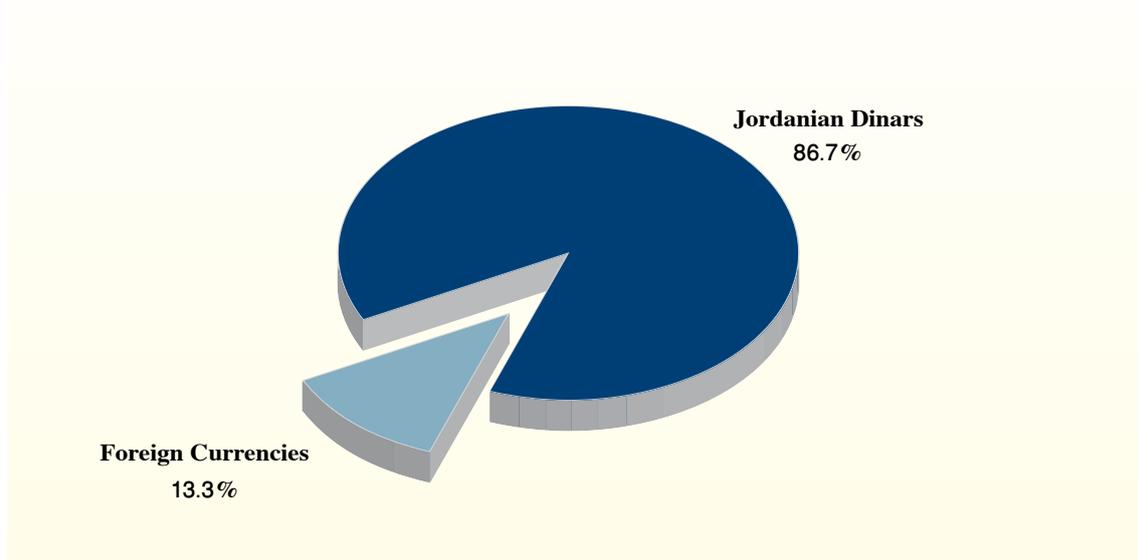
**Table (7)****Distribution of Credit Facilities By Type of Currency**

Credit Facilities	2013		2014	
	JD million	Relative Importance %	JD million	Relative Importance %
Jordanian dinars	16269.1	85.9%	16706.8	86.7%
foreign currencies	2670.6	14.1%	2567.7	13.3%
<b>Total</b>	<b>18939.7</b>	<b>100.0%</b>	<b>19274.5</b>	<b>100.0%</b>

Source: Central Bank of Jordan, Monthly Statistical Bulletin.

**Chart (5)**

**Distribution of Credit Facilities By Type of Currency at the End of 2014**



The distribution of credit facilities by to the kind of economic activity at the end of 2014 shows that the sectors of trade, construction and industry account for about 55.9% of the total facilities granted by banks operating in Jordan. The construction sector has received the largest share of the increase in credit facilities where the balance of credit facilities extended to the construction sector rose by JD 466 million (11.4%).

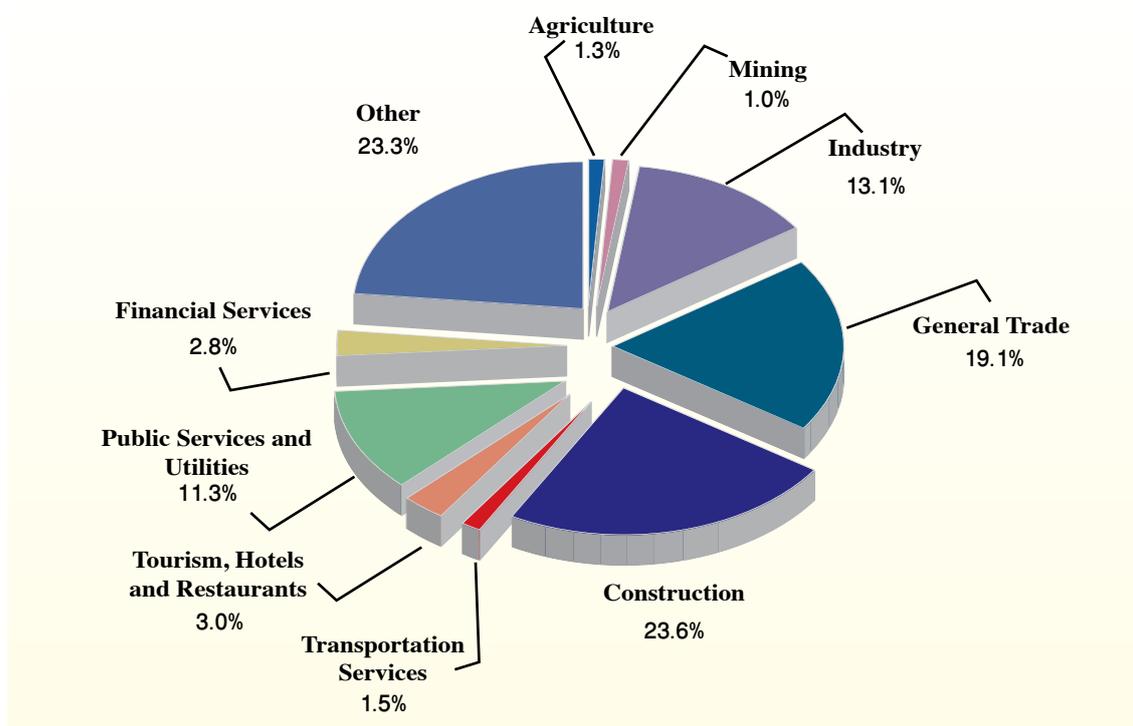
**Table (8)**

**Distribution of Credit Facilities by Economic Sector at the End of 2014**

Sectors	2013		2014	
	JD million	Percentage %	JD million	Percentage %
Agriculture	235.7	1.4%	243.4	1.3%
Mining	164.1	0.4%	196.1	1.0%
Industry	2649.6	14.1%	2531.2	13.1%
General Trade	3937.3	21.1%	3683.8	19.1%
Construction	4086.4	20.7%	4552.8	23.6%
Transportation Services	536.7	3.1%	292.7	1.5%
Tourism, Hotels and Restaurants	503.5	2.8%	571.5	3.0%
Public Services and Utilities	2172.6	12.2%	2170.0	11.3%
Financial Services	508.8	2.7%	539.5	2.8%
Other	4145.1	21.5%	4493.5	23.3%
<b>Total</b>	<b>18939.7</b>	<b>100.0%</b>	<b>19274.5</b>	<b>100.0%</b>

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

**Chart (6)**  
**Distribution of Credit Facilities by Economic Sectors at the End of 2014**



### A. Credit Cards

The number of credit cards granted by banks operating in Jordan during 2014 reached to 159.32 thousand cards. These cards consist of four main kinds: Visa Card, Master card, American Express and national Express. The following table provides some information about the market of credit cards issued by banks operating in Jordan during 2014.

**Table (9)**  
**Credit Cards Extended by Banks During 2014**

Banks	Trade Mark	# of Extended Cards	Cards Issuance fees (JD)	Interest rate / Murabaha%	Commission on cash withdrawal	Salary Transfer	Salary Minimum	Card limit Max
Arab Bank	Visa Card	16285	0 - JD100	1.75%	4% with a minimum of JD4	With and without salary transfer	JD400	JD 50-300 Thousand
	MasterCard	4478	JD50 - JD100	1.75%	4% with a minimum of JD4	With and without salary transfer	JD400	JD 50-300 Thousand

**Continued Table (9) Credit Cards Extended by Banks During 2014**

Banks	Trade Mark	# of Extended Cards	Cards Issuance fees (JD)	Interest rate / Murabaha%	Commission on cash withdrawal	Salary Transfer	Salary Minimum	Card limit Max
Jordan Ahli Bank	Visa	5376	Free for the first year JD25 for classic JD50 for Gold JD 75 for Platinum	1.75%	4%	Unconditional	JD200	Starting from 3 times the salary
	MasterCard							
Cairo Amman Bank	Revolving Visa card	36373	JD15 - JD75	1.75%	4% with a minimum of JD3	-	-	-
	Prepaid card	1083	JD7	-	-	-	-	-
	Web Surfer card	73	\$24	-	-	-	-	-
Bank of Jordan	Visa Card	6344	Free for Silver and Gold JD 75 for Platinum, and free for bank's packages customers	1.75%	4% with a minimum of JD4	Conditional, with some exceptions for some customers	JD250	Up to 5 times the salary for some customers
The Housing Bank for Trade & Finance	Visa Classic	4557	JD30	1.75%	4% with a minimum of JD2	Unconditional	JD250	JD 3500
	Visa Gold	445	JD60	1.75%	4% with a minimum of JD2	Unconditional	JD700	JD 7000
	Visa Platinum	242	JD80	1.75%	4% with a minimum of JD2	Unconditional	JD1400	-
	MasterCard	10985	JD30	1.75%	4% with a minimum of JD2	Unconditional	JD250	JD 3500
	MasterCard Gold	695	JD60	1.75%	4% with a minimum of JD2	Unconditional	JD700	JD 7000
	MasterCard Platinum	724	JD80	1.75%	4% with a minimum of JD2	Unconditional	JD1400	-
Jordan Kuwait Bank	Visa Card	1361	Starting from JD15, according to card type	1.75%	4% with a minimum of JD4	Unconditional	JD250	2 - 5 times the salary
	MasterCard	2168	Starting from JD15	1.75%	4% with a minimum of JD4	Unconditional	JD250	2 - 5 times the salary
	AMEX	58	Starting from \$95	-	4% with a minimum of JD4	Unconditional	For high income customers	For high income customers

**Continued Table (9) Credit Cards Extended by Banks During 2014**

Banks	Trade Mark	# of Extended Cards	Cards Issuance fees (JD)	Interest rate / Murabaha%	Commission on cash withdrawal	Salary Transfer	Salary Minimum	Card limit Max
Arab Jordan Investment Bank	Visa Electron	15303	-	-	-	-	-	Based on account balance
	MasterCard Debits	7966	-	-	-	-	-	Based on account balance
Jordan Commercial Bank	MasterCard	6000	JD25 – JD50	1.75%	4%	Unconditional	JD300	JD 20000
Investbank	Visa Signature	521	JD200	1.75%	4% with a minimum of JD4	Unconditional, according to account type	Unconditional, according to account type	JD 100000
	Visa Platinum	1226	JD120	1.75%	4% with a minimum of JD4	Unconditional	JD400Outside Amman JD500 Inside Amman	JD 35000
	Visa Gold	2758	JD50	1.75%	4% with a minimum of JD4	Unconditional	JD400Outside Amman JD500 Inside Amman	JD 25000
ABC Bank	Visa Card	461	Free	1.75%	4%	-	JD 500	JD 15000
Bank Al-Etihad	Classic	2981	Free	1.75%	3% with a minimum of JD4	Unconditional	JD300 for salary transfer JD1000 for Professionals and entrepreneurs	JD 5000
	Gold	213	JD35	1.75%	3% with a minimum of JD4	Unconditional	JD300 for salary transfer JD1000 for Professionals and entrepreneurs	JD 50000
	Platinum	580	JD70	1.75%	3% with a minimum of JD4	Unconditional	JD300 for salary transfer JD1000 for Professionals and entrepreneurs	JD 50000
	Business card	66	Free for the first year, and JD25 for the following years	1.50%	Not allowed	Unconditional	JD300 for salary transfer JD1000 for Professionals and entrepreneurs	JD 50000
	Taj Gold Card	8	JD35	1.75%	3% with a minimum of JD4	Unconditional	JD300 for salary transfer JD1000 for Professionals and entrepreneurs	JD 50000
	Taj Platinum Card	16	JD70	1.75%	3% with a minimum of JD4	Unconditional	JD300 for salary transfer JD1000 for Professionals and entrepreneurs	JD 50000

**Continued Table (9) Credit Cards Extended by Banks During 2014**

Banks	Trade Mark	# of Extended Cards	Cards Issuance fees (JD)	Interest rate / Murabaha%	Commission on cash withdrawal	Salary Transfer	Salary Minimum	Card limit Max
Societe General - Jordan	Prepaid Visa classic (in JD)	25	JD35	1.75%	JD2 through bank's ATMS JD4 through other banks > ATMS	Conditional for employees Unconditional for business owners	JD200 for public sector employees JD350 for private sector employees JD 500 for business owners	The minimum limit is JD200, The maximum limit according to customer's financial position
	Prepaid Visa Gold (in JD)	98	JD50	1.75%				
	Prepaid MasterCard classic (in JD)	5	JD35	1.75%				
	Prepaid MasterCard Titanium (in JD)	28	JD50	1.75%				
	Prepaid MasterCard (in USD)	63	JD60	1.75%				
	Prepaid MasterCard (in Euro)	27	JD40	1.75%				
	MasterCard classic (in JD)	585	JD35	1.75%				
	MasterCard Titanium (in JD)	33	JD50	1.75%				
	Jordan River Foundation cards	11	JD35	1.75%				
	E-surf Card	88	Free	0	0	Unconditional	Unconditional	Unconditional
	ATM/Saving Cards	6042	Free	0	JD1 through CSC network. JD3 through other networks.	According to customer	The minimum required to open saving account + JD100 for the card	JD 500
Capital Bank	Visa Card	2801	0	1.75%	4%	Salary transfer or cash margins	JD500	JD 50000
	MasterCard	105	0	1.75%	4%	Salary transfer or cash margins	JD500	JD 50000
Jordan Islamic Bank	MasterCard Gold	230	JD50	0	According to Customer's Class	Unconditional	According to Card limit	according to customer's credit worthiness
	Visa Gold	539	JD50					JD 2000
	Visa Silver	1639	JD25					JD 100
	Visa Local	1047	JD15					

**Continued Table (9 ) Credit Cards Extended by Banks During 2014**

Banks	Trade Mark	# of Extended Cards	Cards Issuance fees (JD)	Interest rate / Murabaha%	Commission on cash withdrawal	Salary Transfer	Salary Minimum	Card limit Max
International Islamic Arab Bank	Visa installment	7957	JD25	-	4	Conditional	JD200	JD250- JD1000
	Internet Visa installment	583	JD10	-	-	Conditional	JD200	JD50-JD750
	Visa Gold	230	JD50	-	2%+1.96	Unconditional	JD1400	JD1001- 50000
Jordan Dubai Islamic Bank	Visa Card	166 Classic Gold 179	JD25 for Classic JD50 for Gold	-	4 %	Salary transfer or cash margins	JD 300 for classic JD 2500 for Gold	JD 3000 for classic JD 15000 for Gold
Al-Rajhi Bank	Visa Platinum	-	JD65	0	4	Salary transfer or cash margins	JD10000	Unlimited
	Visa Gold	-	JD50	0	4	Salary transfer or cash margins	JD2000	JD 5000
	Visa Classic	-	JD35	0	4	Salary transfer or cash margins	JD500	JD 1000
	Prepaid Visa Card	-	JD10	0	0	Unconditional	Unlimited	JD 2000 monthly
Egyptian Arab Land Bank	Visa Card	953	JD50 for Gold JD25 for Silver	1.75%	4% with a minimum of JD4	Conditional	JD300	JD 50000
Rafidain Bank	-	-	-	-	-	-	-	-
Citi Bank	-	-	-	-	-	-	-	-
Standard Chartered	Visa Classic	274	JD25	1.75%	4%	Conditional	JD500	3 times the salary
	Visa Gold	44	JD50	1.75%	4%	Conditional	JD1000	3 times the salary
	Visa Platinum	212	JD75	1.65%	4%	Conditional	JD2400	4 times the salary
Bank Audi	Visa Card	2695	JD25	1.75%	4%	Unconditional	A minimum of JD350 monthly	A maximum debt burden 55% of the salary
	MasterCard	1068	JD25	1.75%	4%	Unconditional	A minimum of JD350 monthly	A maximum debt burden 55% of the salary
National Bank of Kuwait	Visa Card	42	-	1.75%	4%	-	-	-

**Continued Table (9) Credit Cards Extended by Banks During 2014**

Banks	Trade Mark	# of Extended Cards	Cards Issuance fees (JD)	Interest rate / Murabaha%	Commission on cash withdrawal	Salary Transfer	Salary Minimum	Card limit Max
BLOM Bank	MasterCard Classic	896	JD35	1.50%	4% with a minimum of JD4	Unconditional	JD500	JD1000
	MasterCard Titanium	380	JD35	1.50%	4% with a minimum of JD4	Unconditional	JD500	JD1000- JD7000
	MasterCard Platinum	210	JD75	1.50%	4% with a minimum of JD4	Unconditional	JD500	JD7000- JD30000
National Bank of Abu Dhabi	Visa Card	1060	JD35 for Silver JD65 for Gold Free for Infinite	1.75%	4% with a minimum of JD4	-	JD600	JD50000

- Unavailable

## B. Personal Loans

Banks operating in Jordan granted about 165 thousand personal loans during 2014, the value of which reached to JD 1.61 billion, at an interest rate that varied between 4% and 13.5%, and at a commission rate that varied between zero and 1%, and with a settlement period that is between six months and 8 years. Most banks required as a prior condition the transfer of salary to grant the personal loan.

**Table (10)**  
**Personal Loans Extended by Banks During 2014**

<b>Bank</b>	<b>Number of personal loans' applications submitted to Banks during 2014</b>	<b>Number of personal loans Extended by Banks during 2014</b>	<b>value of loans Extended by Banks during 2014 (JD million)</b>
Arab Bank	47,277	18,943	171,123,949
Jordan Ahli Bank	11,716	10,345	111,335,490
Cairo Amman Bank	-	-	-
Bank of Jordan	-	11,862	114,300,000
The Housing Bank for Trade & Finance	-	27,639	180,669,207
Jordan Kuwait Bank	4,564	3,572	26,900,000
Arab Jordan Investment Bank	1,437	1,252	19,625,279
Jordan Commercial Bank	11,410	5,815	70,400,000
Investbank	1,748	894	21,014,448
ABC Bank	9,296	8,203	49,652,798
Bank Al-Etihad	3,552	2,193	34,656,524
Societe General - Jordan	2,101	1,189	10,215,740
Capital Bank	1,908	1,098	16,015,780
Jordan Islamic Bank *	47,033	46,639	381,100,000
Islamic International Arab Bank *	18,530	16,309	184,140,000
Jordan Dubai Islamic Bank *	1,032	971	10,046,000
Al-Rajhi Bank *	-	-	-
Egyptian Arab Land Bank	632.0	527	4,242,900
Rafidain Bank	-	-	-
Citi Bank	14	14	142,708
Standard Chartered	530	472	9,241,495
Bank Audi	3,596	2,412	31,930,032
National Bank of Kuwait	88	28	614,469
BLOM Bank	3,172	1,498	33,200,000
National Bank of Abu Dhabi	249	245	12,818,000
<b>Total</b>	<b>169,885</b>	<b>164,682</b>	<b>1,608,650,386</b>

- Unavailable

\* represents individuals' personal finances

**Table (11): Terms and Characteristics of Personal Loans Extended During 2014**

Bank	Salary transfer	required collaterals	maximum amount of loan	Interest rate Murabaha (%)	Annual commission (%)	Payment period (year)
Arab Bank	Salary transfer or bank account	Salary transfer or relationship with the bank	JD 70000	7.5%-8%	1% for the first year	6 months to 8 years
Jordan Ahli Bank	Conditional	Salary transfer	JD 70000	9%-11.5%	1% for the first year	8 years
Cairo Amman Bank	-	-	-	-	-	-
Bank of Jordan	Conditional	-	JD 70000	9.75%-12.99% Decreasing interest	1% for one time	7 years
The Housing Bank for Trade & Finance	Unconditional	Salary transfer/ Real Estate/ cash margins/ guarantor	unspecified	9.5%-10.5%	1% for the first year	8 years
Jordan Kuwait Bank	Conditional	Salary transfer	30 times the salary	10%-12%	1% for the first year	8 years
Arab Jordan Investment Bank	Conditional	Salary transfer	JD 60000	9% on average	1% for the first year	8 years
Jordan Commercial Bank	Conditional	None	JD 77000	10%	1%	8 years
Investbank	Conditional	Salary transfer	JD 75000	10%	1% for the first year	8 years
ABC Bank	Conditional	Salary transfer	JD 50000	9.5%-10.75%	1% for one time	8 years
Bank Al-Etihad	Conditional	Salary transfer Guarantor	JD 55000	9.25%-10%	1% for the first year	8 years
Societe General - Jordan	Conditional	Salary transfer/ guarantor/ tangible collateral	JD 35000	10.45% If the client has Makaseb account the interest lowered to 9.45%	1% for the first year. If the client has Makaseb account the commission lowered to 0.5%	8 years
Capital Bank	Conditional	Guarantor for not approved companies, Checks for non employee	JD 70000	9.75% decreasing	1%	8 years
Jordan Islamic Bank	Depends on the client's status	Depends on the client's work	As the monthly installment doesn't exceed 50% of income	6% annually	0	Up to 7 years for Murabaha financing, Up to 20 years for financial leasing

**Continued Table (11): Terms and Characteristics of Personal Loans Extended During 2014**

Bank	Salary transfer	required collaterals	maximum amount of loan	Interest rate Murabaha (%)	Annual commission (%)	Payment period (year)
Islamic International Arab Bank	Conditional	Salary transfer for approved companies (up to JD10000) Guarantor or tangible collateral for unapproved companies (more than JD10000)	As the monthly installment doesn't exceed 45% of income	4% or higher	JD 30 for one time	1-8 years
Jordan Dubai Islamic Bank	-	-	-	-	-	-
Al-Rajhi Bank	-	-	-	-	-	-
Egyptian Arab Land Bank	Conditional	Guarantor Mortgages salary transfer deduction of salary	JD 75000	12%-13.5%	1%	8 years
Rafidain Bank	-	-	-	-	-	-
Citi Bank	Conditional	Salary transfer	10 -15 times the salary with a maximum of JD25000	4.5%	-	4 years
Standard Chartered	Conditional	Salary transfer	JD 60000	9.5%	1%	5 years
Bank Audi	Conditional	Salary transfer Guarantor	JD 40000	10%	1%	6 years
National Bank of Kuwait	Conditional	Guarantor	JD 40000	9%-12%	1% for the first year	5 years
BLOM Bank	Conditional	Guarantor Real estate Car	JD 30000 JD 250000 personal loans with real estate collaterals	11%	1% for one time	1-8 years
National Bank of Abu Dhabi	Conditional	Mortgages for real estate loans	-	Personal loan 10.425% Housing loan 7.75%	1%	6 years for personal loans 20 years for housing loans

- Unavailable

### C. Car loans

During 2014, banks operating in Jordan granted about 42 thousand loans to buy a car, whose value surpassed JD 445 million, so the average funding of car reached to JD 10612. The interest rate varied between 4.5% and 12%, while the commission rate varied between zero and 1%. The settlement period varied between 1 year and 10 years, in addition most banks required pledging the car.

**Table (12): Car Loans Extended During 2014**

Bank	Number of car loans' applications submitted to banks during 2014	Number of accepted car loans during 2014	Total value of cars loans extended during 2014 (JD)
Arab Bank	966	244	4,177,475
Jordan Ahli Bank	83	43	914,710
Cairo Amman Bank	-	-	-
Bank of Jordan	-	316	4,700,000
The Housing Bank for Trade & Finance	452	425	6,425,502
Jordan Kuwait Bank	677	450	7,500,000
Arab Jordan Investment Bank	17	17	182,240
Jordan Commercial Bank	39	39	708,000
Investbank	38	14	386,650
ABC Bank	6	4	93,100
Bank Al-Etihad	688	319	7,976,875
Societe General – Jordan	367	212	3,458,347
Capital Bank	1236	937	8,903,626
Jordan Islamic Bank	22676	22512	236,900,000
Islamic International Arab Bank	8426	7415	63,520,000
Jordan Dubai Islamic Bank	2995	2079	24,706,000
Al-Rajhi Bank	-	-	-
Egyptian Arab Land Bank	33	27	752,975
Rafidain Bank	-	-	-
Citi Bank	4	4	50,632
Standard Chartered	0.0	0	0
Bank Audi	1660	933	12,779,515
National Bank of Kuwait	1	1	21,500
BLOM Bank	18299	5985	61,300,000
National Bank of Abu Dhabi	0	0	0
<b>Total</b>	<b>58,663</b>	<b>41,976</b>	<b>445,457,147</b>

- Unavailable

**Table (13) Terms and Characteristics of Car Loans Extended During 2014**

Bank	Terms of Car loans	financing ratio (New and used car)	Interest rate/ Murabaha (%) (New and used car)	Annual commission (%)	Payment period (year)
Arab Bank	Car pledge	80%-100% for new cars 65%-90% for used cars	5% for new cars 5.5% for used cars	1% for the first year	1-6 years
Jordan Ahli Bank	Salary transfer and car pledge by 100% of the loan	<u>For employees:</u> - New cars: 100% - Used car: 80% <u>For professionals and business owners</u> - New cars: 80% - Used cars: 60%	11% for employees, 12% for professionals and business owners	-	7 years for employees, 5 years for professionals and business owners
Cairo Amman Bank	-	-	-	-	-
Bank of Jordan	Car pledge Salary transfer in some cases	Up to 95%	8.49%-10.99% decreasing	1% for one time	Up to 6 years
The Housing Bank for Trade & Finance	Car pledge + Comprehensive insurance	Up to 100% for transferred salaries, other clients 90% for new cars, and 80% for used cars	Flat, 4.5% for transferred salaries and 5% otherwise	No commission	Up to 8 years
Jordan Kuwait Bank	Car pledge	Up to 100% for new and used cars	9% decreasing for new cars 10.5% decreasing for used cars	1% for the first year	8 years
Arab Jordan Investment Bank	Car pledge	80%	7.00%	1% for the first year	6 years
Jordan Commercial Bank	Car pledge	Up to 100%	5.50%	No commission	8 years
Investbank	Car pledge	Up to 100% for new cars 85% for used cars	10% for new cars 11% for used cars	1% for the first year	Up to 6 years
ABC Bank	Car pledge	70%-90% for new cars 50%-80% for used cars	9%-10.5% for new cars 9%-9.5% for used cars	No commission	7 years for new cars, 10 years for used cars
Bank Al-Etihad	Car pledge	Up to 100%	9%-10%	1%	Up to 8 years
Societe General - Jordan	Car pledge + Comprehensive insurance + Salary transfer or checks in some cases	80% for used cars 90% for new cars	10% for used cars 8.999% for new cars	0	Up to 7 years
Capital Bank	Car pledge + Salary transfer or checks	50%-100% according to client's case and	10%	1%	Up to 8 years
Jordan Islamic Bank	Salary transfer + guarantor + car pledge	80% - 100%	6% annually	0	Up to 5 years

**Continued Table (13) Terms and Characteristics of Car Loans Extended During 2014**

Bank	Terms of Car loans	financing ratio (New and used car)	Interest rate/ Murabaha (%) (New and used car)	Annual commission (%)	Payment period (year)
Islamic International Arab Bank	Salary transfer for approved companies (up to JD10000) Guarantor or tangible collateral for unapproved companies (more than JD10000) + Comprehensive insurance	<u>For approved companies</u> - 100% up to JD12000. - 85% if the financing exceed JD12000 <u>For unapproved companies:</u> 85%	-	JD 30 for one time	1-8 years
Jordan Dubai Islamic Bank	-	-	-	-	-
Al-Rajhi Bank	-	-	-	-	-
Egyptian Arab Land Bank	Car pledge Guarantor checks Comprehensive insurance	50%-90%	10%-12%	-	7 years
Rafidain Bank	-	-	-	-	-
Citi Bank	Working for 6 months 20 times the salary up to JD40000 Car pledge	100% for new cars 85% for used cars	4.5%	-	6 years for new cars 5 years for used cars
Standard Chartered	-	-	-	-	-
Bank Audi	Car pledge	90% for new cars Up to 75% for used cars	5%-5.75%	-	6 years for new cars 5 years for used cars
National Bank of Kuwait	Car pledge + Guarantor	50%	11.5%	1% for the first year	4 years
BLOM Bank	Car pledge	80% for used cars 85% for new cars	5%	1% for one time	1-6 years
National Bank of Abu Dhabi	-	-	-	-	-

- Unavailable

#### D. Syndicated Bank Loans

Eleven banks participated in the syndicated bank loans extended in 2014. These banks extended more than JD 283 million to various economic sectors, the most important of which were the governmental sector and the real estate sector.

**Table (14)**  
**Syndicated bank loans extended during 2014**

<b>Bank</b>	<b># of loans</b>	<b>Economic Sectors</b>	<b>Volume of Participation Million JD</b>	<b>Volume of Participation (%)</b>
Arab Bank	2	Governmental, real estate	62.0	21.8%
Bank of Jordan	1	Governmental	18.0	7.2%
The Housing Bank for Trade & Finance	3	Governmental, real estate	76.47	24.6%
Jordan Kuwait Bank	2	Governmental, real estate	69.0	25.0%
Arab Jordan Investment Bank	1	Governmental	14.0	5.6%
Jordan Commercial Bank	1	Governmental	2.0	0.8%
Investbank	1	Governmental	5.0	2.0%
Bank Al-Etihad	1	Governmental	14.0	5.6%
Societe General - Jordan	1	Real estate	3.0	8.6%
Capital Bank	2	Real estate, governmental	17.6	6.2%
National Bank of Abu Dhabi	1	Governmental	2.0	0.8%

- Banks that have been listed in the table are only banks that participated in syndicated loans during 2014.

## **7. Deposits at Licensed Banks**

The balance of total deposits at licensed banks rose by the end of 2014 to reach JD 30.26 billion, an increase amounting to JD 2.67 million (9.7%) compared with the deposits' balance at the end of 2013.

This increase in the balance of total deposits during 2014 was due to the increase in the resident private sector's deposits by JD 2.20 billion (8.6%), and the increase in the public sector's deposits by JD 464 million (23.1%), compared to the levels they reached at the end of 2013.

As for the structural development of the main types of deposits (demand, savings, and time deposits), time deposits had the highest percentage among deposits and accounted for 56.5% of total deposits at the end of 2014, compared to 56.0% in 2013. Demand deposits and savings deposits accounted for 29.7% and 13.8% respectively at the end of 2014.

**Table (15)**

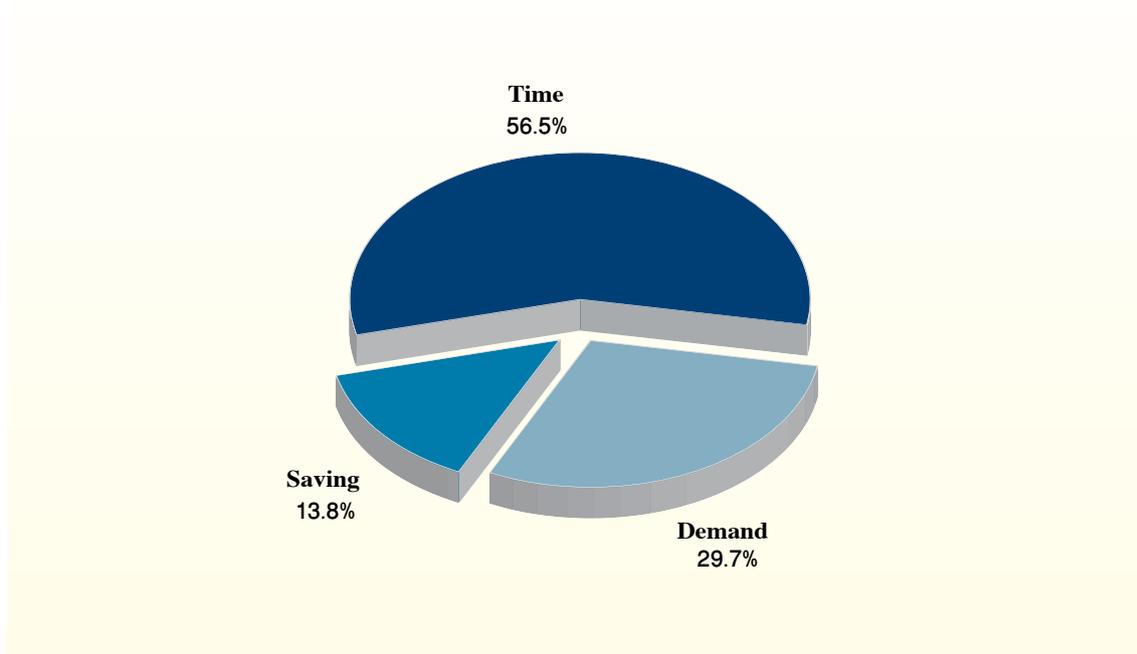
**Distribution of Deposits According to its Major Types as the end of 2014**

Deposit Type	2013		2014		Percentage Change %
	JD million	Relative Importance %	JD million	Relative Importance %	
Demand	8237.9	29.9%	8987.3	29.7%	9.1%
Saving	3900.4	14.1%	4188.7	13.8%	7.4%
Time	15454.9	56.0%	17085.0	56.5%	10.5%
<b>Total Deposit</b>	<b>27593.2</b>	<b>100%</b>	<b>30261.0</b>	<b>100%</b>	<b>9.7%</b>

Source: Central Bank of Jordan, Monthly Statistical Bulletin

**Chart (7)**

**Distribution of Deposit According to its Major Types as the end of 2014**

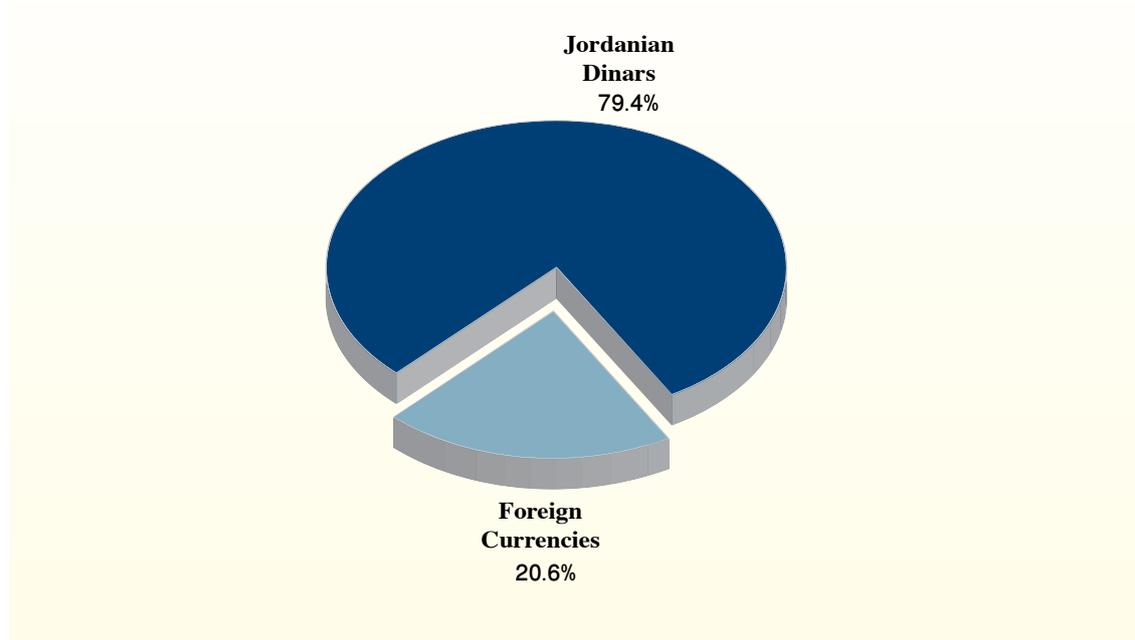


In light of the developments in deposits in terms of the currency types during 2014, a decrease is noticed in the deposits in foreign currencies amounting to JD 342 million, with a percentage decrease of 5.2% of their value at the end of 2013. The item of deposits in Jordanian Dinar increased by JD 3.01 billion, or the percentage of 14.3% of what they registered at the end of 2013.

**Table (16)****Distribution of Deposits According to Type of Currency at the end of 2014**

Deposits	2013		2014		Percentage Change %
	JD million	Relative Importance %	JD million	Relative Importance %	
Jordanian dinars	21003.0	76.12%	24013.1	79.4%	14.3%
Foreign currencies	6590.2	23.88%	6247.9	20.6%	-5.2%
Total Deposits	27593.2	100%	30261.0	100%	9.7%

Source: Central Bank of Jordan, Monthly Statistical Bulletin

**Chart (8)****Distribution of Deposits According to Type Currency at the end of 2014**

## 8. Gender Distribution of Individual Clients in Banks Operating in Jordan

The Association of Banks in Jordan sent in 2014 a questionnaire to its member banks that target data on levels of banks dealings distributed according to gender. Banks' response was relatively high as 20 banks out of 25 banks operating in Jordan answered the questionnaire. This is a response percentage of 80%.

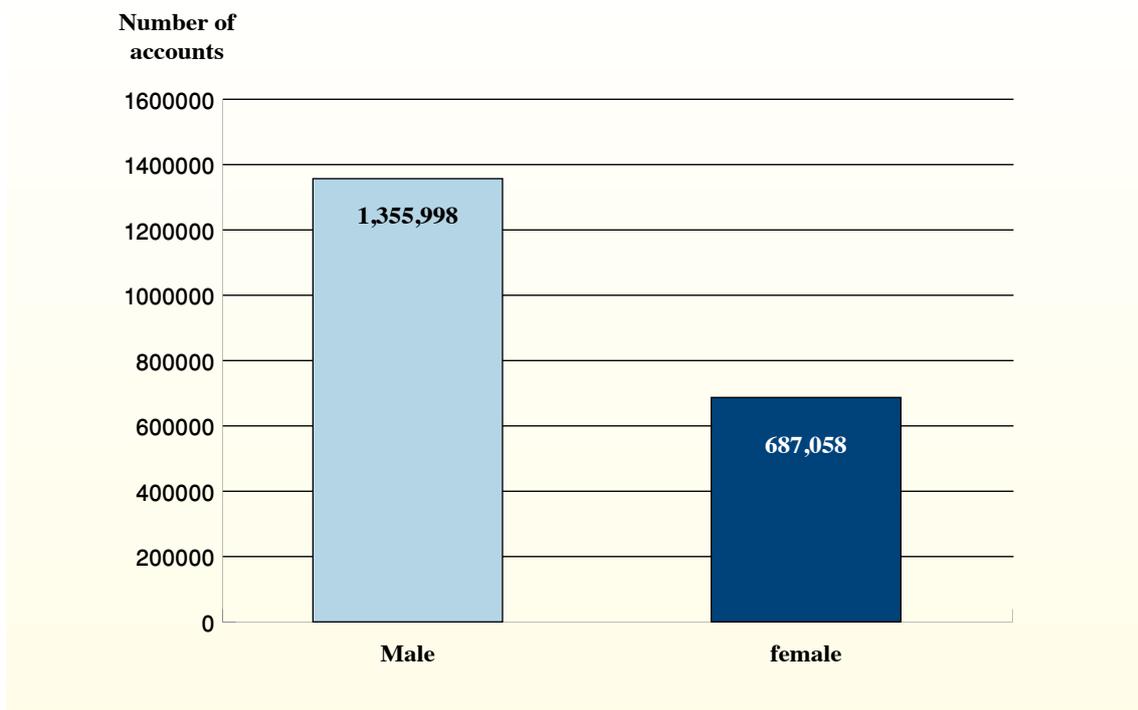
### First: Distribution of individuals' deposit accounts according to gender

Individuals' deposit accounts are classified in terms of type into three main types: demand deposits; savings accounts and time deposits.

The total number of individuals' deposit accounts at banks operating in Jordan amounted to 2044056 depositors. Those are distributed as 1356998 male depositors and 687058 female depositors; thus the percentage of male depositors amounts to 66.4% of total depositors in banks while the percentage of female depositors accounts for 33.6%.

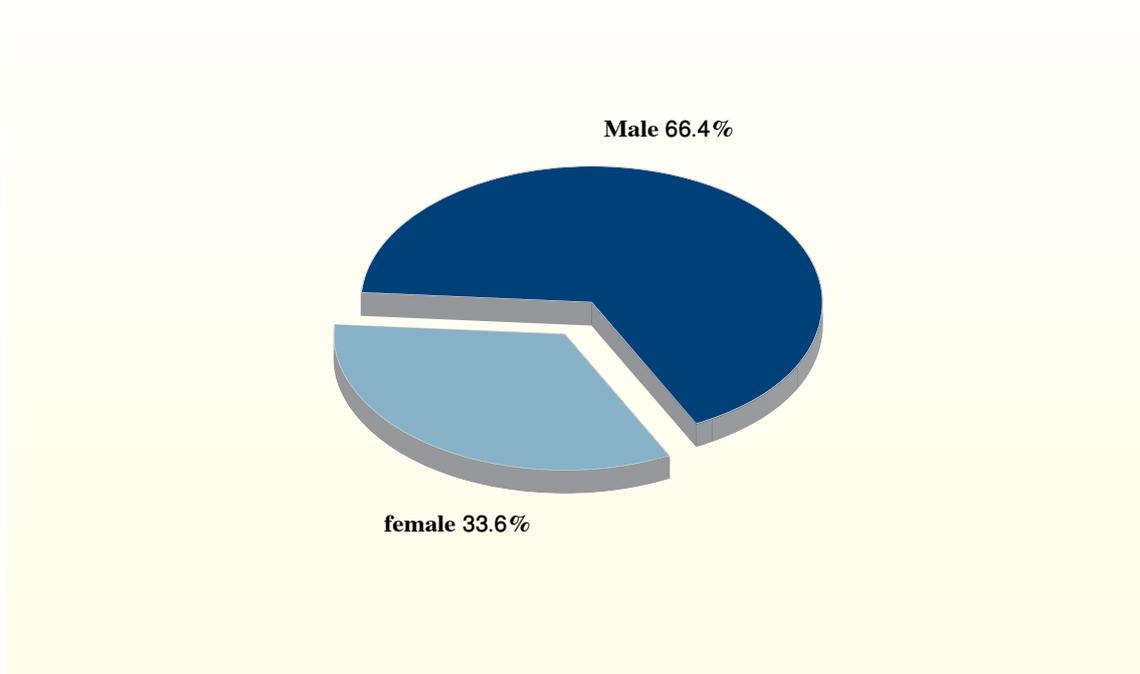
Chart (9)

The total number of individuals' deposit accounts according to gender at the end of 2014



**Chart (10)**

**The distribution of individuals' deposit accounts according to gender at the end of 2014**



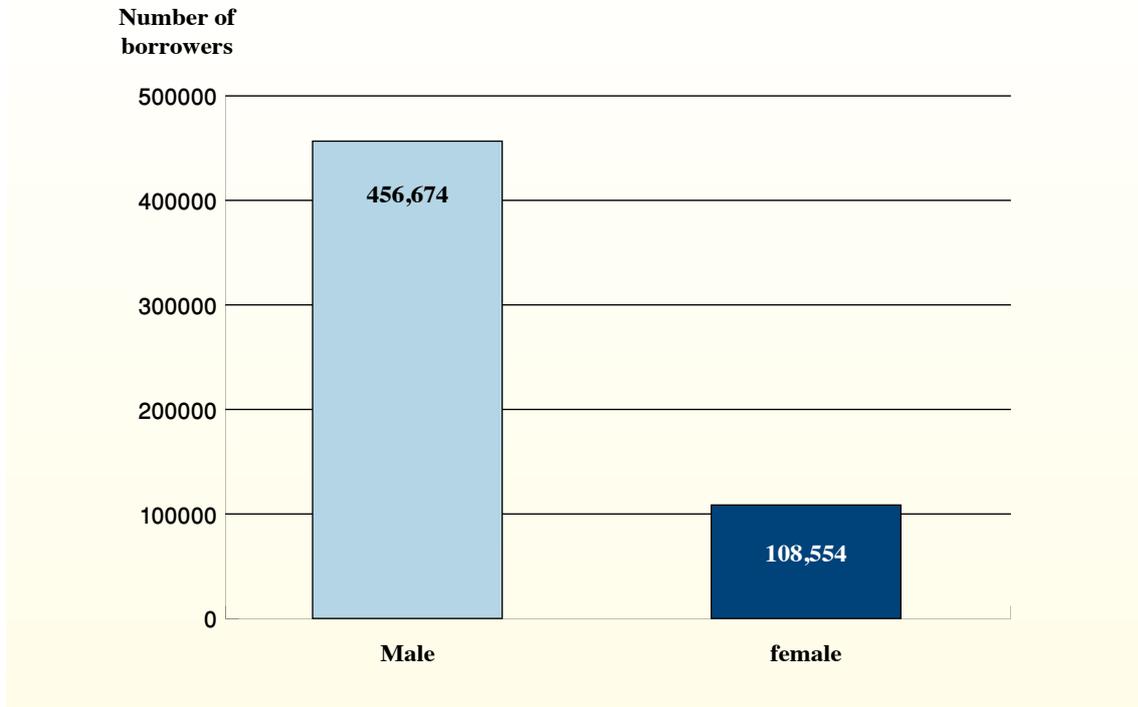
**Second: Distribution of individual borrowers according to gender**

Credit facilities extended by banks operating in Jordan are classified into three main types: Overdraft, loans and advances, and discounted bills and bonds.

The total outstanding number of individual borrowers from banks operating in Jordan amounts to 565228 borrowers, distributed as 456674 male borrowers and 108554 female borrowers. Therefore, the percentage of male borrowers reached 80.8% of total individual borrowers from banks in Jordan, while the percentage of female borrowers amounted to approximately 19.2%.

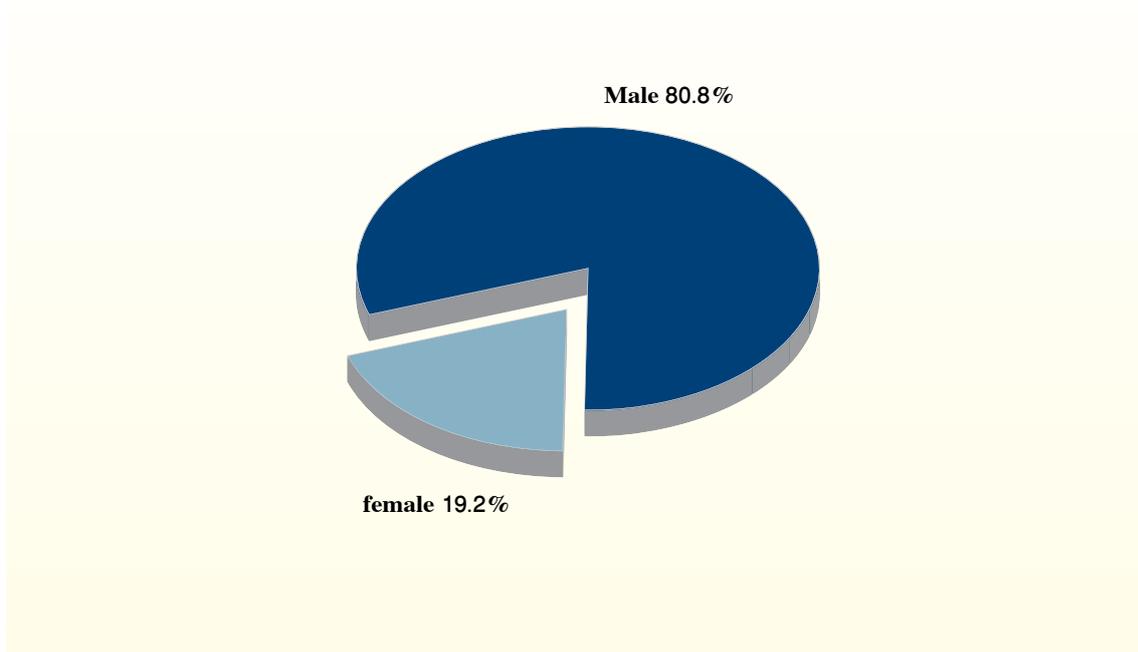
**Chart (11)**

**The total number of individual borrowers according to gener at the end of 2014**



**Chart (12)**

**The distrubution of individual borrowers according to gener at the end of 2014**



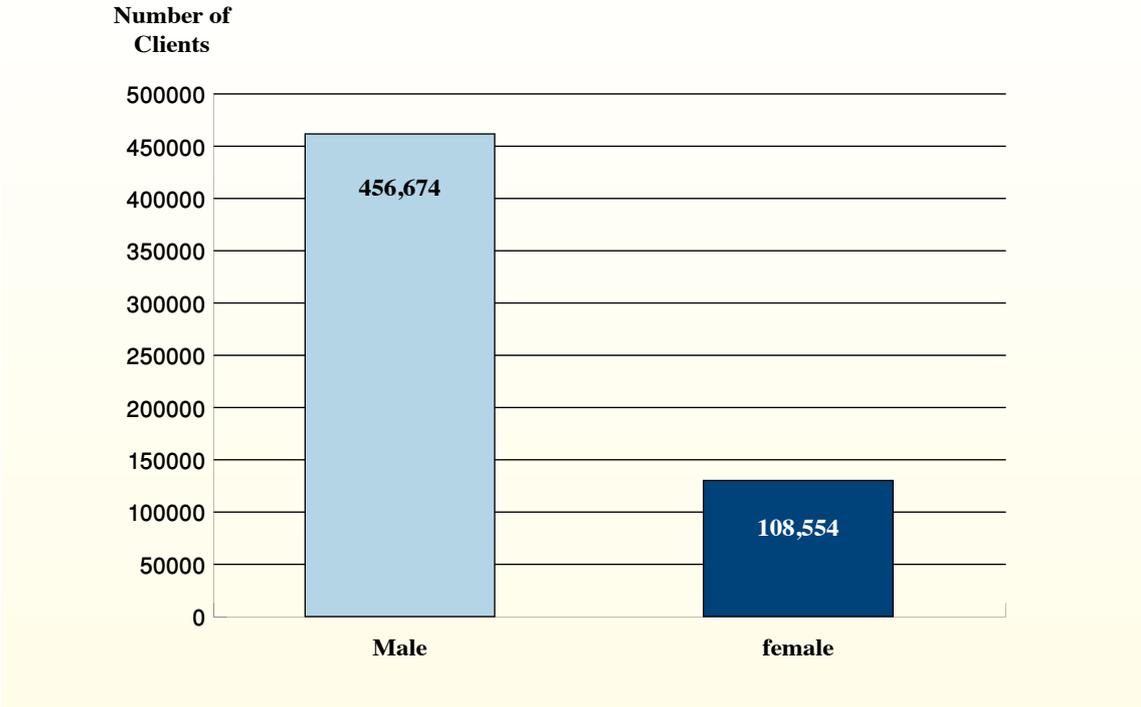
**Third: Distribution of individual clients having credit cards according to gender**

Banks operating in Jordan issues different types of credit cards for their clients, including the different categories of Visa Card, Master Card, and American Express.

The total number of individual clients possessing credit cards from banks operating in Jordan reached 592008 clients, distributed as 46779 male clients (78%) and 130229 female clients (22%).

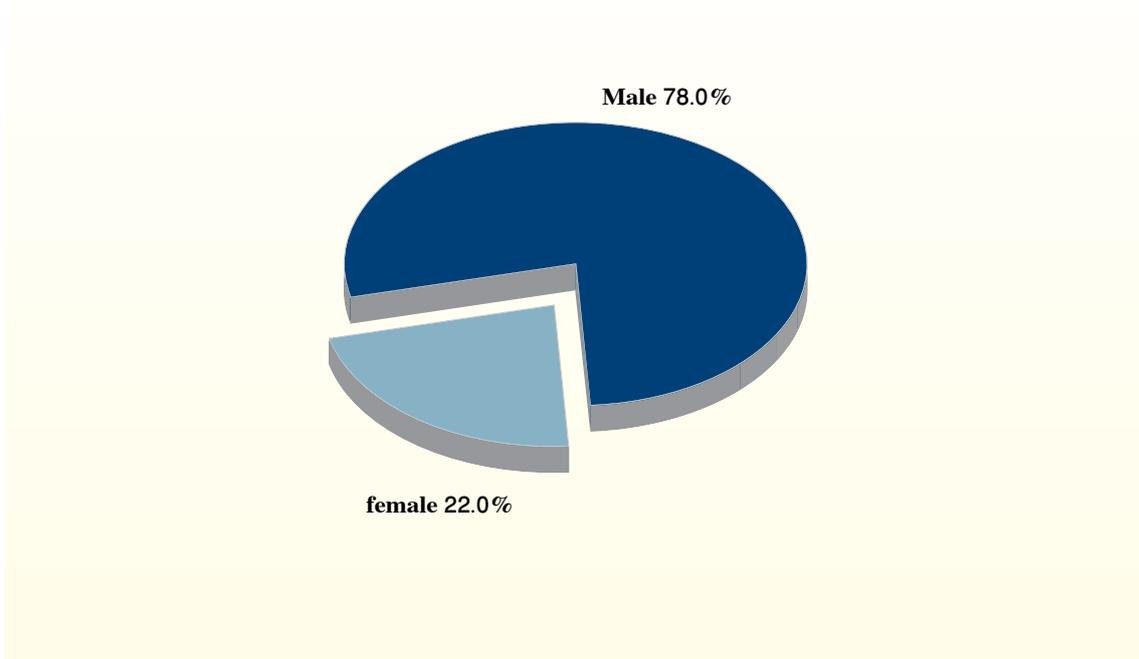
**Chart (13)**

**The total number of individual clients having credit cards according to gener at the end of 2014**



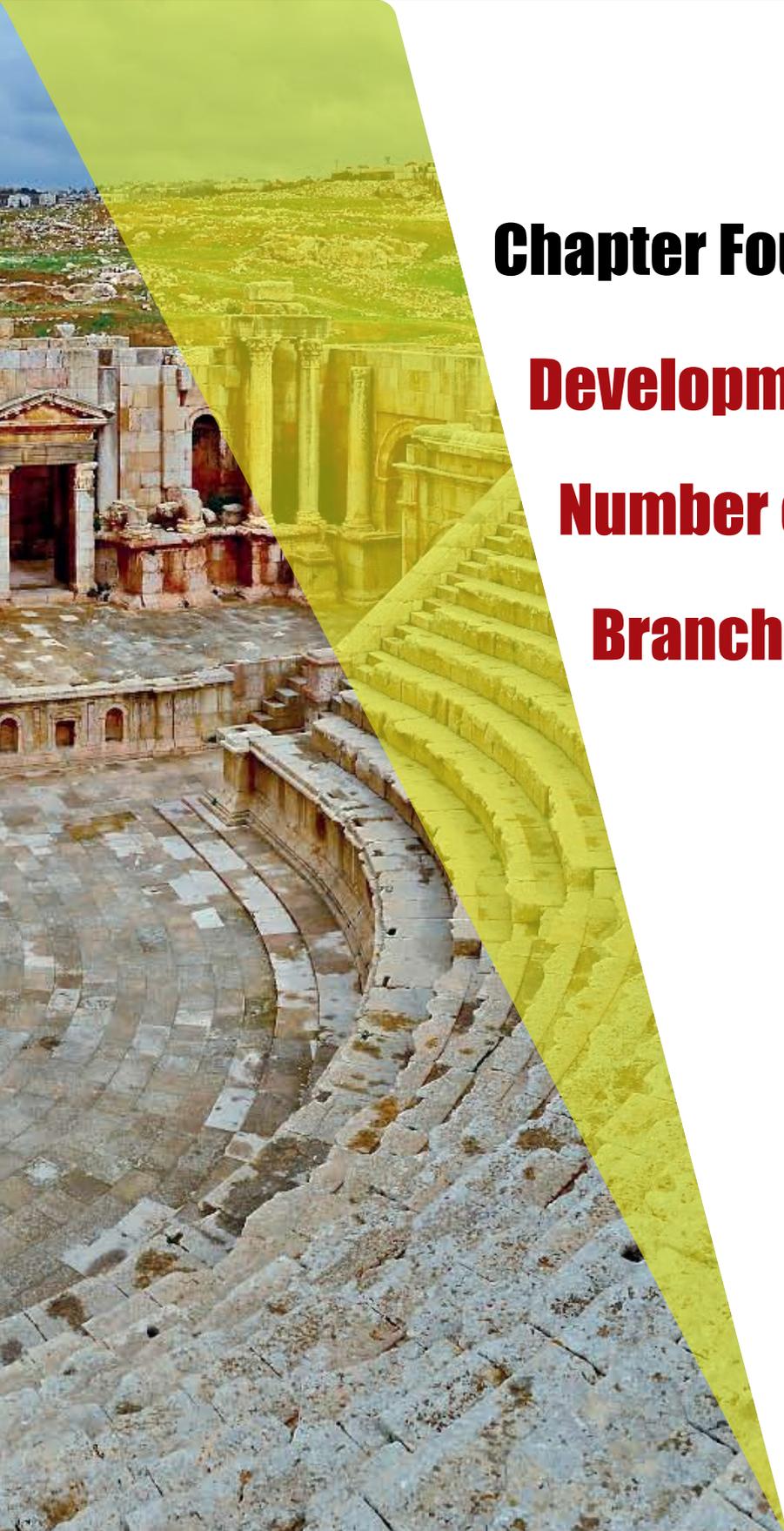
**Chart (14)**

**The distribution of individual clients having credit cards according to gender at the end of 2014**









## **Chapter Four**

# **Development in the Number of Banks and their Branches**



The number of banks operating in Jordan reached 25 banks at the end of 2014, 16 of which are Jordanian banks (3 of which are Islamic banks), 9 of them are foreign banks (of which one is an Islamic bank). The services of these banks cover most parts of the kingdom through a network of branches that consist of 770 branches and 76 offices. The banking density indicator (the population to the total number of branches of banks operating in the kingdom) reached about 8669 people for each branch by the end of 2014.

**Table (17)**

**Development of Number of Banks and Branches in Jordan (2006 – 2014)**

Year	Number of Jordanian Banks		Number of Foreign Banks		Total	Number of Branches
	Commercial Banks	Islamic Banks	Commercial Banks	Islamic Banks		
2006	13	2	8	0	23	516
2007	13	2	8	0	23	559
2008	13	2	8	0	23	593
2009	13	2	8	0	23	619
2010	13	3	9	0	25	666
2011	13	3	9	1	26	702
2012	13	3	9	1	26	722
2013	13	3	9	1	26	742
2014	13	3	8	1	25	770

## **1. Development of the Number of Branches**

### **A. Branches opened in 2014**

In an endeavor to keep in touch with their clients and facilitate the process of the client's getting the best banking services, the banks constantly try to increase the number of their branches to cover the whole kingdom. During 2014, new branches were opened by 12 banks; therefore, the number of new branches inside Jordan reached 30, whereas the number of branches opened outside Jordan during 2014 reached 7 Branches belonged to two banks.

**Table (18) Opening of Branches During 2014**

Bank	In Jordan			Abroad		
	#	Branch's Name	City	#	Branch's Name	City
Arab Bank	0			6	Cairo Festival Branch	Egypt
					Mina Garden City Branch	Egypt
					Smouha Branch	Egypt
					Sheikh Zayed Branch	Egypt
					Ein Sara Branch	Palestine
					Kouba Branch	Algeria
Jordan Ahli Bank	3	Tla' Al Ali Branch	Amman	0		
		Al-Jubeiha branch	Amman			
		Industrial City branch - Irbid	Irbid			
Bank of Jordan	3	Al-Madina Al-Monawara Branch / Tla' Al-ali	Amman	0		
		Durret Khalda Branch	Amman			
		Jabal Shamali branch	Zarqa			
The Housing Bank for Trade & Finance	2	Mobile branch	All Cities	1	Al-Masyoon Branch	Ramallah / Palestine
		Zarqa highway branch	Zarqa			
Jordan Kuwait Bank	2	Samarah Mall Branch	Balqa	0		
		King Hussein Street Branch / Zarqa	Zarqa			
Arab Jordan Investment Bank	5	Marj Al-Hamam Branch	Amman	0		
		Fifth Circle Branch	Amman			
		Abdoun Branch	Amman			
		Dakhlieh Circle Branch	Amman			
		Al-Madinah Al-Monawarah Street Branch	Amman			
Bank Al-Etihad	3	North Hashimi branch	Amman	0		
		Tabarbour branch	Amman			
		Sahab branch	Amman			
Societe General - Jordan	2	Fuhais branch	Balqa	0		
		Pepsi Branch	Amman			

**Continued Table (18) Opening of Branches During 2014**

Bank	In Jordan			Abroad		
	#	Branch's Name	City	#	Branch's Name	City
Jordan Islamic Bank	3	AL-YASMEEN Branch	Amman	0		
		South Shawna Branch	Balqa			
		Marka Janobeyyah	Amman			
International Islamic Arab Bank	2	Mu'tah branch	Karak	0		
		khaledi branch	Amman			
Jordan Dubai Islamic Bank	1	Irbid City Centre Branch	Irbid	0		
Al-Rajhi Bank	2	Zarqa Branch	Zarqa	0		
		Irbid Branch	Irbid			
BLOM Bank	2	Tariq branch - Tabarbour	Amman	0		
		Khalda Branch	Amman			
<b>Total</b>	<b>30</b>			<b>7</b>		

\* Banks listed in the table are only those which opened new branches in Jordan, during 2014.

## **B. the number of Branches inside and Outside Jordan**

The number of branches of licensed banks operating all over Jordan reached 770 branches inside Jordan, whereas the number of branches outside Jordan reached 154 at the end of 2014.

**Table (19)**

**Number of Branches Inside and Outside Jordan at the End of 2014**

Bank	Number of Branches	
	In Jordan	Abroad
Arab Bank	74	111
Jordan Ahli Bank	55	6
Cairo Amman Bank	69	0
Bank of Jordan	69	15
The Housing Bank for Trade & Finance	113	14
Jordan Kuwait Bank	56	3
Arab Jordan Investment Bank	20	1
Jordan Commercial Bank	28	4
Investbank	10	0
ABC Bank	27	0
Bank Al-Etihad	37	0
Societe General - Jordan	16	0
Capital Bank	12	0
Jordan Islamic Bank	70	0
International Islamic Arab Bank	40	0
Jordan Dubai Islamic Bank	16	0
Al-Rajhi Bank	6	0
Egyptian Arab Land Bank	9	0
Rafidain Bank	2	0
Citi Bank	2	0
Standard Chartered Bank	6	0
Bank Audi	13	0
National Bank of Kuwait -Jordan	3	0
BLOM Bank	14	0
National Bank of Abu Dhabi	3	0
<b>Total</b>	<b>770</b>	<b>154</b>

## C. Geographical Distribution of Branches inside Jordan

The 770 local branches of banks are spread to all governorates. The capital Amman has the largest share of the branches with a percentage of 61.8% of the total number of branches. Irbid Governorate follows Amman with 9.9% of the total number; Zarqa governorate accounts for 9.6% of the total branches. The rest, 18.7%, are distributed to the remaining 9 governorates.

**Table (20) Distribution of Branches Among Governorates at the End of 2014**

Bank	Amman	Irbid	Zarqa	Balqa	Aqaba	Karak	Madaba	Maan	Jerash	Ajloun	Tafleh	Mafraq	Total
Arab Bank	49	4	7	5	1	1	1	2	1	1	1	1	74
Jordan Ahli Bank	32	5	6	5	1	1	1	1	1	0	1	1	55
Cairo Amman Bank	34	10	6	6	2	3	2	1	1	1	1	2	69
Bank of Jordan	44	9	7	1	1	1	1	1	1	2	0	1	69
The Housing Bank for Trade & Finance	58	14	14	9	1	4	1	5	1	2	2	1	113*
Jordan Kuwait Bank	39	4	5	4	1	1	1	0	0	0	0	1	56
Arab Jordan Investment Bank	16	1	2	0	1	0	0	0	0	0	0	0	20
Jordan Commercial Bank	18	3	2	1	1	1	1	0	0	0	0	1	28
Investbank	7	1	1	0	1	0	0	0	0	0	0	0	10
ABC Bank	19	1	1	1	1	1	1	0	1	0	0	1	27
Bank Al-Etihad	28	3	2	1	2	0	1	0	0	0	0	0	37
Societe General - Jordan	11	1	1	0	1	1	1	0	0	0	0	0	16
Capital Bank	8	1	2	0	1	0	0	0	0	0	0	0	12
Jordan Islamic Bank	34	9	9	5	1	4	1	2	1	2	1	1	70
International Islamic Arab Bank	21	3	5	2	1	2	1	1	1	1	1	1	40
Jordan Dubai Islamic Bank	13	2	1	0	0	0	0	0	0	0	0	0	16
Al-Rajhi Bank	4	1	1	0	0	0	0	0	0	0	0	0	6
Egyptian Arab Land Bank	5	1	1	0	1	0	0	0	0	0	0	1	9
Rafidain Bank	2	0	0	0	0	0	0	0	0	0	0	0	2
Citi Bank	2	0	0	0	0	0	0	0	0	0	0	0	2
Standard Chartered Bank	4	1	0	0	1	0	0	0	0	0	0	0	6
Bank Audi	11	1	0	0	1	0	0	0	0	0	0	0	13
National Bank of Kuwait -Jordan	3	0	0	0	0	0	0	0	0	0	0	0	3
BLOM Bank	11	1	1	0	1	0	0	0	0	0	0	0	14
National Bank of Abu Dhabi	3	0	0	0	0	0	0	0	0	0	0	0	3
<b>Total</b>	<b>476</b>	<b>76</b>	<b>74</b>	<b>40</b>	<b>21</b>	<b>20</b>	<b>13</b>	<b>13</b>	<b>8</b>	<b>9</b>	<b>7</b>	<b>12</b>	<b>770</b>

\* mobile branch

## 2. Development of the number of Offices

### A. Offices opened during 2014

For the sake of extending their services to the largest number of customers in the kingdom, banks tend to open offices in commercial centers, malls, universities and many other places. Eight offices were opened inside Jordan by three banks during 2014.

Table (21)

Offices Opened During 2014

Bank	In Jordan			Abroad		
	#	Office Name	City	#	Office Name	City
The Housing Bank for Trade & Finance	3	Suliman Al-Nabelsi Street-Office	Amman	0		
		Foreign Travels Office	Amman			
		western complex office	Al mafraq			
Arab Jordan Investment Bank	1	King Hussein International Airport Aqaba Office	Aqaba	0		
Capital Bank	0			1	Office DIFC	Dubai
Jordan Islamic Bank	4	AL-Badiah Al-Shamaliah Office	Al mafraq	0		
		Subaihi Office	Balqa			
		AlShajara Office/ Ramtha	Irbid			
		Aqaba Office	Aqaba			
<b>Total</b>	<b>8</b>			<b>1</b>		

\*Banks listed in the table are only those which opened new offices in Jordan during 2014.

### B. The number of offices inside and outside Jordan

The number of offices of licensed banks amounted to 76 offices in different parts of the kingdom, in addition to 5 offices outside Jordan by the end of 2014.

Table (22)

## Number of Offices Inside and Outside Jordan at the End of 2014

Bank	Number of Offices	
	In Jordan	Abroad
Arab Bank	0	0
Jordan Ahli Bank	1	1
Cairo Amman Bank	14	0
Bank of Jordan	11	1
The Housing Bank for Trade & Finance	11	0
Jordan Kuwait Bank	0	0
Arab Jordan Investment Bank	15	1
Jordan Commercial Bank	2	1
Investbank	0	0
ABC Bank	0	0
Bank Al-Etihad	0	0
Societe General - Jordan	0	0
Capital Bank	0	1
Jordan Islamic Bank	16	0
International Islamic Arab Bank	0	0
Jordan Dubai Islamic Bank	0	0
Al-Rajhi Bank	0	0
Egyptian Arab Land Bank	3	0
Rafidain Bank	0	0
Citi Bank	0	0
Standard Chartered Bank	0	0
Bank Audi	2	0
National Bank of Kuwait -Jordan	1	0
BLOM Bank	0	0
National Bank of Abu Dhabi	0	0
<b>Total</b>	<b>76</b>	<b>5</b>

### C.Geographical distribution of offices inside Jordan

The 76 offices of Banks are spread in most governorates of Jordan; the capital, Amman, took possession of 35.5% of the total number of these offices, followed by Irbid Governorate with the percentage of 22.4%, and Aqaba Governorate with the percentage of 11.8%, The rest is distributed to the rest of the governorates with the exception of Madaba governorate which did not have any bank office during 2014.

**Table (23) Distribution of Offices Among Governorates at the End of 2014**

Bank	Amman	Irbid	Zarqa	Balqa	Aqaba	Karak	Madaba	Maan	Jerash	Ajloun	Tafleh	Mafraq	Total
Arab Bank	0	0	0	0	0	0	0	0	0	0	0	0	0
Jordan Ahli Bank	0	1	0	0	0	0	0	0	0	0	0	0	1
Cairo Amman Bank	3	2	1	1	2	0	0	4	0	1	0	0	14
Bank of Jordan	0	5	1	2	2	0	0	0	0	0	0	1	11
The Housing Bank for Trade & Finance	5	3	0	0	1	0	0	1	0	0	0	1	11
Jordan Kuwait Bank	0	0	0	0	0	0	0	0	0	0	0	0	0
Arab Jordan Investment Bank	10	2	1	0	2	0	0	0	0	0	0	0	15
Jordan Commercial Bank	0	1	0	0	1	0	0	0	0	0	0	0	2
Investbank	0	0	0	0	0	0	0	0	0	0	0	0	0
ABC Bank	0	0	0	0	0	0	0	0	0	0	0	0	0
Bank Al-Etihad	0	0	0	0	0	0	0	0	0	0	0	0	0
Societe General - Jordan	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Bank	0	0	0	0	0	0	0	0	0	0	0	0	0
Jordan Islamic Bank	3	3	3	1	1	1	0	1	1	0	1	1	16
International Islamic Arab Bank	0	0	0	0	0	0	0	0	0	0	0	0	0
Jordan Dubai Islamic Bank	0	0	0	0	0	0	0	0	0	0	0	0	0
Al-Rajhi Bank	0	0	0	0	0	0	0	0	0	0	0	0	0
Egyptian Arab Land Bank	3	0	0	0	0	0	0	0	0	0	0	0	3
Rafidain Bank	0	0	0	0	0	0	0	0	0	0	0	0	0
Citi Bank	0	0	0	0	0	0	0	0	0	0	0	0	0
Standard Chartered Bank	0	0	0	0	0	0	0	0	0	0	0	0	0
Bank Audi	2	0	0	0	0	0	0	0	0	0	0	0	2
National Bank of Kuwait -Jordan	1	0	0	0	0	0	0	0	0	0	0	0	1
BLOM Bank	0	0	0	0	0	0	0	0	0	0	0	0	0
National Bank of Abu Dhabi	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>27</b>	<b>17</b>	<b>6</b>	<b>4</b>	<b>9</b>	<b>1</b>	<b>0</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>76</b>

### 3. Development of the number of ATMs

#### A. The number of ATMs and their distribution in governorates

In order to keep up with the developments in the financial services sector and to absorb the growing numbers of ATM users, banks always opt to increase the number of ATMs they have. By the end of 2014, the number of ATMs amounted to 1434, compared to 1346 ATMs at the end of 2013. These ATMs are spread in different numbers in all governorates. The capital Amman has the biggest share amounting to 65.5% of the total number of ATMs, followed by the Irbid governorate with the share of 10.4%, then the Zarqa governorate with the share of 7% of the total number of ATMs. The rest is distributed over the remaining governorates.

**Table (24) Distribution of ATMs Among Governorates at the End of 2014**

Banks	Amman	Irbid	Zarqa	Balqa	Aqaba	Karak	Madaba	Maan	Jerash	Ajloun	Tafileh	Mafraq	total	of which in the builds of banks branches
Arab Bank	112	9	9	3	3	1	4	1	1	1	1	1	146	85
Jordan Ahli Bank	69	7	4	7	4	1	2	1	1	0	1	1	98	-
Cairo Amman Bank	95	38	13	9	6	5	4	7	3	3	2	4	189	85
Bank of Jordan	78	12	10	3	4	1	2	1	1	3	0	3	118	81
The Housing Bank for Trade & Finance	115	26	20	12	6	10	4	6	1	2	3	3	208	137
Jordan Kuwait Bank	57	5	5	6	3	1	1	0	0	0	0	1	79	58
Arab Jordan Investment Bank	44	1	2	0	3	0	0	0	0	0	0	1	51	36
Jordan Commercial Bank	26	5	2	2	3	1	1	0	0	0	0	1	41	41
Investbank	16	1	2	1	2	0	0	0	0	0	0	0	22	9
ABC Bank	39	3	2	1	3	1	2	0	1	0	0	1	53	27
Bank Al-Etihad	41	5	2	1	2	0	1	0	0	0	0	0	52	39
Societe General - Jordan	12	1	1	0	1	1	1	0	0	0	0	0	17	-
Capital Bank	22	4	2	0	2	0	0	0	0	0	0	0	30	12
Jordan Islamic Bank	73	19	14	6	6	6	2	5	4	4	4	4	147	108
International Islamic Arab Bank	32	3	6	2	1	2	1	1	1	1	1	1	52	42
Jordan Dubai Islamic Bank	27	2	1	0	0	0	0	0	0	0	0	0	30	16
Al-Rajhi Bank	24	3	4	0	0	0	0	0	1	0	0	0	32	10
Egyptian Arab Land Bank	9	1	1	0	1	0	0	0	0	0	0	1	13	13
Rafidain Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Citi Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Standard Chartered Bank	6	1	0	0	1	0	0	0	0	0	0	0	8	7
Bank Audi	20	2	0	0	1	0	0	0	0	0	0	0	23	15
National Bank of Kuwait -Jordan	7	0	0	0	0	0	0	0	0	0	0	0	7	4
BLOM Bank	11	1	1	0	1	0	0	0	0	0	0	0	14	-
National Bank of Abu Dhabi	4	0	0	0	0	0	0	0	0	0	0	0	4	-
<b>Total</b>	<b>939</b>	<b>149</b>	<b>101</b>	<b>53</b>	<b>53</b>	<b>30</b>	<b>25</b>	<b>22</b>	<b>14</b>	<b>14</b>	<b>12</b>	<b>22</b>	<b>1434</b>	<b>825</b>

- Not Available

## **B. Kinds of ATM used**

Banks operating in Jordan use different kinds of ATMs. However, the most frequently used kind is the NCR machine. Diebold and Wincor machines are also used, among others.

## **C. Operating systems used**

ATMs owned by banks operating in Jordan work with different operating systems. Nevertheless, most ATMs inside Jordan are operated with the Windows, Aprta, and others.

## **D. Services Provided by the ATM**

ATMs owned by banks provide a large spectrum of banking services round the clock. They enable customers to withdraw cash in Jordanian dinar, inquiring about the balance, changing the PIN Code, in addition to other services that are available in most ATMs, the most important of which is having a brief account statement, applying for a check book, and other services detailed in the table below.

**Table (25): Services Provided by Banks' ATMs Until the End of 2014**

Banks	Cash Withdrawal in Jordanian dinar	Cash withdrawal in foreign currencies	Direct cash deposit	cash deposit through envelope	Cheques deposit	Balance inquiry	Brief statement	Utility bills Paying	Cash transfer within the same bank	Paying credit cards	Cheque book request	Apply for loan	Statement inquiry	Change (PIN)	Eye print	Anti Skimming <sup>(1)</sup>
Arab Bank	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		
Jordan Ahli Bank	✓	✓	✓			✓	✓		✓*		✓		✓	✓		✓
Cairo Amman Bank	✓	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓	✓	✓	✓
Bank of Jordan	✓		✓	✓	✓	✓	✓	✓	✓		✓		✓	✓		✓
The Housing Bank for Trade & Finance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jordan Kuwait Bank	✓	✓	✓	✓	✓	✓	✓		✓*		✓		✓	✓		✓
Arab Jordan Investment Bank	✓	✓	✓			✓	✓		✓	✓	✓		✓	✓		✓
Jordan Commercial Bank	✓	✓		✓	✓	✓	✓		✓		✓		✓	✓	✓	✓
Investbank	✓		✓			✓	✓		✓	✓	✓				✓	
ABC Bank	✓					✓			✓		✓		✓	✓		✓
Bank Al-Etihad	✓		✓	✓		✓	✓		✓*		✓		✓	✓		✓
Societe General - Jordan	✓					✓	✓						✓	✓		✓
Capital Bank	✓		✓	✓	✓	✓	✓		✓		✓		✓	✓		✓
Jordan Islamic Bank	✓					✓	✓		✓		✓		✓	✓		✓
International Islamic Arab Bank	✓			✓	✓	✓	✓		✓		✓		✓	✓		✓
Jordan Dubai Islamic Bank	✓					✓	✓							✓		✓
Al-Rajhi Bank	✓					✓	✓							✓		
Egyptian Arab Land Bank	✓					✓	✓		✓	✓	✓		✓	✓		✓
Rafidain Bank <sup>(2)</sup>																
Citi Bank <sup>(2)</sup>																
Standard Chartered Bank	✓			✓	✓	✓	✓			✓	✓		✓	✓		✓
Bank Audi	✓					✓	✓		✓*					✓		✓
National Bank of Kuwait -Jordan	✓					✓	✓		✓					✓		✓
BLOM Bank	✓					✓								✓		
National Bank of Abu Dhabi	✓			✓	✓	✓								✓		

<sup>(1)</sup> An additional part placed on the card monitor to protect the date of the customer when using the ATM.

<sup>(2)</sup> Does not have ATMs

\* Cash Transfer within accounts of the same customer

- Not necessarily that the ATMs in one bank provide the same services.

In addition to the afore-mentioned services, there are other services that banks provide through their ATMs as is shown in the table below.

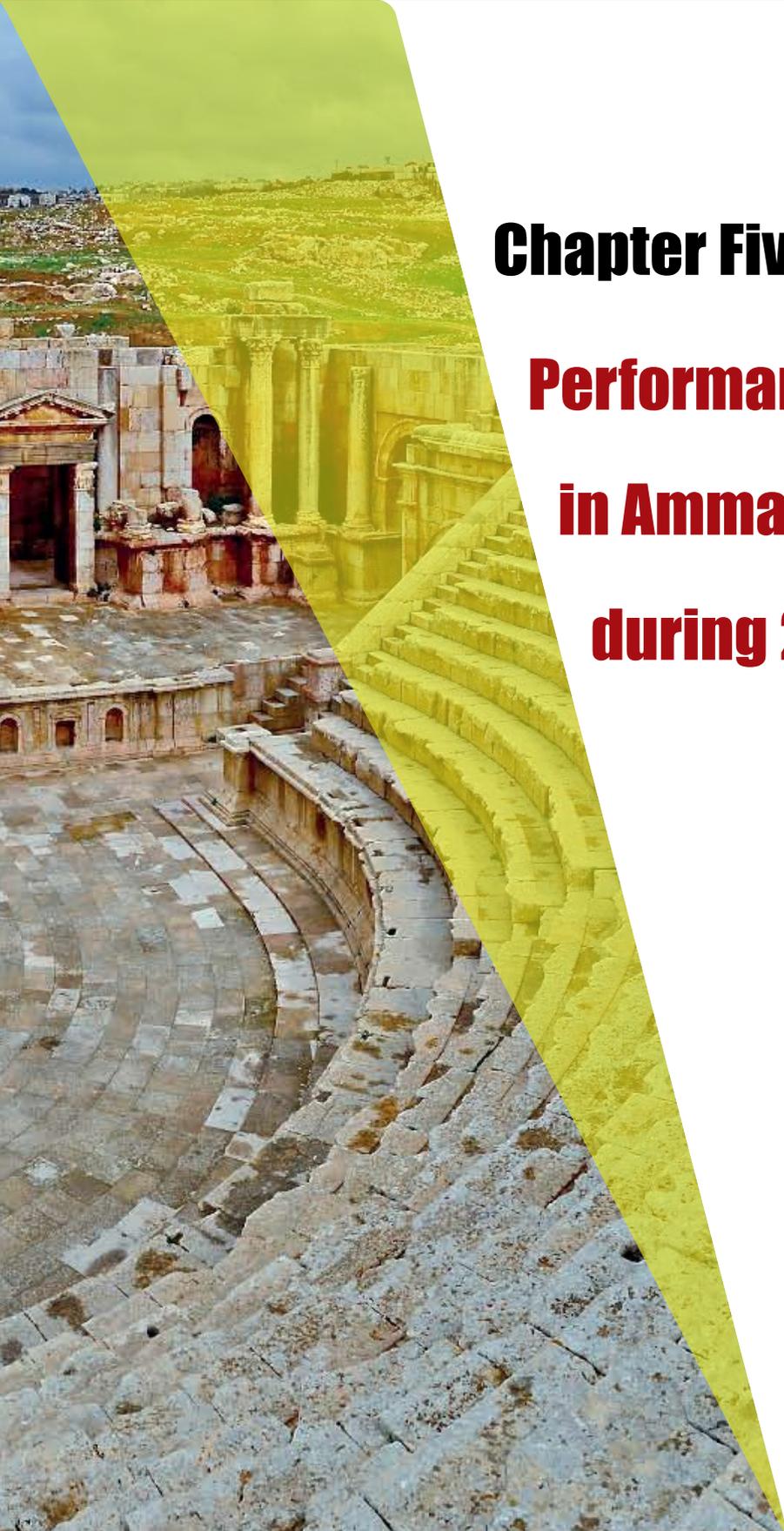
**Table (26): Other Services Provided Through ATMs**

<b>Banks</b>	<b>Other Services Provided Through ATMs</b>
<b>Arab Bank</b>	<p>paying tuition fees through ATMs Zitouna University students' - immediate deposit without card</p> <p>Updating mobile number</p> <p>Register for Interactive Voice Response</p>
<b>The Housing Bank for Trade &amp; Finance</b>	Apply for a credit card
<b>Jordan Kuwait Bank</b>	<p>Charge the Prepaid Visa Card</p> <p>Register for Interactive Voice Response</p>
<b>Standard Chartered Bank</b>	Change the PIN number for Debit Card

\*Banks listed in the table are only those which provide other services through ATMs.







## **Chapter Five**

# **Performance of Banks Listed in Amman Stock Exchange during 2014**



The number of banks listed in Amman stock exchange reached 15 banks by the end of 2014, the closing stock prices of which ranged between 0.95 JD and 9.1 JD. The number of bank shares traded in the stock exchange totaled 159.3 million shares, while the trading volume of these shares reached JD 482.8 million . The following table shows the most important trading indicators of the banks listed in Amman Stock Exchange during 2014.

Table (27)

Some Trading Indicators of Banks Listed at the Amman Stock Exchange During 2014

Banks	Symbol	Closing price At end 2013	High price during 2014	low price during 2014	Closing price At end 2014	Average Price	Value traded thousand JD	Shares traded (thousand)
Arab Bank	ARBK	7.83	10.5	6.5	7.1	8.31	232,385,435	27,954,392
The Housing Bank for Trade & Finance	THBK	8.7	9.25	8.7	9.1	8.99	2,287,448	254,377
Capital Bank	EXFB	1.6	2.32	1.42	1.51	1.83	32,512,293	17,780,839
Jordan Ahli Bank	AHLI	1.22	1.49	1.22	1.32	1.35	45,229,232	33,634,233
Bank of Jordan	BOJX	2.5	2.81	2.36	2.65	2.58	19,377,143	7,523,098
Jordan Islamic Bank	JOIB	3.42	4.5	3.26	3.68	3.8	49,109,728	12,908,860
Arab Jordan Investment Bank	AJIB	1.98	2.53	1.55	2.05	1.88	10,583,595	5,618,919
Cairo Amman Bank	CABK	2.78	4.04	2.68	2.87	3.23	14,133,812	4,370,956
Bank Al-Etihad	UBSI	1.65	2.01	1.54	1.8	1.76	9,894,853	5,622,820
ABC Bank	ABCO	1.1	1.29	0.99	1.09	1.19	11,996,133	10,065,152
Jordan Kuwait Bank	JOKB	3.89	4.35	3.59	4.29	3.98	3,644,222	914,851
Investbank	INVB	1.2	1.7	1.2	1.22	1.43	5,731,963	4,018,227
Jordan Dubai Islamic Bank	JDIB	0.84	1	0.76	0.95	0.89	24,055,621	26,917,825
Jordan Commercial Bank	JCBK	1.04	1.2	1.01	1.16	1.09	1,574,108	1,448,768
Societe General - Jordan	SGBJ	0.89	1.25	0.81	1.07	0.93	294,415	316,597

Source: Amman Stock Exchange

## 1. Shares Price Index

The price index (weighted by market value) of shares of banks listed in Amman Stock Exchange went up by about 337.8 points (4.2%), reaching 8373 points at the end of 2014 . The price index of the stock exchange in general regressed by 2.3% during 2014 compared with a decline of 5.6% during 2013.

Table (28)

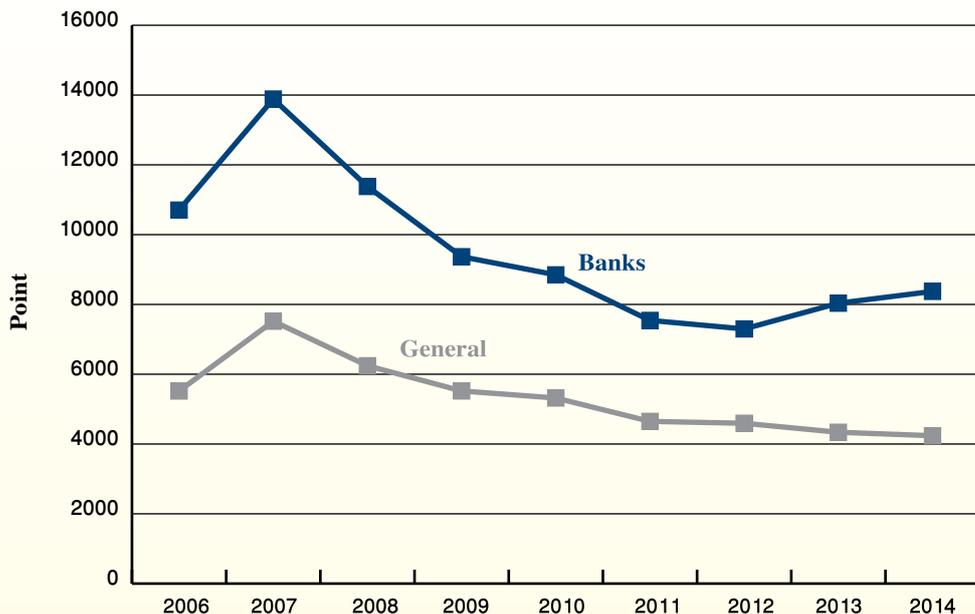
### Development of the Share Price Index of Banks Listed on the Amman Stock Exchange (2006 – 2014)

year	The weighted shares prices index (points)	
	Banks	General
2006	10704.7	5518.1
2007	13886.7	7519.3
2008	11380.1	6243.1
2009	9368.0	5520.1
2010	8848.3	5318.0
2011	7542.3	4648.4
2012	7297.4	4593.9
2013	8035.2	4336.7
2014	8373.0	4237.6

Source: Amman Stock Exchange

Chart (15)

### Annual Development of the Share Price Index (2006-2014)

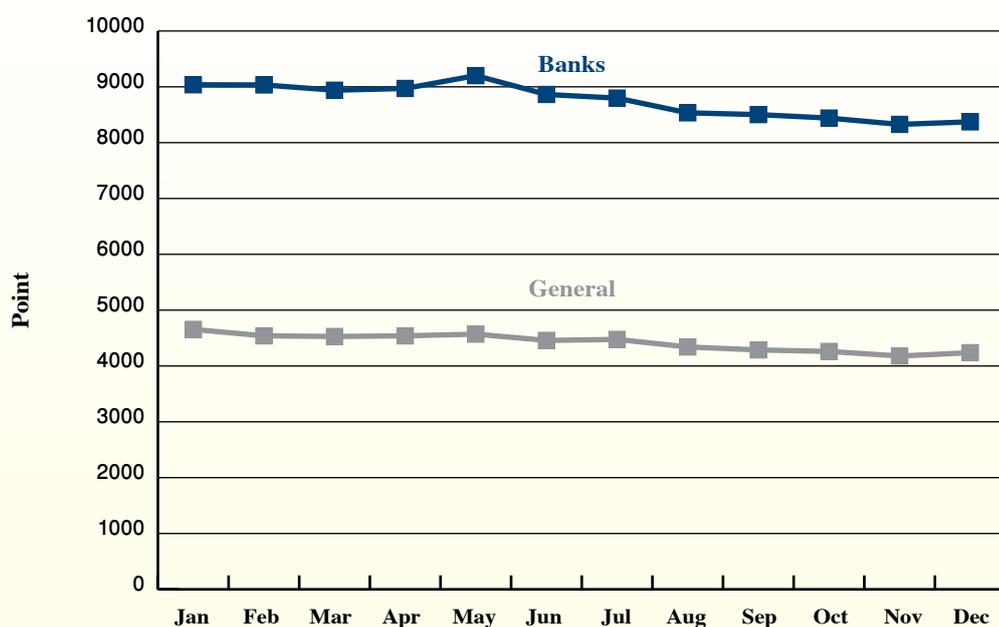


**Table (29)**  
**Monthly Development of the Share Price Index of Banks Listed**  
**on the Amman Stock Exchange During 2014**

Month	The weighted shares prices index (points)	
	Banks	General
January	9036.6	4655.0
February	9033.7	4540.2
March	8939.1	4528.2
April	8970.6	4540.0
May	9200.7	4570.4
June	8862.9	4458.0
July	8797.8	4475.8
August	8534.1	4340.5
September	8502.5	4287.6
October	8440.0	4260.5
November	8327.2	4178.7
December	8373.0	4237.6

Source: Amman Stock Exchange

**Chart (16)**  
**Monthly Development of the Share Price Index during 2014**



## 2. Trading Volume

The trading volume of the banks' shares registered a notable increase during 2014, reaching to JD 462.8 million compared with JD 289.9 million during 2013. While trading volume of Amman Stock Exchange dropped from JD 2.426 billion during 2013 to JD 2.186 billion in 2014.

**Table (30)**

**Trading Volume of Banks' Shares Listed at the Amman Stock Exchange (2006 – 2014)**

Year	Value Traded (JD million)		
	Banks	General	Banks/ General (%)
2006	2,867.8	14,209.9	20.2
2007	2,460.8	12,348.1	19.9
2008	2,983.9	20,318.1	14.7
2009	826.5	9,134.2	9.0
2010	514.8	6,088.6	8.5
2011	405.8	2,762.7	14.7
2012	303.6	1,931.9	15.7
2013	289.9	2,425.5	11.9
2014	462.8	2,185.5	21.2

Source: Amman Stock Exchange

**Chart (17)**

**Annual Development of the Trading Volume (2006-2014)**

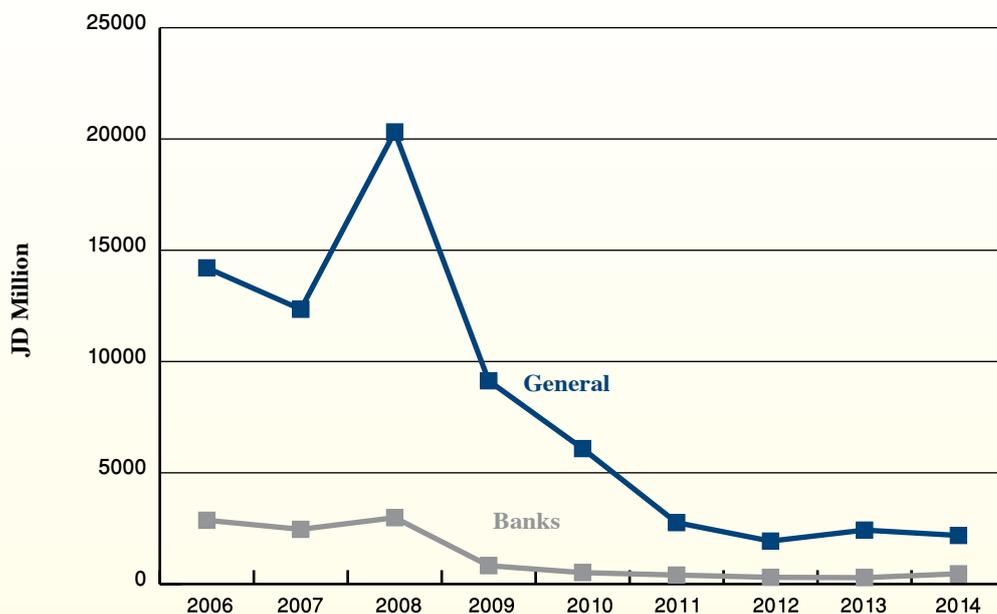


Table (31)

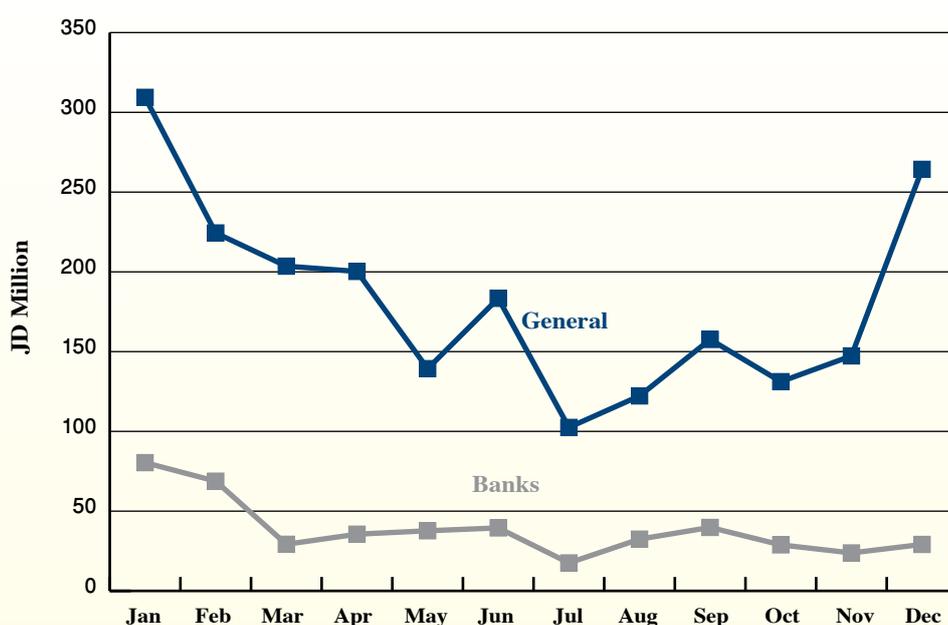
Monthly Trading Volume of Banks' Shares Listed at the Amman Stock Exchange During 2014

MONTH	Value Traded (JD million)		
	Banks	General	Banks/ General (%)
January	80.41	309.40	26.0%
February	68.79	224.40	30.7%
March	29.24	203.57	14.4%
April	35.55	200.28	17.8%
May	37.70	139.32	27.1%
June	39.48	183.41	21.5%
July	17.55	102.49	17.1%
August	32.46	122.23	26.6%
September	39.80	157.64	25.3%
October	28.86	131.17	22.0%
November	23.82	147.32	16.2%
December	29.14	264.28	11.0%
<b>Total</b>	<b>462.81</b>	<b>2,185.50</b>	<b>21.2%</b>

Source: Amman Stock Exchange

Chart (18)

Monthly Development of the Trading Volume during 2014



### 3. Non-Jordanian ownership of Jordanian banks' shares

The non-Jordanian ownership of Jordanian banks' shares had evidently been stable during the recent years, even during the international financial crisis and its aftermath. This is due to the good financial indicators of Jordan's banking system, and the financial strength and soundness that the system enjoys, which made it a destination for investors from outside Jordan. The average of non-Jordanian ownership of shares of banks listed on Amman bourse during the period from 2004-2014 comes close to 57.6%; this percentage reached 60.3% in 2014.

Table (32)

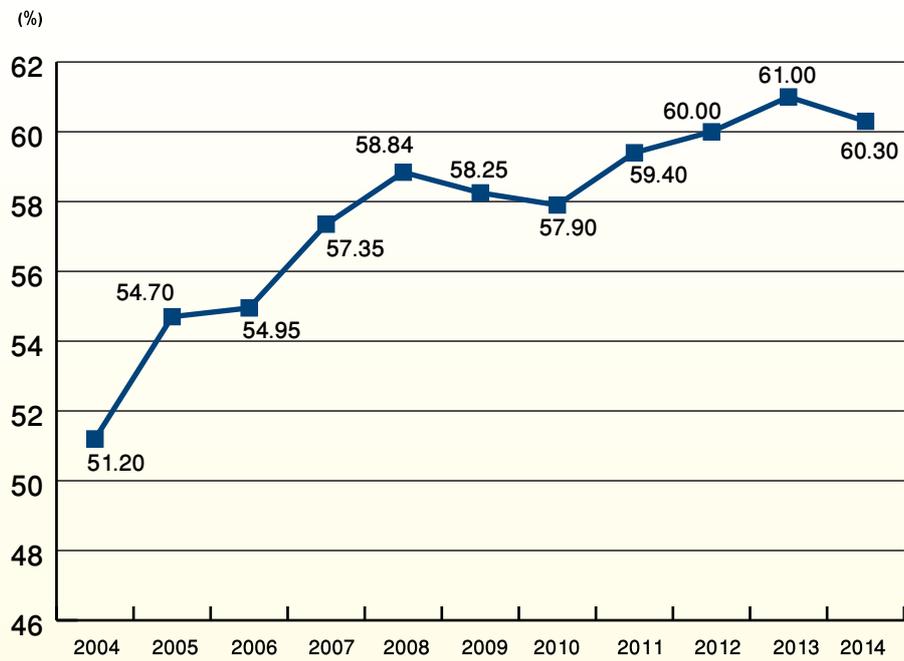
Non-Jordanian Ownership of Banks' Shares Listed at the Amman Stock Exchange (2004-2014)

Year	The Contribution of Non-Jordanians %
2004	51.20
2005	54.70
2006	54.95
2007	57.35
2008	58.84
2009	58.25
2010	57.90
2011	59.40
2012	60.00
2013	61.00
2014	60.30

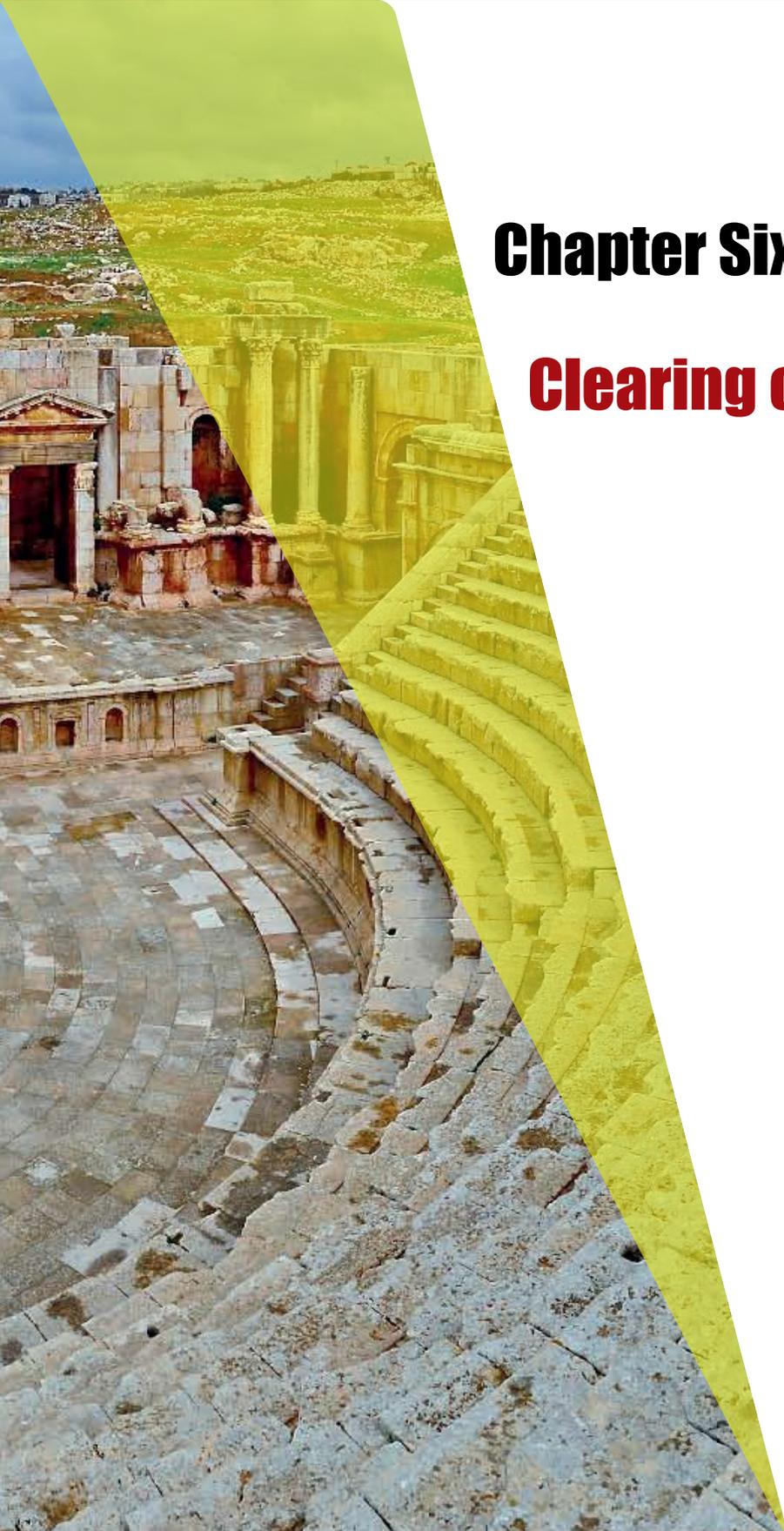
Source: Amman Stock Exchange

Chart (19)

Share of Non-Jordanian Equity in the Ownership of Banks' Shares (2004-2014)







## **Chapter Six**

# **Clearing of Checks**



This chapter reviews the most important changes undergone by check clearance in the kingdom. It also reviews the development of checks presented for clearance and returned checks during 2014.

## **1. Historical Overview of Check Clearing**

The Central Bank of Jordan provides licensed banks with the service of check clearing pursuant to its law no. 23 for the year 1971 and its amendments in Article 37 Paragraph B.

The system of check clearing passed through many stages. The beginning was done manually until July 1997, when the system of automatic clearing began work until July 2007. After that date, a quantitative step was taken with the initiation of the electronic clearing, when checks were collected by banks at the same day as of Nov. 4, 2007. Electronic clearing is defined as the process of exchanging data, including checks' information, images and symbols, electronically via the CBJ's Electronic Clearing Center, as well as defining the net balances resulting from this process at a specific time.

Checks are collected between banks at the same day as follows:

- ❖ Checks deposited by clients from 8:00 AM until 12:00 noon are collected at the same working day; the client is allowed to withdraw the value of the check the following working day.
- ❖ Checks deposited after 12:00 noon are collected at the session of the next working day.

The service of checks clearance is done through electronic clearance under a legal cover to operate them, which is the Central Bank of Jordan's Law, Electronic Transactions Law, and the Principles and Rules of Work and the Electronic Clearance ad hoc Instructions.

The goal behind the electronic clearance was to move out of the automatic clearance system and into the electronic clearance of checks, to stop circulation of paper checks for the purposes of clearance at the stage of their deposit at banks, and collecting checks at the same day for all governorates of the kingdom, in addition to increasing confidence in checks as an instrument of payment and limiting as much as possible the volume of returned checks.

This system of electronic clearance had benefits on two levels: the level of banks and that of clients. For banks, the benefits include being aware of the bank's financial position before hand, the optimal employment of monies available at banks, getting exact information and statistics on checks as well as a detailed and swift archiving system, minimizing the risks of moving paper checks from and into banks, the possibility of getting images and data on checks via the electronic clearance speedily and easily. The system works 24/24; therefore, there is plenty of time to dispatch checks whatever their number is.

As for clients, the check's collection is done at the same date in which it is deposited; it can be known whether the check is accepted or rejected at the same day. The check's amount is credited to the beneficiary's account at the same day if deposition was done before noon, or the next working day if the deposition is done after 12:00 noon. To this we can add the increased confidence in dealing with checks.

## **2. Development in the of Checks' Clearance during 2014**

The checks presented grew at the end of 2014 compared to the year before in terms of both the number and value. The number of checks presented for clearing grew from 10856.8 thousand checks as at the

end of 2013 to 11051.2 thousand checks at the end of 2014, In addition The value of checks presented for clearing grew from JD 42851.1 million at the end of 2013 to JD 47905.7 million at the end of 2014.

**Table (33)**  
**Circulated and Returned Cheques Through the Electronic Clearing**  
**(2013 – 2014)**

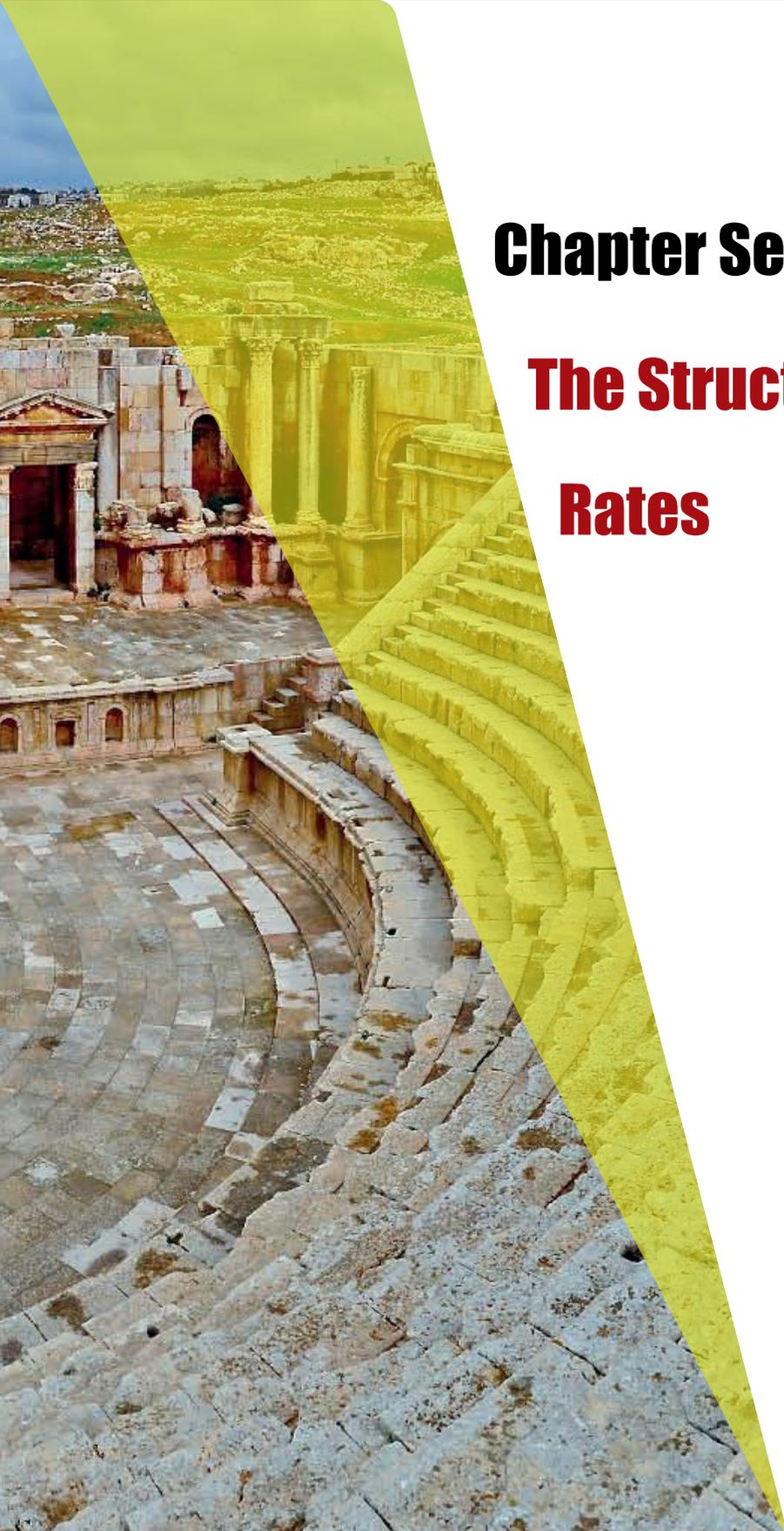
Description	2013	2014	Percentage Change %
<b>Circulated Cheques</b>			
Number (thousand)	10856.8	11051.2	1.79%
Value(JD million)	42851.1	47905.7	11.80%
<b>Returned Cheques</b>			
Number (thousand)	537.5	550.2	2.36%
Value(JD million)	1524.3	1708.9	12.11%
The ratio to the number of Circulated Cheques (%)	4.95%	4.98%	-
The ratio to the value of Circulated Cheques (%)	3.56%	3.57%	-
<b>Returned Cheques for insufficient balance</b>			
Number (thousand)	323.2	331.8	2.66%
Value(JD million)	862.8	969.4	12.36%
The ratio to the number of Returned Cheques (%)	60.1%	60.3%	-
The ratio to the value of Returned Cheques (%)	56.6%	56.7%	-
<b>Returned Cheques for another reasons</b>			
Number (thousand)	214.3	218.5	1.96%
Value(JD million)	661.5	739.6	11.81%
The ratio to the number of Returned Cheques (%)	39.9%	39.7%	-
The ratio to the value of Returned Cheques (%)	43.4%	43.3%	-

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

The returned checks grew at the end of 2014 compared to the year before in terms of both the number and value by 2.4% and 12.1% respectively. The number of returned checks to the total number of checks presented for clearing at the end of 2014 stood at 4.98%, which include 60.3% returned for the reason of insufficient funds, and 39.7% returned for other reasons. The value of returned checks to the total value of checks presented for clearing stood at 3.57% at the end of 2014, which include 56.7% returned for the reason of insufficient funds, and 43.3% returned for other reasons.







## **Chapter Seven**

# **The Structure of Interest Rates**



This chapter depicts the developments in the weighted average of interest rates on all types of deposits and credit facilities, in addition to the development in the interest rate margin. It will also deal with the development of interest rates on the monetary policy tools, and the development of interbank lending rates (JODIBOR).

## 1. The Development of Interest Rates on Deposits

Interest rates on all types of deposits experienced the following changes during 2014:

- ❖ Demand Deposits: The weighted average of interest rates on demand deposits increased at the end of 2014 by 5 basis points compared to its level at the end of 2013 to reach 0.43%.
- ❖ Saving deposits: The weighted average of interest rates on saving deposits decreased by 8 basis points at the end of 2014 compared to the level it registered at the end of 2013 to reach 0.79%.
- ❖ Time deposits: The weighted average of interest rates on time deposits decreased at the end of 2014 by 86 basis points compared to its level at the end of 2013 to reach 4.11%.

**Table (34)**

### Weighted Average of Interest Rates on All Types of Deposits (2004-2014)

Year	Demand %	Saving %	Time %
2004	0.38	0.73	2.49
2005	0.47	0.83	3.52
2006	0.87	0.99	5.13
2007	0.94	1.10	5.56
2008	1.01	1.04	5.66
2009	0.67	0.84	4.23
2010	0.44	0.77	3.40
2011	0.43	0.70	3.46
2012	0.42	0.76	4.19
2013	0.38	0.87	4.97
2014	0.43	0.79	4.11

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (20)

Weighted Average of Interest Rates on All Types of Deposits (2004-2014)

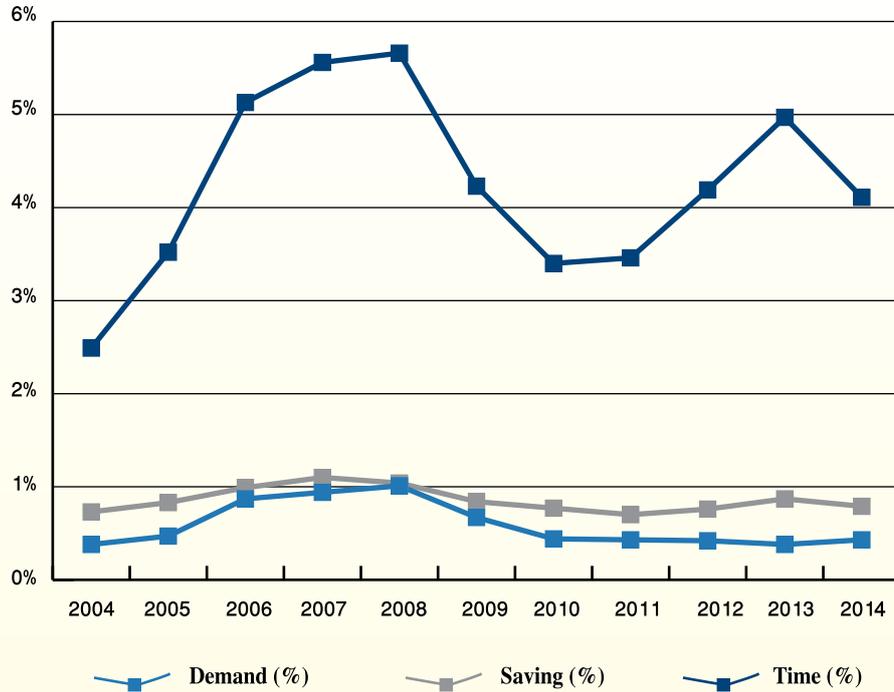


Table (35)

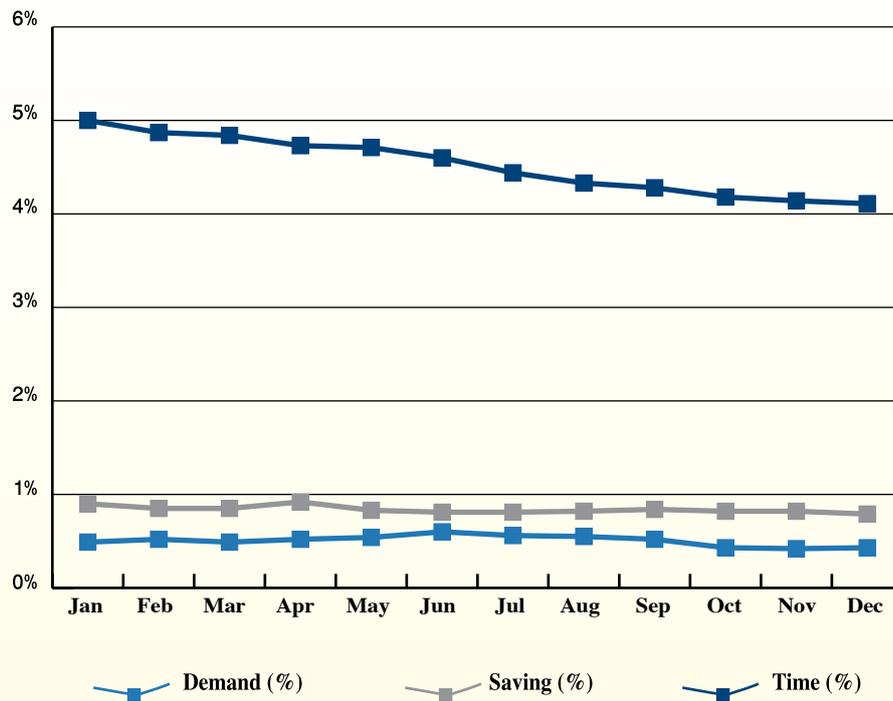
Monthly weighted Average of Interest Rates on All Types of Deposits in 2014

MONTH	Demand %	Saving %	Time %
January	0.49	0.90	5.00
February	0.52	0.85	4.87
March	0.49	0.85	4.84
April	0.52	0.92	4.73
May	0.54	0.83	4.71
June	0.60	0.81	4.60
July	0.56	0.81	4.44
August	0.55	0.82	4.33
September	0.52	0.84	4.28
October	0.43	0.82	4.18
November	0.42	0.82	4.14
December	0.43	0.79	4.11
<b>Average</b>	<b>0.51</b>	<b>0.84</b>	<b>4.52</b>
<b>MAX</b>	<b>0.60</b>	<b>0.92</b>	<b>5.00</b>
<b>MIN</b>	<b>0.42</b>	<b>0.79</b>	<b>4.11</b>

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (21)

Monthly Development of Interest Rates on All Types of Deposits during 2014



## 2. Development of Interest Rates on Credit Facilities

The Interest rates on the all types of facilities decreased at the end of 2014 compared to 2013:

- ❖ Overdrafts: The weighted average of interest rates on overdrafts decreased at the end of 2014 by 5 basis points from its level at the end of 2013 to become 9.15%.
- ❖ Loans and Advances: The weighted average of interest rates on loans and advances decreased at the end of 2014 by 19 basis points from its level at the end of 2013 to become 8.84%.
- ❖ Discounted Bills and Bonds: The weighted average of interest rates on discounted bills and bonds decreased at the end of 2014 by 18 basis points from its level at the end of 2013 to become 9.85%.
- ❖ Prime Lending Rate: The prime lending rate decreased at the end of 2014 by 13 basis points from the level it registered at the end of 2013 to reach 8.72%

Table (36)

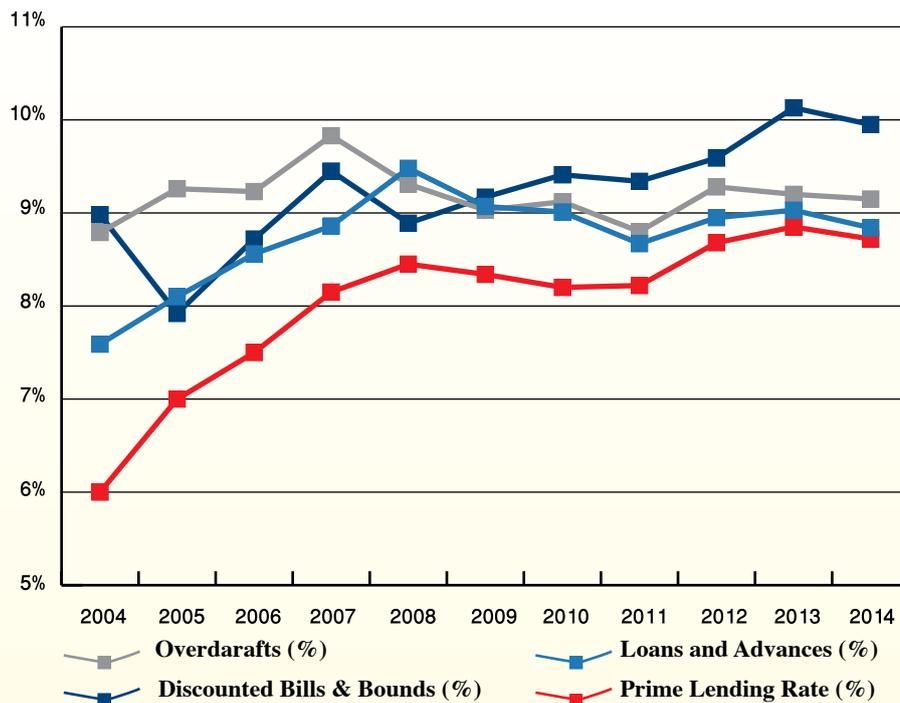
Weighted Average of Interest Rates on All Types of Credit Facilities (2004-2014)

year	Overdrafts (%)	Loans and Advances (%)	Discounted Bills & Bonds (%)	Prime Lending Rate (%)
2004	8.79	7.59	8.98	6.00
2005	9.26	8.10	7.92	7.00
2006	9.23	8.56	8.72	7.50
2007	9.83	8.86	9.45	8.15
2008	9.31	9.48	8.89	8.45
2009	9.03	9.07	9.17	8.34
2010	9.12	9.01	9.41	8.20
2011	8.80	8.67	9.34	8.22
2012	9.28	8.95	9.59	8.68
2013	9.20	9.03	10.13	8.85
2014	9.15	8.84	9.95	8.72

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (22)

Weighted Average of Interest Rates on All Types of Credit Facilities (2004-2014)



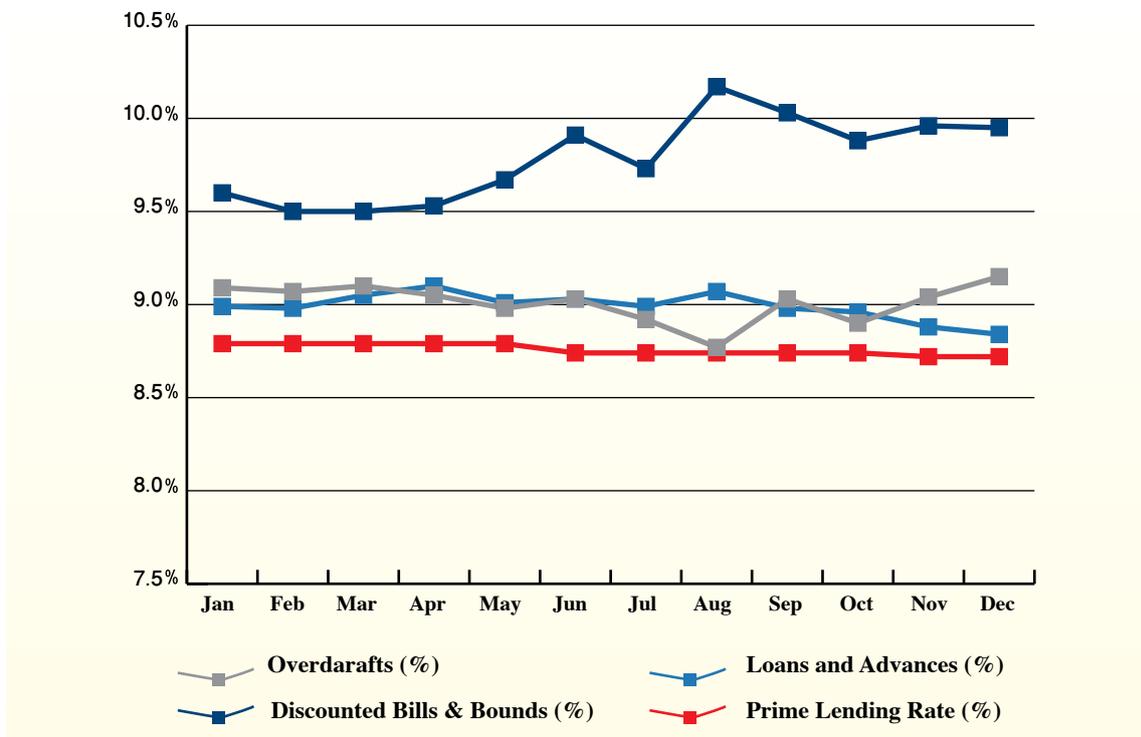
**Table (37)****Weighted Average of Interest Rates on All Types of Credit Facilities in 2014**

<b>MONTH</b>	<b>Overdrafts (%)</b>	<b>Loans and Advances (%)</b>	<b>Discounted Bills &amp; Bonds (%)</b>	<b>Prime Lending Rate (%)</b>
January	9.09%	8.99%	9.60%	8.79%
February	9.07%	8.98%	9.50%	8.79%
March	9.10%	9.05%	9.50%	8.79%
April	9.05%	9.10%	9.53%	8.79%
May	8.98%	9.01%	9.67%	8.79%
June	9.03%	9.03%	9.91%	8.74%
July	8.92%	8.99%	9.73%	8.74%
August	8.77%	9.07%	10.17%	8.74%
September	9.03%	8.98%	10.03%	8.74%
October	8.90%	8.96%	9.88%	8.74%
November	9.04%	8.88%	9.96%	8.72%
December	9.15%	8.84%	9.95%	8.72%
<b>Average</b>	<b>9.01%</b>	<b>8.99%</b>	<b>9.79%</b>	<b>8.76%</b>
<b>MAX</b>	<b>9.15%</b>	<b>9.10%</b>	<b>10.17%</b>	<b>8.79%</b>
<b>MIN</b>	<b>8.77%</b>	<b>8.84%</b>	<b>9.50%</b>	<b>8.72%</b>

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (23)

Monthly Development of Interest Rates on All Types of Credit Facilities during 2014



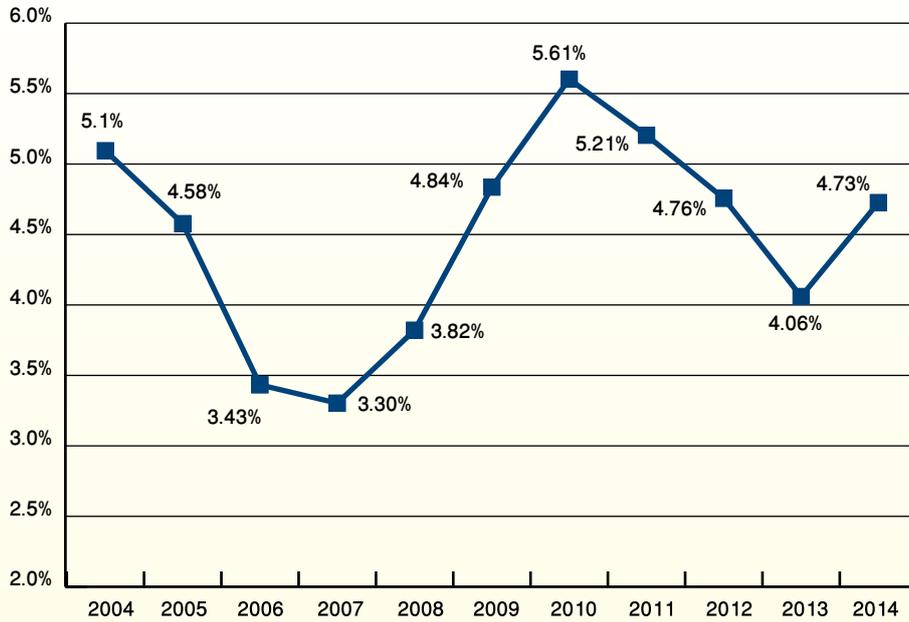
### 3. Interest Rate Margin

Interest rate margin is usually calculated as the difference between the weighted average of interest rates on loans and advances and the weighted average of interest rates on time deposits as they are the biggest and most important types of facilities and deposits.

The interest rate margin grew during 2014 by 67 basis points to reach 4.73% in comparison with a margin of 4.06% in 2013.

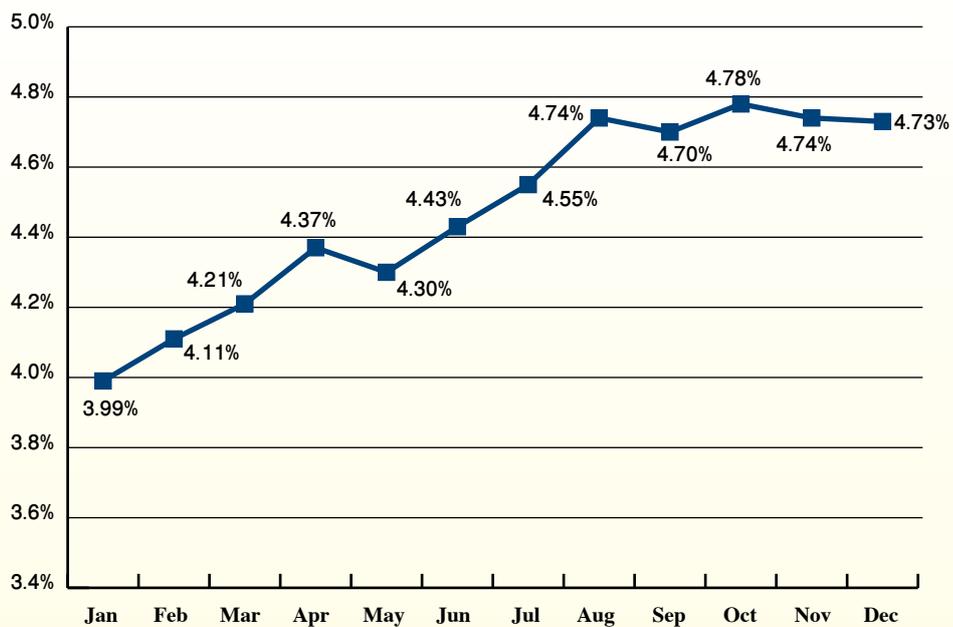
**Chart (24)**

**Annual Development of Interest Rate Margin (2004-2014)**



**Chart (25)**

**Monthly Development of Interest Rate Margin during 2014**



#### 4. Development of Interest Rates on Monetary Policy Tools

The Central Bank of Jordan lowered interest rates on monetary policy tools two times in 2014 to become as follows:

- ❖ **Rediscount Rate:** It was lowered by 25 basis points to reach 4.25%, compared with 4.5% at the end of 2013.
- ❖ **Interest rate on Overnight Repurchase Agreements:** It was lowered by 25 basis points to become 4.0% instead of 4.25% at the end of 2013.
- ❖ **Interest rate on Overnight Window Deposit:** It was lowered two times during 2014 by 25 basis points and 50 basis points to become 2.75% instead of 3.5% at the end of 2013.

**Table (38)**

##### Interest Rates on Monetary Policy Tools (2004 - 2014)

Year	Rediscount Rate %	Repurchase Agreements %	Certificates of Deposit		Certificates of Deposit
			(3) Months %	(3) Months %	
2004	3.750	4.750	2.850	3.200	2.250
2005	6.500	7.500	6.200	6.950	4.500
2006	7.500	8.500	6.700	6.862	5.250
2007	7.000	6.750	5.750	5.867	4.750
2008	6.250	6.000	5.641	5.936	4.000
2009	4.750	4.500	–	–	2.500
2010	4.250	4.000	–	–	2.000
2011	4.500	4.250	–	–	2.250
2012	5.000	4.750	–	–	4.000
2013	4.500	4.250	–	–	3.500
2014	4.250	4.000	–	–	2.750

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

**Table (39)**  
**Interest Rates on Monetary Policy Tools during 2014**

<b>MONTH</b>	<b>Rediscount Rate %</b>	<b>Repurchase Agreements %</b>	<b>Deposit Window (One Night) %</b>
January	4.25	4.00	3.25
February	4.25	4.00	3.25
March	4.25	4.00	3.25
April	4.25	4.00	3.25
May	4.25	4.00	3.25
June	4.25	4.00	2.75
July	4.25	4.00	2.75
August	4.25	4.00	2.75
September	4.25	4.00	2.75
October	4.25	4.00	2.75
November	4.25	4.00	2.75
December	4.25	4.00	2.75

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

### **5. Interbank Lending Interest Rates (JODIBOR)**

Interbank lending rates (JODIBOR) during 2014 points out to the following:

- An decrease in the average overnight lending interest rates in 2014 compared to 2013 by 87 basis points, reaching 3.258%.
- An decrease in the average lending interest rates for one week in 2014 compared with 2013 by 79 basis points to become 3.788%.
- An decrease in the average lending interest rates for one month in 2014 compared with 2013 by 59 basis points to become 4.455%.
- An decrease in the average lending interest rates for three months during 2014 compared with its average in 2013 by 54 basis points to reach 5.035%.
- An decrease in the average lending interest rates for six months during 2014 compared with its average in 2013 by 50 points to reach 5.573%.
- An decrease in the average lending interest rates for one year during 2014 compared with its average in 2013 by 62 basis points to reach 6.038%.

Table (40)

Average Inter-Bank Lending Interest Rates (JODIBOR – Declared Rates) (2006 – 2014)

Year	O/N	ONE WEEK	ONE MONTH	THREE MONTHS	SIX MONTHS	ONE YEAR
2006	5.552	5.885	6.372	6.814	7.364	7.780
2007	5.904	6.219	6.492	6.756	7.005	7.411
2008	5.066	5.419	5.748	6.107	6.397	6.939
2009	3.438	3.797	4.363	4.916	5.459	6.176
2010	2.236	2.409	2.783	3.257	3.745	4.414
2011	2.668	3.073	3.435	3.840	4.235	4.871
2012	3.658	4.126	4.498	4.812	5.229	5.762
2013	4.131	4.581	5.046	5.574	6.076	6.660
2014	3.258	3.788	4.455	5.035	5.573	6.038

Source: The declared rates in the JODIBOR daily bulletin issued by Association of banks in Jordan.

The table below shows the monthly developments on interbank average lending interest rates during 2014. It reveals that all maturities registered their highest rates during the first month of the year, and their lowest rates during the last Six months of the year.

Table (41)

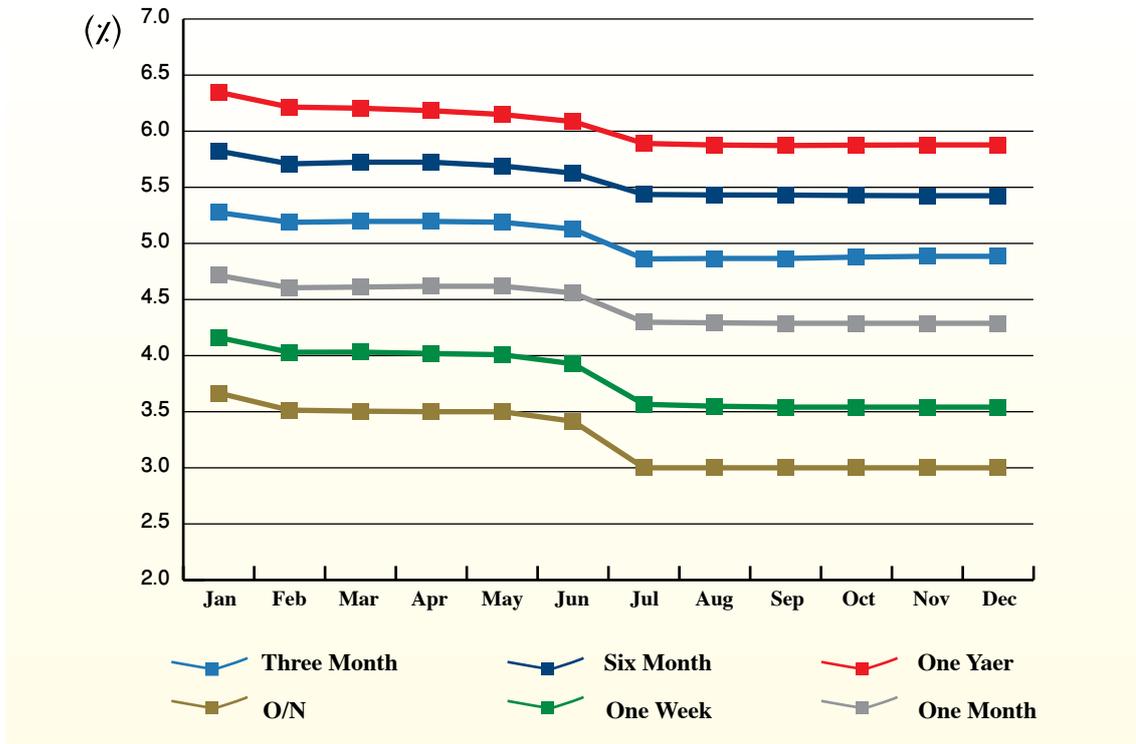
Average Inter-Bank Lending Interest Rates (JODIBOR – Declared Rates) during 2014

MONTH	O/N	ONE WEEK	ONE MONTH	THREE MONTHS	SIX MONTHS	ONE YEAR
January	3.666	4.161	4.715	5.275	5.823	6.347
February	3.514	4.030	4.605	5.188	5.709	6.215
March	3.505	4.031	4.611	5.196	5.724	6.205
April	3.500	4.019	4.618	5.196	5.724	6.183
May	3.500	4.008	4.618	5.189	5.691	6.149
June	3.415	3.927	4.559	5.127	5.626	6.086
July	3.000	3.566	4.298	4.862	5.436	5.891
August	3.000	3.549	4.292	4.866	5.432	5.877
September	3.000	3.541	4.288	4.866	5.431	5.872
October	3.000	3.541	4.288	4.878	5.427	5.876
November	3.000	3.541	4.288	4.885	5.425	5.878
December	3.000	3.541	4.288	4.885	5.425	5.878
Average	3.258	3.788	4.455	5.035	5.573	6.038
MAX	3.000	3.541	4.288	4.862	5.425	5.872
MIN	3.666	4.161	4.715	5.275	5.823	6.347

Source: The declared rates in the JODIBOR daily bulletin issued by the association.

Chart (26)

Monthly Development of the Interbank Lending Rates (JODIBOR) during 2014



As for the volume of overnight interbank activity during 2014, it fluctuated in terms of the number of executed transactions as well as the total credit amount, in addition to the fluctuation in the pricing margin (the difference between the actual prices announced by the Central Bank less the declared price of the association – JODIBOR) which registered the lowest margin in February (0.03%), and the highest margin in December (0.086%).

Table (42)

Volume of Overnight Inter-Bank Activity During 2014

MONTHE	# of Transactions	Total lent Amounts (JD million)	Inter – bank weighted lending rates (Declared price) *	Inter – bank weighted lending rates (Actual price) **	Price margin
January	335	2,264.10	3.666%	3.629%	-0.037%
February	358	2,334.40	3.514%	3.484%	-0.030%
March	309	2,024.85	3.505%	3.468%	-0.037%
April	415	2,661.90	3.500%	3.457%	-0.043%
May	276	1,729.80	3.500%	3.467%	-0.033%
June	307	2,196.00	3.411%	3.366%	-0.045%
July	228	1,679.30	3.000%	2.960%	-0.040%
August	197	1,782.20	3.000%	2.952%	-0.048%
September	158	1,182.10	3.000%	2.947%	-0.053%
October	161	1,181.48	3.000%	2.934%	-0.066%
November	261	1,995.20	3.000%	2.952%	-0.048%
December	330	2,495.50	3.000%	2.914%	-0.086%

\* The monthly interbank weighted lending interest rate (declared rate) from the daily JODIBOR bulletins issued by the association.

\*\* The monthly interbank weighted lending interest rate (actual price) from the daily interest rates bulletins on various dinar tools issued by the Central Bank of Jordan.

Chart (27)

Development of the Number of Overnight Interbank Lending and Borrowing Transaction during 2014

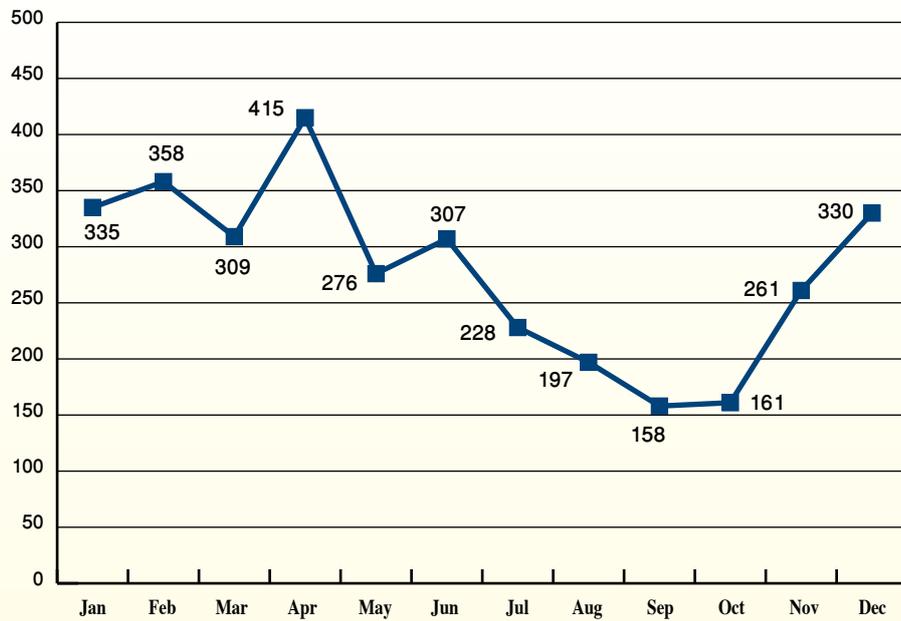


Chart (28)

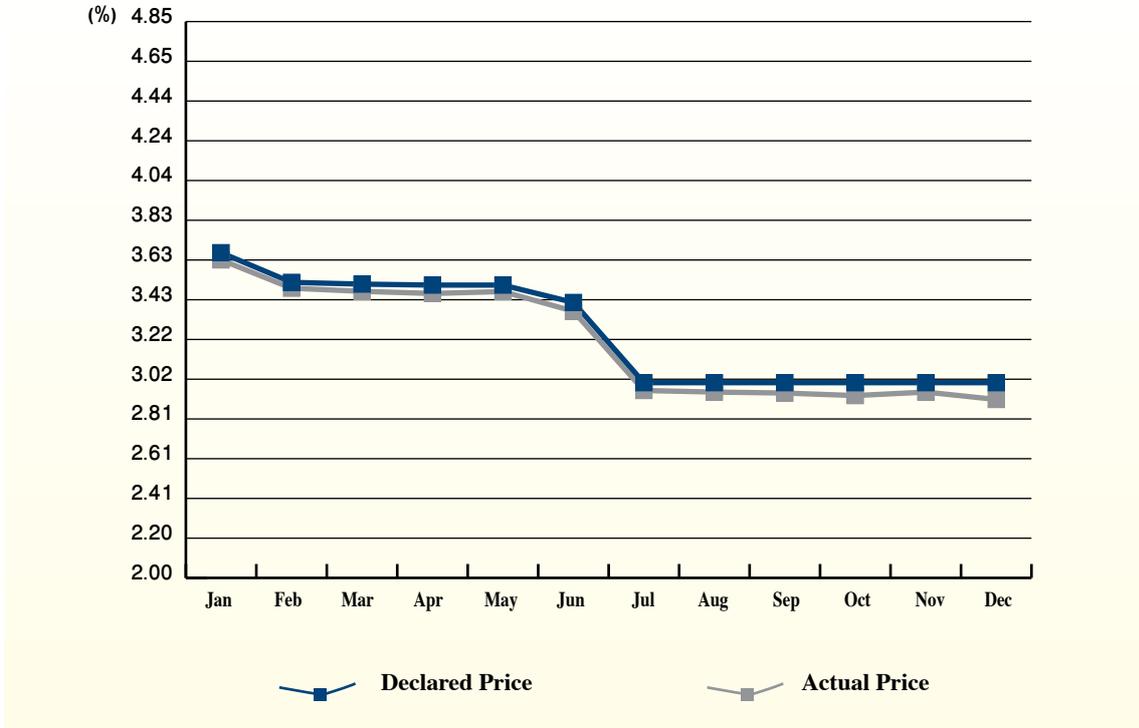
Development of the Total Amount of Overnight Interbank Lending during 2014

JD Million



Chart (29)

Weighted Overnight Interbank Lending Rates “JODIBOR” (Declared and Actual) during 2014









## **Chapter Eight**

**Analysis of the Comparative**

**Performance of Banks**

**Operating in Jordan During**

**2014**



This chapter contains a full summary of the overall developments experienced by banks operating in Jordan during 2014. The first part of the chapter handles the developments of the main items in the balance sheet in terms of total assets, credit facilities and deposits at the banks operating in Jordan, in addition to the shareholders' equity and capital. The second part contains the most important items of the income statement of banks operating in Jordan, which are the pretax profit and the net after-tax profit. The third part deals with the most important profitability measurements of banks operating in Jordan that link the balance sheet and the income statement, which are the average return on assets (ROA) and the average return on shareholders' equity (ROE) during 2014. The fourth part shows the indicators of banks' branching in Jordan, including the number of branches and that of ATMs. The fifth and final part reflects the development and distribution of the volume of human resources in the banks operating in Jordan at the end of 2014.

It is noteworthy here that the banks are ranked in a descending manner (from the highest bank to the lowest bank) according to each of the previous criteria, in addition to calculating the relative importance for each bank in relation to the total operating banks. We also took into consideration the division of banks into three main categories to include the Jordanian commercial banks, the Islamic banks and the foreign banks. It is also important to indicate that the data included in this chapter belong only to the branches of banks operating in Jordan and do not include outside branches.

### **First: Banks' Ranking according to Some Balance Sheet Items**

#### **A. Banks' Ranking according to the Total Assets at the end of 2014**

The total assets of licensed banks operating in Jordan increased by 6.21% at the end of 2014, reaching to JD 43.3 billion, distributed as follows: JD 33 billion for Jordanian commercial banks (76.2% of the total assets of banks operating in Jordan); JD 6.4 billion for the Islamic banks (14.9% of total assets) and JD 3.9 billion for foreign banks (8.9% of total assets).

Table (43)

Total Assets of Banks Operating in Jordan at the end of 2013 and 2014

	Bank	2014			2013			Change percentage (%)
		Ranking 2014	Assets (JD million)	Ratio to Total Assets %	Ranking 2013	Assets (JD million)	Ratio to Total Assets %	
Jordanian Commercial Banks	Arab Bank	1	8,726.00	20.16%	1	8,624.00	21.16%	1.18%
	The Housing Bank for Trade & Finance	2	6,508.60	15.04%	2	6,082.00	14.92%	7.01%
	Jordan Kuwait Bank	3	2,369.00	5.47%	3	2,484.20	6.10%	-4.64%
	Bank Al-Etihad	4	2,239.69	5.17%	5	1,912.59	4.69%	17.10%
	Jordan Ahli Bank	5	2,120.00	4.90%	4	1,971.00	4.84%	7.56%
	Cairo Amman Bank	6	1,885.22	4.36%	6	1,774.00	4.35%	6.27%
	Bank of Jordan	7	1,859.60	4.30%	7	1,729.60	4.24%	7.52%
	Capital Bank	8	1,825.47	4.22%	8	1,594.44	3.91%	14.49%
	Arab Jordan Investment Bank	9	1,632.00	3.77%	9	1,060.00	2.60%	53.96%
	Jordan Commercial Bank	10	1,096.41	2.53%	10	989.98	2.43%	10.75%
	ABC Bank	11	1,083.00	2.50%	11	939.00	2.30%	15.34%
	Societe General - Jordan	12	867.13	2.00%	13	642.00	1.58%	35.07%
	Investbank	13	778.62	1.80%	12	767.70	1.88%	1.42%
Total Assets of Jordanian Commercial Banks			32,990.74	76.22%		30,570.51	75.02%	7.92%
Islamic Banks	Jordan Islamic Bank*	1	3,855.20	8.91%	1	3,522.40	8.64%	9.45%
	International Islamic Arab Bank	2	1,568.86	3.62%	2	1,348.24	3.31%	16.36%
	Jordan Dubai Islamic Bank	3	658.00	1.52%	3	529.00	1.30%	24.39%
	Al-Rajhi Bank**	4	353.82	0.82%	4	346.87	0.85%	2.00%
Total Assets of Islamic Banks			6,435.88	14.87%		5,746.51	14.10%	12.00%
Foreign Commercial Banks	Bank Audi	1	1,013.09	2.34%	1	881.00	2.16%	14.99%
	BLOM Bank	2	811.55	1.87%	3	745.92	1.83%	8.80%
	Standard Chartered Bank	3	487.94	1.13%	4	513.52	1.26%	-4.98%
	Egyptian Arab Land Bank	4	399.00	0.92%	5	485.89	1.19%	-17.88%
	National Bank of Kuwait - Jordan	5	361.80	0.84%	7	288.90	0.71%	25.23%
	National Bank of Abu Dhabi	6	339.08	0.78%	8	284.30	0.70%	19.27%
	Citi Bank	7	311.07	0.72%	6	294.95	0.72%	5.47%
	Rafidain Bank	8	133.00	0.31%	9	132.00	0.32%	0.76%
	HSBC	Acquired by Arab Jordan Investment Bank			2	808.00	1.98%	-
Total Assets of Foreign Commercial Banks			3,856.53	8.91%		4,434.48	10.88%	-13.03%
Total Assets of Banks Operating in Jordan			43,283.15	100.00%		40,751.50	100.00%	6.21%

Source: Banks' financial data

\* Including the restricted investments accounts and the Muqaradah bonds and Investment proxy Investment.

\*\* Foreign Bank

## B. Banks' Ranking according to the Total Credit Facilities at the end of 2014

The balance of credit facilities granted by the banks operating in Jordan increased by 4.9% at the end of 2014, reaching to JD 19.2 billion, distributed as follows: JD 13.7 billion were granted by Jordanian commercial banks (71.4% of the total credit facilities); JD 4.2 billion by Islamic banks (21.8% of total credit facilities) and JD 1.3 billion by foreign banks (6.8% of total credit facilities).

**Table (44): Credit Facilities Extended By Banks Operating in Jordan at the end of 2013 and 2014**

	Bank	2014			2013			Change percentage (%)
		Ranking 2014	Credit Facilities (JD million)	Ratio to total Credit Facilities %	Ranking 2013	Credit Facilities (JD million)	Ratio to total Credit Facilities %	
Jordanian Commercial Banks	Arab Bank	1	2,918.00	15.19%	1	2,912.00	15.91%	0.21%
	The Housing Bank for Trade & Finance	2	2,175.50	11.33%	2	2,200.00	12.02%	-1.11%
	Bank Al-Etihad	3	1,299.17	6.76%	5	1,074.20	5.87%	20.94%
	Jordan Kuwait Bank	4	1,160.00	6.04%	3	1,191.30	6.51%	-2.63%
	Jordan Ahli Bank	5	1,123.00	5.85%	4	1,140.00	6.23%	-1.49%
	Bank of Jordan	6	1,041.60	5.42%	6	971.90	5.31%	7.17%
	Cairo Amman Bank	7	841.96	4.38%	7	813.00	4.44%	3.56%
	Capital Bank	8	740.61	3.86%	8	656.29	3.59%	12.85%
	Arab Jordan Investment Bank	9	629.90	3.28%	12	306.00	1.67%	105.85%
	Jordan Commercial Bank	10	511.47	2.66%	9	543.14	2.97%	-5.83%
	ABC Bank	11	480.00	2.50%	10	463.00	2.53%	3.67%
	Investbank	12	452.21	2.35%	11	438.29	2.39%	3.18%
	Societe General - Jordan	13	337.99	1.76%	13	233.00	1.27%	45.06%
Total Credit Facilities Extended By Jordanian Commercial Banks			13,711.41	71.38%		12,942.12	70.71%	5.94%
Islamic Banks	Jordan Islamic Bank*	1	2,630.00	13.69%	1	2,495.20	13.63%	5.40%
	International Islamic Arab Bank	2	819.17	4.26%	2	642.06	3.51%	27.58%
	Jordan Dubai Islamic Bank	3	498.00	2.59%	3	413.00	2.26%	20.58%
	Al-Rajhi Bank**	4	248.67	1.29%	4	284.42	1.55%	-12.57%
	Total Credit Facilities Extended By Islamic Banks			4,195.84	21.84%		3,834.68	20.95%
Foreign Commercial Banks	Bank Audi	1	411.00	2.14%	1	390.00	2.13%	5.38%
	BLOM Bank	2	331.87	1.73%	2	320.74	1.75%	3.47%
	Egyptian Arab Land Bank	3	199.00	1.04%	4	215.59	1.18%	-7.70%
	Standard Chartered Bank	4	152.75	0.80%	5	145.68	0.80%	4.85%
	National Bank of Abu Dhabi	5	111.26	0.58%	6	88.50	0.48%	25.72%
	National Bank of Kuwait - Jordan	6	50.72	0.26%	7	55.70	0.30%	-8.94%
	Citi Bank	7	45.09	0.23%	8	42.80	0.23%	5.35%
	Rafidain Bank	8	0.15	0.00%	9	0.20	0.00%	-27.00%
	HSBC	Acquired by Arab Jordan Investment Bank			3	268.00	1.46%	-
Total Credit Facilities Extended By Foreign Commercial Banks			1,301.84	6.78%		1,527.21	8.34%	-14.76%
Total Credit Facilities Extended By Banks Operating in Jordan			19,209.09	100.00%		18,304.01	100.00%	4.94%

Source: Banks' financial data

\* Including the restricted investments accounts and the Muqaradah bonds and Investment proxy Investment.

\*\* Foreign Bank

### C. Banks' Ranking according to the Total Deposits at the end of 2014

The total deposits at the banks operating in Jordan increased by 9.5% at the end of 2014, reaching to JD 31.9 billion. These deposits are divided as follows: JD 23.7 billion at Jordanian commercial banks (74.2% of total deposits), JD 5.6 billion at Islamic banks (17.6% of total deposits), and JD 2.6 billion for foreign commercial banks (8.3% of total deposits).

**Table (45): Total Deposits at Banks Operating in Jordan at the end of 2013 and 2014**

	Bank	2014			2013			Change percentage (%)
		Ranking 2014	Deposits (JD million)	Ratio to Total Deposits %	Ranking 2013	Deposits (JD million)	Ratio to Total Deposits %	
Jordanian Commercial Banks	Arab Bank	1	6,189.00	19.38%	1	5,832.00	20.00%	6.12%
	The Housing Bank for Trade & Finance	2	4,641.90	14.53%	2	4,359.00	14.95%	6.49%
	Jordan Kuwait Bank	3	1,887.00	5.91%	3	1,950.40	6.69%	-3.25%
	Bank Al-Etihad	4	1,790.37	5.61%	5	1,205.59	4.13%	48.51%
	Jordan Ahli Bank	5	1,377.00	4.31%	4	1,418.00	4.86%	-2.89%
	Bank of Jordan	6	1,348.00	4.22%	6	1,160.10	3.98%	16.20%
	Arab Jordan Investment Bank	7	1,328.20	4.16%	9	784.00	2.69%	69.41%
	Cairo Amman Bank	8	1,165.69	3.65%	7	1,009.00	3.46%	15.53%
	Capital Bank	9	1,122.73	3.51%	8	981.45	3.37%	14.40%
	ABC Bank	10	876.00	2.74%	10	735.00	2.52%	19.18%
	Jordan Commercial Bank	11	755.43	2.36%	11	695.54	2.39%	8.61%
	Societe General - Jordan	12	608.78	1.91%	13	397.00	1.36%	53.35%
	Investbank	13	597.12	1.87%	12	613.05	2.10%	-2.60%
<b>Total Deposits at Jordanian Commercial Banks</b>			<b>23,687.22</b>	<b>74.16%</b>		<b>21,140.13</b>	<b>72.50%</b>	<b>12.05%</b>
Islamic Banks	Jordan Islamic Bank*	1	3,470.80	10.87%	1	2,957.50	10.14%	17.36%
	International Islamic Arab Bank	2	1,368.00	4.28%	2	1,156.00	3.96%	18.34%
	Jordan Dubai Islamic Bank	3	484.00	1.52%	3	383.00	1.31%	26.37%
	Al-Rajhi Bank**	4	295.96	0.93%	4	296.33	1.02%	-0.12%
	<b>Total Deposits at Islamic Banks</b>			<b>5,618.76</b>	<b>17.59%</b>		<b>4,792.83</b>	<b>16.44%</b>
Foreign Commercial Banks	Bank Audi	1	881.00	2.76%	1	750.00	2.57%	17.47%
	BLOM Bank	2	609.50	1.91%	3	537.77	1.84%	13.34%
	Egyptian Arab Land Bank	3	290.00	0.91%	4	366.43	1.26%	-20.86%
	National Bank of Abu Dhabi	4	259.82	0.81%	7	160.40	0.55%	61.98%
	Citi Bank	5	231.28	0.72%	6	216.91	0.74%	6.62%
	Standard Chartered Bank	6	176.84	0.55%	5	341.15	1.17%	-48.16%
	National Bank of Kuwait - Jordan	7	126.80	0.40%	8	128.30	0.44%	-1.17%
	Rafidain Bank	8	61.00	0.19%	9	87.00	0.30%	-29.89%
	HSBC	Acquired by Arab Jordan Investment Bank			2	639.00	2.19%	-
<b>Total Deposits at Foreign Commercial Banks</b>			<b>2,636.24</b>	<b>8.25%</b>		<b>3,226.96</b>	<b>11.07%</b>	<b>-18.31%</b>
<b>Total Deposits at Banks Operating in Jordan</b>			<b>31,942.22</b>	<b>100.00%</b>		<b>29,159.92</b>	<b>100.00%</b>	<b>9.54%</b>

Source: Banks' financial data

\* Including the restricted investments accounts and the Muqaradah bonds and Investment proxy Investment.

\*\* Foreign Bank

## D. Banks' Ranking according to Shareholders' Equity at the end of 2014

Shareholders' equity in the banks operating in Jordan increased by 5.6% at the end of 2014, reaching to JD 5.5 billion. These are distributed as follows: JD 4.4 billion in Jordanian commercial banks (78.9% of total shareholders' equity), JD 590 million in Islamic banks (10.7% of total shareholders' equity), and JD 579 million in foreign commercial banks (10.4% of total shareholders' equity).

**Table (46) Shareholders' Equity of Banks Operating in Jordan at the end of 2013 and 2014**

	Bank	2014			2013			Change percentage (%)
		Ranking 2014	Equity Rights (JD million)	Ratio to total Equity Rights %	Ranking 2013	Equity Rights (JD million)	Ratio to total Equity Rights %	
Jordanian Commercial Banks	Arab Bank	1	936.00	16.89%	2	844.00	16.08%	10.90%
	The Housing Bank for Trade & Finance	2	906.20	16.35%	1	895.00	17.05%	1.25%
	Jordan Kuwait Bank	3	413.00	7.45%	3	383.70	7.31%	7.64%
	Bank of Jordan	4	333.80	6.02%	4	315.80	6.02%	5.70%
	Jordan Ahli Bank	5	298.00	5.38%	5	248.00	4.73%	20.16%
	Bank Al-Etihad	6	266.02	4.80%	6	246.40	4.70%	7.96%
	Cairo Amman Bank	7	258.53	4.66%	7	236.00	4.50%	9.55%
	Capital Bank	8	257.12	4.64%	8	232.77	4.44%	10.46%
	Arab Jordan Investment Bank	9	190.90	3.44%	9	136.00	2.59%	40.37%
	Investbank	10	138.01	2.49%	10	133.12	2.54%	3.67%
	ABC Bank	11	137.00	2.47%	11	124.00	2.36%	10.48%
	Societe General - Jordan	12	121.04	2.18%	12	112.00	2.13%	8.07%
	Jordan Commercial Bank	13	117.99	2.13%	13	110.49	2.11%	6.79%
Shareholders' Equity of Jordanian Commercial Banks			4,373.62	78.91%		4,017.28	76.55%	8.87%
Islamic Banks	Jordan Islamic Bank	1	282.20	5.09%	1	255.50	4.87%	10.45%
	International Islamic Arab Bank	2	130.49	2.35%	3	116.96	2.23%	11.56%
	Jordan Dubai Islamic Bank	3	130.00	2.35%	2	130.00	2.48%	0.00%
	Al-Rajhi Bank*	4	47.75	0.86%	4	46.07	0.88%	3.65%
	Shareholders' Equity of Islamic Banks			590.44	10.65%		548.53	10.45%
Foreign Commercial Banks	Bank Audi	1	96.62	1.74%	2	91.00	1.73%	6.17%
	Standard Chartered Bank	2	87.95	1.59%	3	85.23	1.62%	3.19%
	National Bank of Kuwait - Jordan	3	79.91	1.44%	4	75.60	1.44%	5.70%
	BLOM Bank	4	74.97	1.35%	6	66.91	1.27%	12.04%
	Rafidain Bank	5	66.00	1.19%	5	67.00	1.28%	-1.49%
	Citi Bank	6	64.66	1.17%	7	64.81	1.23%	-0.24%
	Egyptian Arab Land Bank	7	54.58	0.98%	9	50.95	0.97%	7.12%
	National Bank of Abu Dhabi	8	53.92	0.97%	8	57.70	1.10%	-6.55%
	HSBC	Acquired by Arab Jordan Investment Bank			1	123.00	2.34%	-
Shareholders' Equity of Foreign Commercial Banks			578.60	10.44%		682.20	13.00%	-15.19%
Shareholders' Equity of Banks Operating in Jordan			5,542.65	100.00%		5,248.01	100.00%	5.61%

Source: Banks' financial data

\*Foreign bank

## E. Banks' Ranking according to Capital at the end of 2014

The total capital of banks operating in Jordan increased by 4.2% at the end of 2014, reaching to JD 3.04 billion, distributed as follows: JD 2.23 billion at Jordanian commercial banks (73.3% of total capital), JD 400 million at Islamic banks (13.2% of total capital), and JD 411 million at foreign banks (13.5% of total capital).

**Table (47): Capital of Banks Operating in Jordan at the end of 2013 and 2014**

	Bank	2014			2013			Change percentage (%)
		Ranking 2014	Capital (JD million)	Ratio to Total Capital %	Ranking 2013	Capital (JD million)	Ratio to Total Capital %	
Jordanian Commercial Banks	Arab Bank	1	570.00	18.75%	1	534.00	18.30%	6.74%
	The Housing Bank for Trade & Finance	2	252.00	8.29%	2	252.00	8.64%	0.00%
	Capital Bank	3	181.50	5.97%	4	165.00	5.66%	10.00%
	Jordan Ahli Bank	4	175.00	5.76%	3	165.00	5.66%	6.06%
	Bank of Jordan	5	155.10	5.10%	5	155.10	5.32%	0.00%
	Arab Jordan Investment Bank	6	150.00	4.93%	7	100.00	3.43%	50.00%
	Cairo Amman Bank	7	125.00	4.11%	7	100.00	3.43%	25.00%
	Bank Al-Etihad	8	110.00	3.62%	6	110.00	3.77%	0.00%
	ABC Bank	8	110.00	3.62%	7	100.00	3.43%	10.00%
	Jordan Kuwait Bank	10	100.00	3.29%	7	100.00	3.43%	0.00%
	Jordan Commercial Bank	10	100.00	3.29%	7	100.00	3.43%	0.00%
	Investbank	10	100.00	3.29%	7	100.00	3.43%	0.00%
	Societe General - Jordan	10	100.00	3.29%	7	100.00	3.43%	0.00%
<b>Total Capital of Jordanian Commercial Banks</b>			<b>2,228.60</b>	<b>73.31%</b>		<b>2,081.10</b>	<b>71.36%</b>	<b>7.09%</b>
Islamic Banks	Jordan Islamic Bank	1	150.00	4.93%	1	125.00	4.28%	20.00%
	International Islamic Arab Bank	2	100.00	3.29%	2	100.00	3.43%	0.00%
	Jordan Dubai Islamic Bank	2	100.00	3.29%	2	100.00	3.43%	0.00%
	Al-Rajhi Bank*	4	50.00	1.64%	4	50.00	1.71%	0.00%
	<b>Total Capital of Islamic Banks</b>			<b>400.00</b>	<b>13.16%</b>		<b>375.00</b>	<b>12.85%</b>
Foreign Commercial Banks	Standard Chartered Bank	1	61.43	2.02%	1	61.43	2.11%	0.00%
	Egyptian Arab Land Bank	2	50.00	1.64%	2	50.00	1.71%	0.00%
	Rafidain Bank	2	50.00	1.64%	2	50.00	1.71%	0.00%
	Citi Bank	2	50.00	1.64%	2	50.00	1.71%	0.00%
	Bank Audi	2	50.00	1.64%	2	50.00	1.71%	0.00%
	National Bank of Kuwait - Jordan	2	50.00	1.64%	2	50.00	1.71%	0.00%
	BLOM Bank	2	50.00	1.64%	2	50.00	1.71%	0.00%
	National Bank of Abu Dhabi	2	50.00	1.64%	2	50.00	1.71%	0.00%
	HSBC	Acquired by Arab Jordan Investment Bank			2	50.00	1.71%	-
<b>Total Capital of Foreign Commercial Banks</b>			<b>411.43</b>	<b>13.53%</b>		<b>461.43</b>	<b>15.79%</b>	<b>-10.84%</b>
<b>Total Capital of Banks Operating in Jordan</b>			<b>3,040.03</b>	<b>100.00%</b>		<b>2,917.53</b>	<b>100.00%</b>	<b>4.20%</b>

Source: Banks' financial data

\*Foreign bank

## Second: Banks' Ranking according to some Items of Income Statement

### A. Banks' Ranking according to Pre-Tax Profit in 2014

The total pre-tax profit of banks operating in Jordan increased by 14.3% at the end of 2014, reaching to JD 821.1 million, of which JD 657.3 million went to Jordanian commercial banks (80% of total pre-tax profit); JD 88.4 million for Islamic banks (10.8% of total pre-tax profit) and JD 75.5 million for foreign banks (9.2% of total pre-tax profit).

**Table (48): Pre-Tax Profit of Banks Operating in Jordan at the end of 2013 and 2014**

	Bank	2014			2013			Change percentage (%)
		Ranking 2014	pretax profit (JD million)	% of Total pretax profit	Ranking 2013	pretax profit (JD million)	% of Total pretax profit	
Jordanian Commercial Banks	Arab Bank	1	166.00	20.22%	1	134.00	18.66%	23.88%
	The Housing Bank for Trade & Finance	2	116.20	14.15%	2	110.00	15.32%	5.64%
	Bank of Jordan	3	60.70	7.39%	3	56.10	7.81%	8.20%
	Capital Bank	4	53.53	6.52%	6	36.52	5.09%	46.59%
	Cairo Amman Bank	5	51.23	6.24%	5	48.00	6.68%	6.74%
	Jordan Kuwait Bank	6	47.70	5.81%	4	55.30	7.70%	-13.74%
	Jordan Ahli Bank	7	42.00	5.11%	10	15.00	2.09%	180.00%
	Bank Al-Etihad	8	34.45	4.20%	7	31.73	4.42%	8.58%
	Arab Jordan Investment Bank	9	30.80	3.75%	8	18.00	2.51%	71.11%
	ABC Bank	10	18.00	2.19%	9	16.00	2.23%	12.50%
	Investbank	11	13.34	1.62%	11	13.93	1.94%	-4.23%
	Societe General - Jordan	12	12.85	1.57%	12	10.00	1.39%	28.54%
	Jordan Commercial Bank	13	10.44	1.27%	13	2.21	0.31%	372.31%
	Pre-Tax Profit of Jordanian Commercial Banks			657.25	80.04%		546.79	76.14%
Islamic Banks	Jordan Islamic Bank	1	64.00	7.79%	1	64.70	9.01%	-1.08%
	International Islamic Arab Bank	2	19.09	2.33%	2	22.51	3.13%	-15.18%
	Jordan Dubai Islamic Bank	3	2.70	0.33%	4	2.10	0.29%	28.57%
	Al-Rajhi Bank*	4	2.58	0.31%	3	2.34	0.33%	10.43%
	Pre-Tax Profit of Islamic Banks			88.38	10.76%		91.65	12.76%
Foreign Commercial Banks	Bank Audi	1	19.38	2.36%	2	17.00	2.37%	13.98%
	Standard Chartered Bank	2	18.94	2.31%	3	16.74	2.33%	13.12%
	BLOM Bank	3	16.50	2.01%	4	11.15	1.55%	48.00%
	Citi Bank	4	7.48	0.91%	5	9.25	1.29%	-19.11%
	National Bank of Kuwait - Jordan	5	6.14	0.75%	6	6.40	0.89%	-4.06%
	Egyptian Arab Land Bank	6	2.50	0.30%	9	-10.56	-1.47%	-123.67%
	Rafidain Bank	6	2.50	0.30%	8	3.00	0.42%	-16.67%
	National Bank of Abu Dhabi	8	2.07	0.25%	7	3.70	0.52%	-44.08%
	HSBC	Acquired by Arab Jordan Investment Bank			1	23.00	3.20%	-
Pre-Tax Profit of Foreign Commercial Banks			75.51	9.20%		79.68	11.10%	-5.24%
Pre-Tax Profit of Banks Operating in Jordan			821.13	100.00%		718.12	100.00%	14.34%

Source: Banks' financial data

Foreign bank.

## B. Banks' Ranking according to the After-Tax Net Profit in 2014

The total after tax net profit of banks operating in Jordan increased by 18.8% at the end of 2014, reaching to JD 596.2 million, of which JD 480.5 million went to Jordanian commercial banks (80.6% of the total net profit), JD 62 million went to Islamic banks (10.4% of the total net profit) and JD 53.7 million for foreign banks (9% of the total net profit).

**Table (49): Net After-Tax Profit of Banks Operating in Jordan at the end of 2013 and 2014**

	Bank	2014			2013			Change percentage (%)
		Ranking 2014	Net After Tax Profit (JD million)	Ratio to Total Net After Tax Profit %	Ranking 2013	Net After Tax Profit (JD million)	Ratio to Total Net After Tax Profit %	
Jordanian Commercial Banks	Arab Bank	1	118.00	19.79%	1	95.00	18.93%	24.21%
	The Housing Bank for Trade & Finance	2	87.20	14.63%	2	78.00	15.54%	11.79%
	Bank of Jordan	3	45.10	7.56%	3	40.90	8.15%	10.27%
	Capital Bank	4	41.56	6.97%	6	26.99	5.38%	53.99%
	Cairo Amman Bank	5	35.87	6.02%	5	34.00	6.77%	5.51%
	Jordan Kuwait Bank	6	34.00	5.70%	4	38.68	7.71%	-12.10%
	Jordan Ahli Bank	7	31.00	5.20%	11	10.00	1.99%	210.00%
	Bank Al-Etihad	8	26.06	4.37%	7	22.25	4.43%	17.14%
	Arab Jordan Investment Bank	9	21.90	3.67%	8	13.00	2.59%	68.46%
	ABC Bank	10	12.90	2.16%	9	12.00	2.39%	7.50%
	Investbank	11	10.48	1.76%	10	10.18	2.03%	2.96%
	Societe General - Jordan	12	9.18	1.54%	12	7.00	1.39%	31.17%
	Jordan Commercial Bank	13	7.20	1.21%	13	2.21	0.44%	225.75%
Net After-Tax Profit of Jordanian Commercial Banks			480.46	80.59%		390.21	77.74%	23.13%
Islamic Banks	Jordan Islamic Bank	1	45.10	7.56%	1	45.10	8.98%	0.00%
	International Islamic Arab Bank	2	13.36	2.24%	2	15.75	3.14%	-15.15%
	Jordan Dubai Islamic Bank	3	1.90	0.32%	4	1.50	0.30%	26.67%
	Al-Rajhi Bank*	4	1.68	0.28%	3	1.53	0.30%	9.80%
	Net After-Tax Profit of Islamic Banks			62.04	10.41%		63.88	12.73%
Foreign Commercial Banks	Bank Audi	1	13.53	2.27%	1	12.00	2.39%	12.76%
	Standard Chartered Bank	2	12.05	2.02%	3	10.68	2.13%	12.87%
	BLOM Bank	3	11.61	1.95%	4	7.96	1.59%	45.84%
	Citi Bank	4	5.21	0.87%	5	6.35	1.27%	-17.94%
	National Bank of Kuwait - Jordan	5	4.33	0.73%	6	4.10	0.82%	5.71%
	Egyptian Arab Land Bank	6	3.60	0.60%	9	-9.71	-1.93%	-137.08%
	Rafidain Bank	7	1.80	0.30%	8	2.00	0.40%	-10.00%
	National Bank of Abu Dhabi	8	1.54	0.26%	7	2.50	0.50%	-38.60%
	HSBC	Acquired by Arab Jordan Investment Bank			1	12.00	2.39%	-
Net After-Tax Profit of Foreign Commercial Banks			53.67	9.00%		47.88	9.54%	12.10%
Net After-Tax Profit of Banks Operating in Jordan			596.18	100.00%		501.97	100.00%	18.77%

Source: Banks' financial data

\*Foreign bank

### Third: Banks' Ranking according to most Important Profitability Indicators

#### A. Banks' Ranking according to the Average Return on Assets in 2014

The average return on the assets of all banks operating in Jordan decreased from 1.31% at the end of 2013 to 1.27% at the end of 2014. The average for Jordanian commercial banks was 1.53%, 0.78% for Islamic banks and 1.08% for foreign commercial banks.

**Table (50): Average Return on Assets for the Banks Operating in Jordan at the end of 2013 and 2014**

	Bank	2014		2013		Increase (decrease) Compared with last year
		Ranking 2014	Average Return on Assets %	Ranking 2013	Average Return on Assets %	
Jordanian Commercial Banks	Bank of Jordan	1	2.51%	1	2.50%	0.01%
	Capital Bank	2	2.43%	3	1.77%	0.66%
	Cairo Amman Bank	3	1.90%	2	2.00%	-0.10%
	Arab Jordan Investment Bank	4	1.63%	6	1.35%	0.28%
	Jordan Ahli Bank	5	1.49%	12	0.49%	1.00%
	Jordan Kuwait Bank	6	1.40%	4	1.70%	-0.30%
	The Housing Bank for Trade & Finance	6	1.40%	8	1.30%	0.10%
	Investbank	8	1.36%	5	1.39%	-0.03%
	Arab Bank	8	1.36%	11	1.10%	0.26%
	ABC Bank	10	1.28%	7	1.33%	-0.05%
	Bank Al-Etihad	11	1.26%	10	1.22%	0.04%
	Societe General - Jordan	12	1.22%	9	1.24%	-0.02%
	Jordan Commercial Bank	13	0.69%	13	0.25%	0.44%
	Average Return on Assets for Jordanian Commercial Banks			1.53%		1.36%
Islamic Banks	Jordan Islamic Bank	1	1.32%	1	1.43%	-0.11%
	International Islamic Arab Bank	2	1.00%	2	1.25%	-0.25%
	Al-Rajhi Bank*	3	0.48%	3	0.49%	-0.01%
	Jordan Dubai Islamic Bank	4	0.32%	4	0.30%	0.02%
	Average Return on Assets for Islamic Banks			0.78%		0.87%
Foreign Commercial Banks	Citi Bank	1	1.72%	2	2.30%	-0.58%
	BLOM Bank	2	1.49%	7	1.10%	0.39%
	Bank Audi	3	1.43%	4	1.40%	0.03%
	National Bank of Kuwait - Jordan	4	1.30%	1	4.10%	-2.80%
	Standard Chartered Bank	5	1.00%	3	2.12%	-1.12%
	Egyptian Arab Land Bank	6	0.80%	9	-2.06%	2.86%
	National Bank of Abu Dhabi	7	0.50%	8	1.00%	-0.50%
	Rafidain Bank	8	0.40%	4	1.40%	-1.00%
	HSBC	Acquired by Arab Jordan Investment Bank		6	1.33%	-
	Average Return on Assets for Foreign Commercial Banks			1.08%		1.41%
Average Return on Assets for the Banks Operating in Jordan			1.27%		1.30%	-0.03%

Source: Banks' financial data

\*Foreign bank.

## B. Average Return on Equity in Banks Operating in Jordan in 2014

The average return on equity of all banks operating in Jordan increased from 8.20% at the of 2013 to 9.88% at the end of 2014. The average reached 10.97% for Jordanian commercial banks, 8.21% for Islamic banks and 8.94% for foreign commercial banks.

**Table (51): Average Return on Equity for the Banks Operating in Jordan at the end of 2013 and 2014**

	Bank	2014		2013		Increase (decrease) Compared with last year
		Ranking 2014	Average Return on Equity %	Ranking 2013	Average Return on Equity %	
Jordanian Commercial Banks	Capital Bank	1	16.97%	3	12.42%	4.55%
	Cairo Amman Bank	2	14.00%	1	15.20%	-1.20%
	Bank of Jordan	3	13.90%	2	14.00%	-0.10%
	Arab Jordan Investment Bank	4	13.52%	6	9.77%	3.75%
	Arab Bank	5	13.26%	4	11.60%	1.66%
	Jordan Ahli Bank	6	10.73%	12	3.98%	6.75%
	Bank Al-Etihad	7	10.17%	8	9.35%	0.82%
	ABC Bank	8	9.85%	7	9.44%	0.41%
	The Housing Bank for Trade & Finance	9	9.70%	9	8.80%	0.90%
	Jordan Kuwait Bank	10	8.55%	5	10.50%	-1.95%
	Societe General - Jordan	11	7.89%	11	6.44%	1.45%
	Investbank	12	7.73%	10	7.73%	0.00%
	Jordan Commercial Bank	13	6.30%	13	2.12%	4.18%
Average Return on Equity for Jordanian Commercial Banks			10.97%		9.33%	1.63%
Islamic Banks	Jordan Islamic Bank	1	16.79%	1	18.63%	-1.84%
	International Islamic Arab Bank	2	11.00%	2	12.91%	-1.91%
	Al-Rajhi Bank*	3	3.58%	3	3.38%	0.20%
	Jordan Dubai Islamic Bank	4	1.48%	4	1.17%	0.31%
	Average Return on Equity for Islamic Banks			8.21%		9.02%
Foreign Commercial Banks	BLOM Bank	1	16.37%	3	11.76%	4.61%
	Bank Audi	2	14.40%	1	14.00%	0.40%
	Standard Chartered Bank	3	14.00%	2	12.70%	1.30%
	Citi Bank	4	8.05%	5	10.00%	-1.95%
	Egyptian Arab Land Bank	5	7.50%	9	-15.99%	23.49%
	National Bank of Kuwait - Jordan	6	5.60%	6	5.60%	0.00%
	National Bank of Abu Dhabi	7	2.80%	7	4.30%	-1.50%
	Rafidain Bank	7	2.80%	8	3.19%	-0.39%
	HSBC	Acquired by Arab Jordan Investment Bank		4	10.32%	-
	Average Return on Equity for Foreign Commercial Banks			8.94%		6.21%
Average Return on Equity for the Banks Operating in Jordan			9.88%		8.20%	1.68%

Source: Banks' financial data

\*Foreign bank

## Fourth: Banks' ranking according to Bank Branching

### A. Banks' Ranking according to the Number of Branches Inside Jordan as at the end of 2014

The total number of bank branches inside Jordan increased from 742 branches at the end of 2013 to 770 branches at the end of 2014. These are distributed as follows: 586 branches of Jordanian commercial banks (76.1% of total number of branches), 132 branches of Islamic banks (constituting 17.1% of total branches) and 52 branches of foreign commercial banks (6.8% of total branches).

**Table (52) The Number of Branches of Banks Operating in Jordan at the end of 2013 and 2014**

	Bank	2014			2013			Change percentage (%)
		Ranking 2014	Number of Branches In Jordan	Ratio to Total Number of Branches %	Ranking 2013	Number of Branches In Jordan	Ratio to Total Number of Branches %	
Jordanian Commercial Banks	The Housing Bank for Trade & Finance	1	113	14.68%	1	111	14.96%	1.80%
	Arab Bank	2	74	9.61%	2	75	10.11%	-1.33%
	Cairo Amman Bank	3	69	8.96%	3	70	9.43%	-1.43%
	Bank of Jordan	3	69	8.96%	4	66	8.89%	4.55%
	Jordan Kuwait Bank	5	56	7.27%	6	47	6.33%	19.15%
	Jordan Ahli Bank	6	55	7.14%	5	53	7.14%	3.77%
	Bank Al-Etihad	7	37	4.81%	7	35	4.72%	5.71%
	Jordan Commercial Bank	8	28	3.64%	8	28	3.77%	0.00%
	ABC Bank	9	27	3.51%	9	27	3.64%	0.00%
	Arab Jordan Investment Bank	10	20	2.60%	11	15	2.02%	33.33%
	Societe General - Jordan	11	16	2.08%	10	16	2.16%	0.00%
	Capital Bank	12	12	1.56%	12	12	1.62%	0.00%
	Investbank	13	10	1.30%	13	11	1.48%	-9.09%
The Number of Branches of Jordanian Commercial Banks			586	76.10%		566	76.28%	3.53%
Islamic Banks	Jordan Islamic Bank	1	70	9.09%	1	67	9.03%	4.48%
	International Islamic Arab Bank	2	40	5.19%	2	37	4.99%	8.11%
	Jordan Dubai Islamic Bank	3	16	2.08%	3	15	2.02%	6.67%
	Al-Rajhi Bank*	4	6	0.78%	4	3	0.40%	100.00%
The Number of Branches of Islamic Banks			132	17.14%		122	16.44%	8.20%
Foreign Commercial Banks	BLOM Bank	1	14	1.82%	2	12	1.62%	16.67%
	Bank Audi	2	13	1.69%	1	13	1.75%	0.00%
	Egyptian Arab Land Bank	3	9	1.17%	3	9	1.21%	0.00%
	Standard Chartered Bank	4	6	0.78%	4	6	0.81%	0.00%
	National Bank of Kuwait - Jordan	5	3	0.39%	6	3	0.40%	0.00%
	National Bank of Abu Dhabi	5	3	0.39%	6	3	0.40%	0.00%
	Rafidain Bank	7	2	0.26%	8	2	0.27%	0.00%
	Citi Bank	7	2	0.26%	8	2	0.27%	0.00%
	HSBC	Acquired by Arab Jordan Investment Bank			5	4	0.54%	-
The Number of Branches of Foreign Commercial Banks			52	6.75%		54	7.28%	-3.70%
The Number of Branches of Banks Operating in Jordan			770	100.00%		742	100.00%	3.77%

Source: Banks' financial data

\*Foreign bank

## B. Banks' Ranking according to the Number of ATMs Inside Jordan as at the end of 2014

The total number of ATMs at banks inside Jordan increased from 1346 machine at the end of 2013 to 1434 machine at the end of 2014. These are distributed as follows: 1104 machines belonging to Jordanian commercial banks (constituting 77% of the total number of ATMs), 261 machines belonging to Islamic banks (18.2% of total ATMs), and 69 ATMs belonging to foreign commercial banks (4.8% of the total number of ATMs).

**Table (53) The Number of ATMs of Banks Operating in Jordan at the end of 2013 and 2014**

	Bank	2014			2013			Change percentage (%)
		Ranking 2014	Number of ATMs	Ratio to Total Number of ATMs %	Ranking 2013	Number of ATMs	Ratio to Total Number of ATMs %	
Jordanian Commercial Banks	The Housing Bank for Trade & Finance	1	208	14.50%	1	199	14.78%	4.52%
	Cairo Amman Bank	2	189	13.18%	2	186	13.82%	1.61%
	Arab Bank	3	146	10.18%	3	144	10.70%	1.39%
	Bank of Jordan	4	118	8.23%	4	109	8.10%	8.26%
	Jordan Ahli Bank	5	98	6.83%	5	87	6.46%	12.64%
	Jordan Kuwait Bank	6	79	5.51%	6	76	5.65%	3.95%
	ABC Bank	7	53	3.70%	7	53	3.94%	0.00%
	Bank Al-Etihad	8	52	3.63%	8	46	3.42%	13.04%
	Arab Jordan Investment Bank	9	51	3.56%	10	33	2.45%	54.55%
	Jordan Commercial Bank	10	41	2.86%	9	36	2.67%	13.89%
	Capital Bank	11	30	2.09%	11	30	2.23%	0.00%
	Investbank	12	22	1.53%	12	19	1.41%	15.79%
	Societe General - Jordan	13	17	1.19%	13	17	1.26%	0.00%
The Number of ATMs of Jordanian Commercial Banks			1104	76.99%		1035	76.89%	6.67%
Islamic Banks	Jordan Islamic Bank	1	147	10.25%	1	134	9.96%	9.70%
	International Islamic Arab Bank	2	52	3.63%	2	47	3.49%	10.64%
	Al-Rajhi Bank*	3	32	2.23%	3	23	1.71%	39.13%
	Jordan Dubai Islamic Bank	4	30	2.09%	4	19	1.41%	57.89%
	The Number of ATMs of Islamic Banks			261	18.20%		223	16.57%
Foreign Commercial Banks	Bank Audi	1	23	1.60%	1	22	1.63%	4.55%
	BLOM Bank	2	14	0.98%	3	13	0.97%	7.69%
	Egyptian Arab Land Bank	3	13	0.91%	3	13	0.97%	0.00%
	Standard Chartered Bank	4	8	0.56%	5	8	0.59%	0.00%
	National Bank of Kuwait - Jordan	5	7	0.49%	6	7	0.52%	0.00%
	National Bank of Abu Dhabi	6	4	0.28%	7	4	0.30%	0.00%
	Rafidain Bank	7	0	0.00%	8	0	0.00%	-
	Citi Bank	7	0	0.00%	8	0	0.00%	-
	HSBC	Acquired by Arab Jordan Investment Bank			2	21	1.56%	-
	The Number of ATMs of Foreign Commercial Banks			69	4.81%		88	6.54%
The Number of ATMs of Banks Operating in Jordan			1434	100.00%		1346	100.00%	6.54%

Source: Banks' financial data

\*Foreign bank

## Fifth: Human Resources of Banks Operating in Jordan

### A. Banks' Ranking according to the Number of Employees as at the end of 2014

The total number of employees in all banks operating in Jordan increased from 18423 employees at the end of 2013 to 19433 employees at the end of 2014. Of the total, 14637 employees in Jordanian commercial banks (75.3% of the total number of employees), 3350 employees in Islamic banks (17.2% of the total number of employees), and 1446 employees in foreign commercial banks (7.4% of the total number of employees).

**Table (54) Number of Employees at Banks Operating in Jordan at the end of 2013 and 2014**

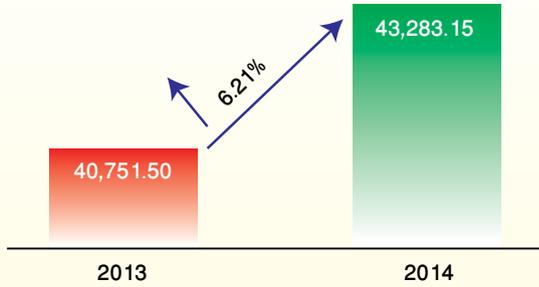
	Bank	2014			2013			Change percentage (%)
		Ranking 2014	Number Of Employees	Ratio to Total Employees %	Ranking 2013	Number Of Employees	Ratio to Total Employees %	
Jordanian Commercial Banks	Arab Bank	1	2826	14.54%	1	2817	15.29%	0.32%
	The Housing Bank for Trade & Finance	2	2260	11.63%	2	2199	11.94%	2.77%
	Cairo Amman Bank	3	1587	8.17%	3	1546	8.39%	2.65%
	Bank of Jordan	4	1508	7.76%	4	1422	7.72%	6.05%
	Jordan Ahli Bank	5	1432	7.37%	5	1318	7.15%	8.65%
	Jordan Kuwait Bank	6	1002	5.16%	6	941	5.11%	6.48%
	Bank Al-Etihad	7	848	4.36%	7	728	3.95%	16.48%
	Jordan Commercial Bank	8	769	3.96%	8	600	3.26%	28.17%
	Arab Jordan Investment Bank	9	746	3.84%	11	421	2.29%	77.20%
	Capital Bank	10	557	2.87%	9	508	2.76%	9.65%
	ABC Bank	11	489	2.52%	10	502	2.72%	-2.59%
	Investbank	12	381	1.96%	12	399	2.17%	-4.51%
	Societe General - Jordan	13	232	1.19%	13	230	1.25%	0.87%
	Number of Employees at Jordanian Commercial Banks			14637	75.32%		13631	73.99%
Islamic Banks	Jordan Islamic Bank	1	2051	10.55%	1	1979	10.74%	3.64%
	International Islamic Arab Bank	2	795	4.09%	2	758	4.11%	4.88%
	Jordan Dubai Islamic Bank	3	357	1.84%	3	333	1.81%	7.21%
	Al-Rajhi Bank*	4	147	0.76%	4	106	0.58%	38.68%
	Number of Employees at Islamic Banks			3350	17.24%		3176	17.24%
Foreign Commercial Banks	BLOM Bank	1	440	2.26%	1	387	2.10%	13.70%
	Egyptian Arab Land Bank	2	298	1.53%	2	291	1.58%	2.41%
	Bank Audi	3	261	1.34%	4	240	1.30%	8.75%
	Standard Chartered Bank	4	220	1.13%	5	208	1.13%	5.77%
	National Bank of Kuwait - Jordan	5	92	0.47%	6	103	0.56%	-10.68%
	Citi Bank	6	58	0.30%	7	56	0.30%	3.57%
	National Bank of Abu Dhabi	7	55	0.28%	8	55	0.30%	0.00%
	Rafidain Bank	8	22	0.11%	9	27	0.15%	-18.52%
	HSBC	Acquired by Arab Jordan Investment Bank			3	249	1.35%	-
	Number of Employees at Foreign Commercial Banks			1446	7.44%		1616	8.77%
Number of Employees at Banks Operating in Jordan			19433	100.00%		18423	100.00%	5.48%

Source: Banks' financial data

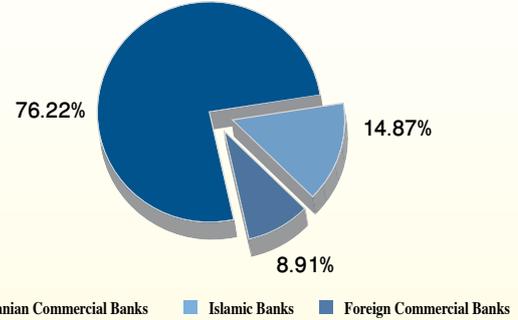
\*Foreign bank

## Sixth: Summary of the Most Important Financial Indicators of Banks Operating in Jordan

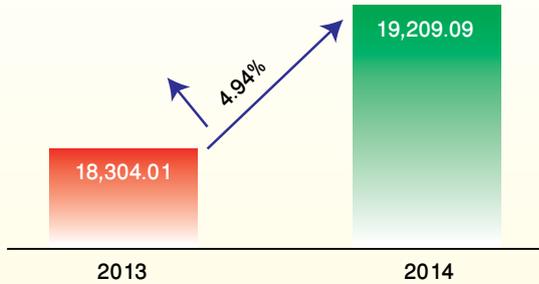
**Total Assets of Banks Operating in Jordan (JD Million)**



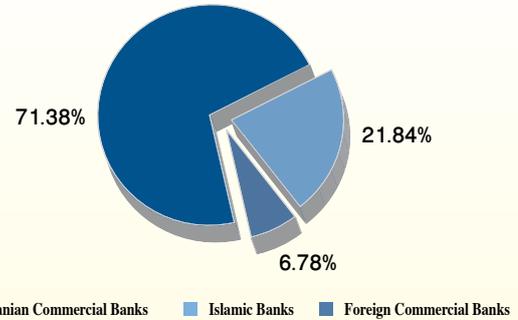
**Distribution of Total Assets of Banks Operating in Jordan at the End of 2014**



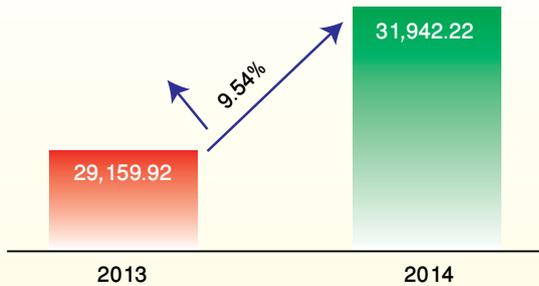
**Total Credit Facilities Extended by Banks in Jordan (JD Million)**



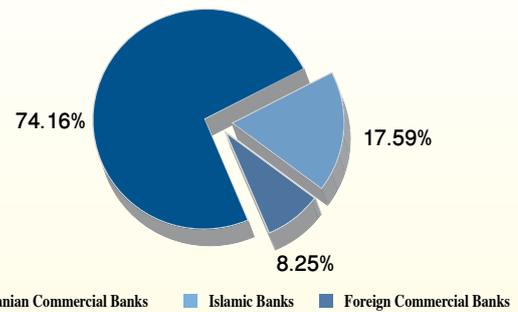
**Distribution of Total Credit Facilities Extended at the End of 2014**



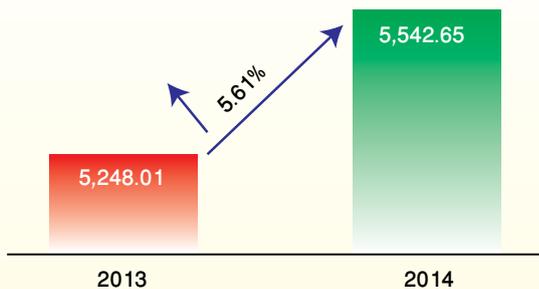
**Total Deposits at Banks Operating in Jordan (JD Million)**



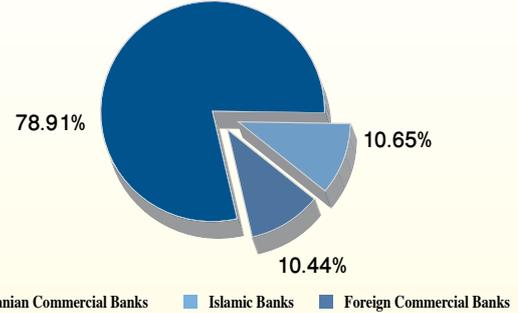
**Distribution of Total Deposits at Banks Operating in Jordan at the End of 2014**



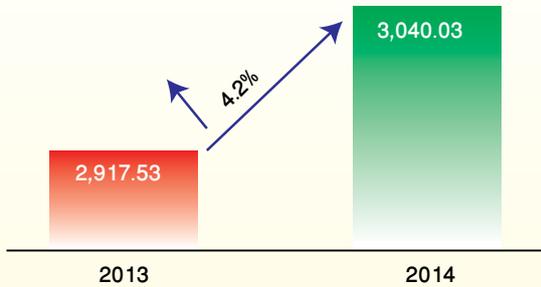
**Total Shareholders' Equity of Banks Operating in Jordan (JD Million)**



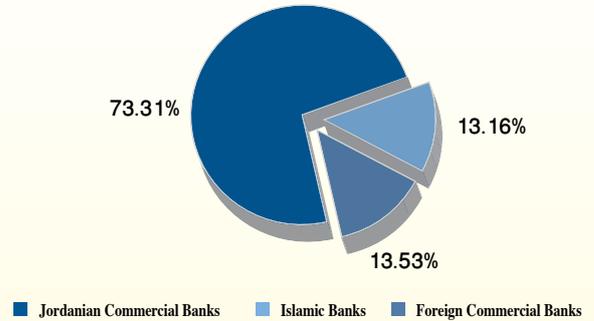
**Distribution of Shareholders' Equity of Banks Operating in Jordan at the End of 2014**



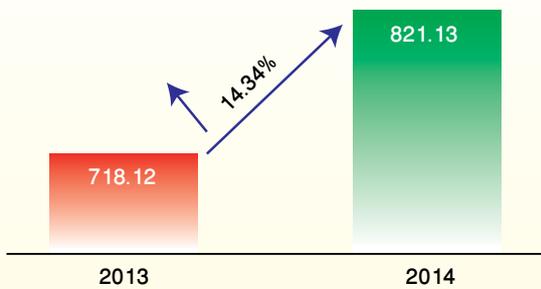
**Total Capital of Banks Operating in Jordan (JD Million)**



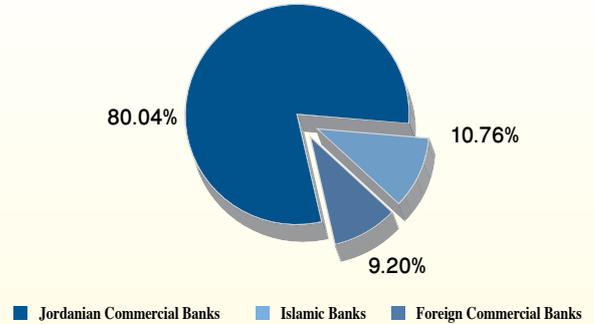
**Distribution of Capital of Banks Operating in Jordan at the End of 2014**



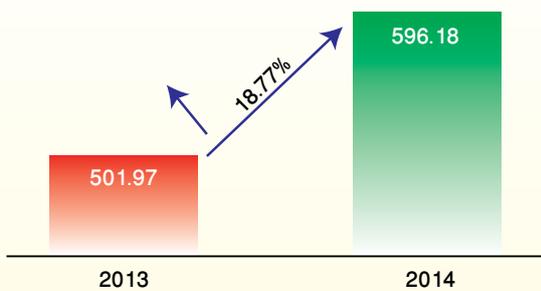
**Total Pre-Tax Profit of Banks Operating in Jordan (JD Million)**



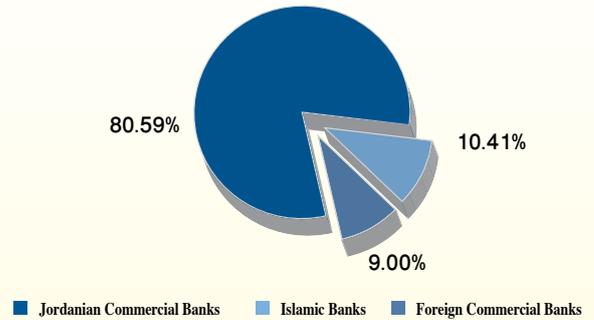
**Distribution of Pre-Tax Profit of Banks Operating in Jordan at the End of 2014**



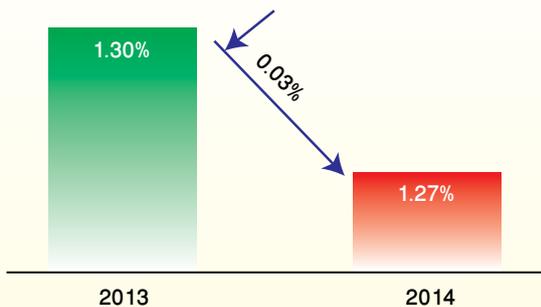
**Total After Tax Profit of Banks Operating in Jordan (JD Million)**



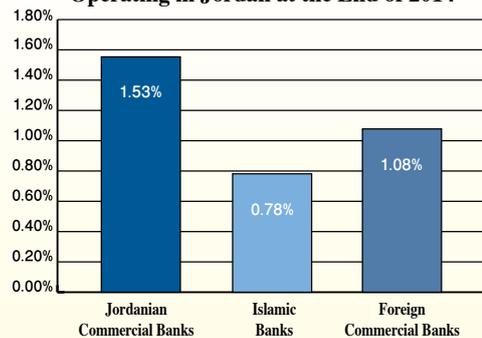
**Distribution of After Tax Profit of Banks Operating in Jordan at the End of 2014**



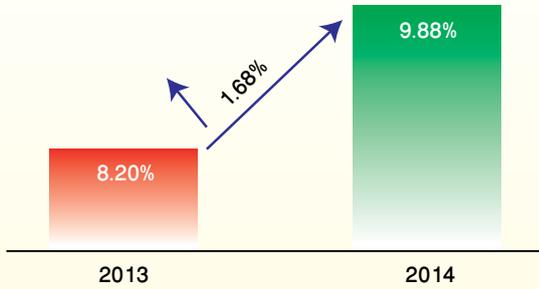
**Return on Assets for Banks Operating in Jordan**



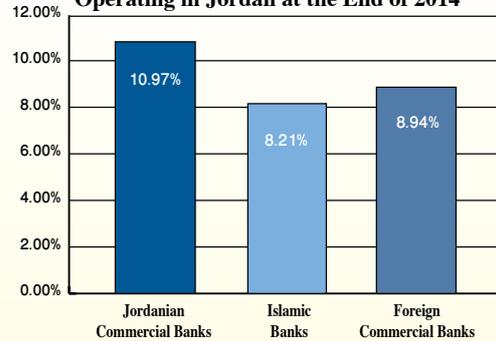
**Distribution of Return on Assets for Banks Operating in Jordan at the End of 2014**



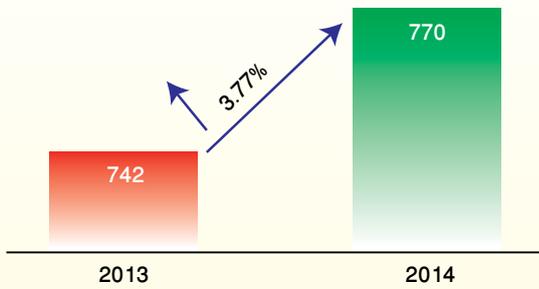
**Return on Equity for Banks Operating in Jordan (%)**



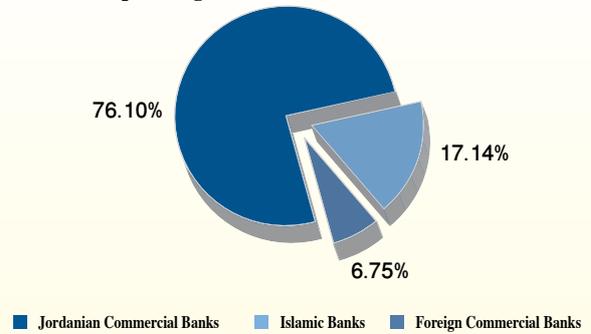
**Distribution Return on Equity for Banks Operating in Jordan at the End of 2014**



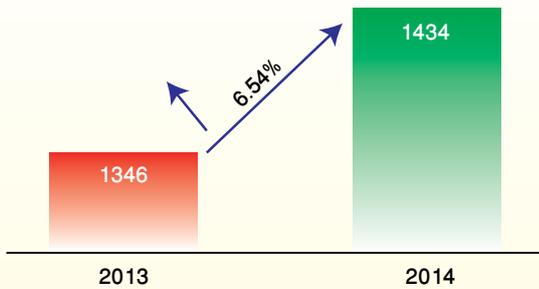
**Total Number of Branches of Banks Operating in Jordan**



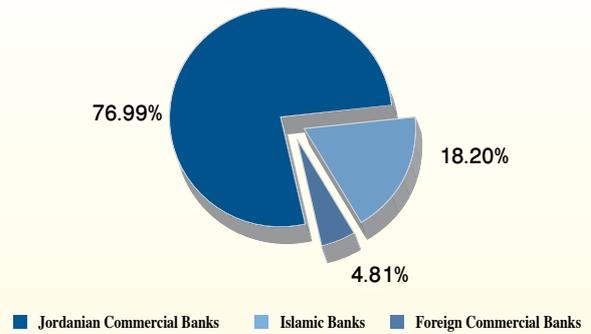
**Distribution of Number of Branches of Banks Operating in Jordan at the End of 2014**



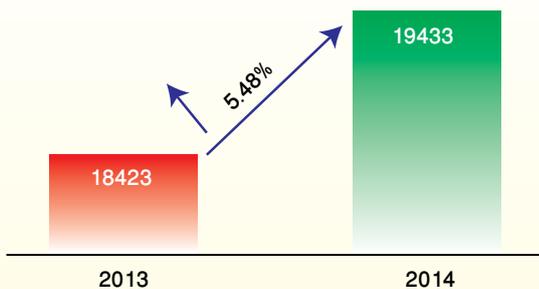
**Total Number of ATMs of Banks Operating in Jordan**



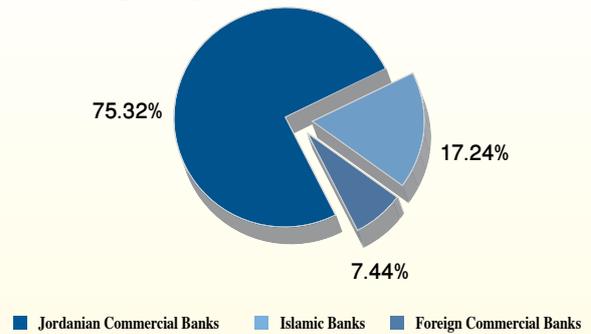
**Distribution of Number of ATMs of Banks Operating in Jordan at the End of 2014**



**Total Number of Employees in Banks Operating in Jordan**

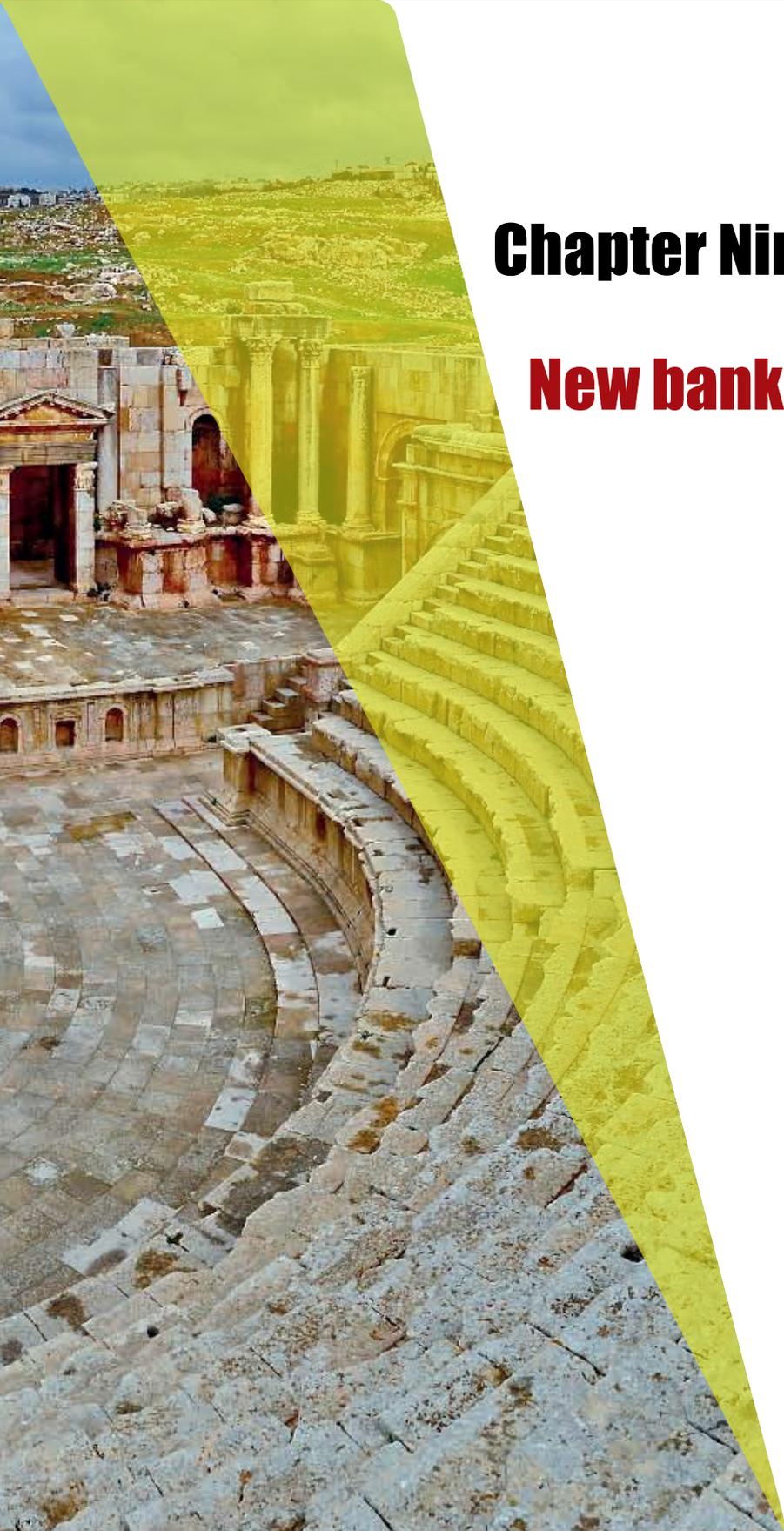


**Distribution of Number of Employees in Banks Operating in Jordan at the End of 2014**









## **Chapter Nine**

### **New banking services**



In the context of their incessant strive to improve and update their services and always to cope up with the latest in the world of bank services and products, banks Operating in Jordan introduced a number of new services into the service segments they offer. The following table illustrates the most important new services that banks in Jordan introduced in 2014.

**Table (55) New services introduced by banks in 2014**

Bank's name	Service's name	Brief description of service	Service supplier
Arab Bank	E-Fawateercom	Instant settlement of payments due to service companies and a number of parties that get regular fee collection from beneficiaries of their services	The Central Bank and Madfoo3atCom
	Arabi Access	Provides access to balances and transfers money between the accounts of the same client within the areas of operation of Arab Bank (Jordan, UAE, Qatar, Bahrain), through Arabi Online service, with one subscription for all areas.	
	Bundles	This program provides 3 main bundles: Star Plus, Star and upper mass. These bundles are designed to contain more than one type of facilities. This product aims at providing value added profits and multi advantage products to meet the commercial transactions and activities of SMEs.	Internally developed
Jordan Ahli Bank	Ahli Payment Gateway	A service designed to meet all requirements of businesses in all domains to accept all safe and secure online internet payments with real time authorization through their websites of all types of cards (instant discount cards, credit cards, prepaid cards).	Middle East Payment Services (MEPS)
	Ahli environment-friendly card for installments at zero% interest	A MasterCard given to clients with a credit limit to pay in installments for environment-friendly products at zero% interest from a network of accredited importers. The card can also be used as an ordinary card.	MEPS
	World Elite Master Card	A credit card for high-income clients. It contains a special bundle of global and local services that includes exclusive offers and discounts at many luxury hotels and stores.	MasterCard Worldwide
Cairo Amman Bank	ARAMEX with CAB	- Shop and Ship service - Shop the World - ARAMEX coupon with a value of \$100.00	
	Med Service with CAB	Issuing all cards related to doctors and medical institutions, contacting them as soon as the card is delivered, where their dues are charged from the company.	
	Al Hussein Bin Talal and CAB Campaign	An agreement annex was signed to collect Students tuition fees by tellers against reduced fees.	
	The Jordan Hashemite Charity Organization (JHCO) and CAB: payment cards to beneficiaries	The bank issues prepaid cards, gives them to the JHCO to distribute them to beneficiaries instead of cash money.	
	Exclusive agreement with PayPal	Giving bank clients more online choices	
	E-Fawateercom	Facilitate and accelerate paying bills and electronic payments	
	Easy installments by credit cards	Without need to evaluate requests or make any calls.	

Continued / Table (55) New services introduced by banks in 2014

Bank's name	Service's name	Brief description of service	Service supplier
Bank of Jordan	Marathon saving account	An account exclusive to a certain segment of clients that aims at raising awareness and motivate saving against a simple turnover and drawing on prizes through monthly drawings.	Internally developed
	Customer experience	Making welcome calls with clients who have agreed upon criteria of bank facilities and services. It aims at ensuring the client's easy dealings with the bank and introducing to him other products that go in line with the client's position. This is in addition to starting making welcome calls with clients of bank bundles and marathon accounts.	Internally developed
	The bank's Facebook page	In line with the technological advances in social media, social media tools have been developed to connect with clients via social media to receive their remarks and inquiries and answer them, as well as to promote the bank's products and services, keeping the client informed of the latest developments.	External supplier
	Campaign to update data in branches and call center	Working to update clients' data via several means to get the clients' updated personal data, thus facilitating communicating with them and ensuring delivering information to them in all available ways: email, SMS, etc..).	Internally developed
	Introducing mechanism to deal with clients' requests	To coordinate the requests from branches' clients with all bank departments to ensure the expedient carrying out of clients' requests.	Internally developed
	Mobile banking	A service that enables clients to enquire about their accounts, make transfers between accounts or accounts outside BOJ, in addition to enquiring about bills and settling them.	BFSI
	JOMOPAY	The first of its kind in Jordan that enables clients to create a financial portfolio through which they can make instant transfers to other financial portfolios.	Central Bank
	Points & Discounts application	An application that can be uploaded on Android and I Phone to raise clients' awareness of the points & Discounts program based on credit cards. It sends alert messages on the stores contracted by the program when clients come close to them and set their locations through GPS system. It also provides the possibility of browsing their pages to know about offers, in addition to knowing the locations of branches and ATMs of BOJ.	Access to Arabia
	Installments program	One of the loyalty programs granted to holders of BOJ credit cards. It enables clients to pay in equal monthly installments the purchases effected through credit cards, for a limited period and at a competitive interest rate.	EMP
Web Charge Electron Card	The card permits clients to use it mainly online, in addition to using it with purchases.	Internally developed	
The Housing Bank for Trade & Finance	Displaying and collecting bills electronically E-Fawateercom	Service based on enabling clients to settle their bills and other different payments by being instantly and around the clock debited to their accounts in a secure way.	Madfou3atCom

Continued / Table (55) New services introduced by banks in 2014

Bank's name	Service's name	Brief description of service	Service supplier
Arab Jordan Investment Bank	Issuing Master Card	AJIB issued 2 types of Master Card: debit and credit so that the client can choose his/her favourite card to take with him/her.	EMP
	Settling bills online	This is done through two channels: the teller and the internet bank, so that the client can settle the bills easily.	EFAWATEERCOM ICSFS ACCESS TO ARABIA
	Cash deposit into ATMs	This is available in some ATMs found in a number of locations.	EMP/S2M
	Developing software of internet banking	This is developed to serve the bank's clients, individuals and corporate, to enable them to finish many requirements through this software such as transfers and some transactions of the foreign department.	ICSFS
Jordan Commercial Bank	Tejari Mobile	A service provided to the bank's clients to enable them to enquire about their balances and different accounts; to make financial transfers between the client's accounts or between accounts of different clients of the same bank. This also provides possible payment of bills through the Fawateeri service, buying prepaid cards and identifying the closest JCB branch and ATM, and other services.	Internally developed
	Tejari Auto	A loan to fund vehicles. It is flexible and has many benefits that enable the client to have his/her favourite car at flexible terms. It meets the needs of all society segments that go with their conditions.	Internally developed
Investbank	Travel Saving Account	<p>Clients will be able to use the value of their savings with the following:</p> <ul style="list-style-type: none"> <li>• Each time a client uses his Visa Electron Card, money will be automatically transferred to the savings account, rounding the amount spent to the nearest five or ten dinars. The difference will be then transferred from his current account to the savings account.</li> <li>• Clients can run their accounts anytime anywhere through the I Bank.</li> <li>• Clients can determine the highest limit of the rounding action with a value of 50 JDs maximum or unlimited amount.</li> <li>• Clients will get a quarterly interest which equals 1% when they collect 400 JDs and more.</li> <li>• The account can be opened with a minimum balance of 50 JDs.</li> </ul>	
	Platinum and gold credit cards join with Shop and Ship	<p>Gold and platinum credit card holders with Shop and Ship are able to do online shopping with less shipping costs in addition to the following benefits:</p> <ul style="list-style-type: none"> <li>• Two to four free subscriptions from shop and ship with a value of USD 45.00</li> <li>• 10- 15% discount on shipping costs when using INVESTBANK credit card to pay online.</li> <li>• 15% discount on protection fees of shop and ship services.</li> <li>• 10- 30% discount on internal and expedient outside transportation costs from ARAMEX (this is only applied through ARAMEX branches).</li> <li>• Additional credit card for a direct family member.</li> <li>• Card holders will get back 2% cash rewards for the total amount of local and international purchases.</li> <li>• The possibility of installment payments at 0% interest on purchases for 6 months through the program Pay as you like.</li> </ul>	
	E-Fawateercom	<p>Through the I Bank, clients can browse and pay bills promptly online through the secure eFAWATEERCOM application.</p> <p>The application displays the periodic bills, sends a notice when there are new bills, and electronically settles them around the clock through the various channels of payment in the bank.</p>	

Continued / Table (55) New services introduced by banks in 2014

Bank's name	Service's name	Brief description of service	Service supplier
ABC Bank	E-Fawateercom	Settling bills and some services online	E-Fawateercom
Bank Al-Etihad	Etihad online	The service was developed in the form and in the way of subscription. Its most important benefits are: financial transfer services; payment of bills; e-cards services; a number of prime services to corporate clients like multiple payments, the possibility of making guarantees, DCs and payment orders.	Oracle
	SMS service	The SMS service was developed to be faster. New messages were added and texts of all types of SMS were modified.	A2A
	Settling bills	Paying bills is introduced through self registration in the Payments Site, to settle bills through eFAWATEERCOM, supervised by the CBJ.	Palco-Oracle
	Exquisite product	This was introduced to bring banking and non banking benefits that are in line with the way of life of prime clients.	Internally developed
	Bancassurance	The program is launched to provide savings insurance solutions for the purposes of retirement, education, marriage and buying a house.	Provided in cooperation with MetLife Alico
	Shorouq	It is an umbrella that covers a comprehensive set of banking solutions (financial and non financial) that aims to educate and empower women to achieve independence and financial security.	Internally developed
	Reintroduction of salary product	The salary product was reintroduced, with additional banking and non banking benefits to serve the client such as the savings fund, advances on the salary and monthly and annual prizes.	Internally developed
Grace period for maternity leave	The benefit of a grace period was added to the loans of female clients during their maternity leave.	Internally developed	
Societe General - Jordan	My instant win account	<ul style="list-style-type: none"> <li>• Savings programs that vary with the client's capacity:</li> <li>- 1<sup>st</sup> program: 500 JD- 2499 JD</li> <li>- 2<sup>nd</sup> program: 2500 JD</li> <li>• Without interest</li> <li>• Fixed due date</li> <li>• In Jordanian dinar</li> <li>• A chance to win valuable prizes through drawings for both programs</li> <li>• Guaranteed prizes for subscribers of 2<sup>nd</sup> program</li> <li>• Free usage of eSCGJ services.</li> </ul> <p>This account targets each client over 18 years old.</p>	Internally developed

Continued / Table (55) New services introduced by banks in 2014

Bank's name	Service's name	Brief description of service	Service supplier
Capital Bank	Prepaid Master Card	The card can be used in online shopping and ATMs	Master Card Worldwide
	Email Gateway	It enables clients to receive SMS on their emails.	A2A Company
	Capital Call center	It answers clients' enquiries and provides other services related to My Bank service and credit services	Internally developed
	Lounges	Platinum, business credit card holders are provided with free access to airports' facilities.	Veloce access Lounge
	Money Gram Promo Code	25% discount on commission fees when issuing a transfer by bank employees and clients	Money Gram
	Master Card	Master Cards with its different categories and usual benefits: Classic, Gold and Platinum	Master Card Worldwide
Jordan Islamic Bank	Shifa product	A product aimed to finance costs of treatment and surgeries.	FACT CO
	Mosawamah product	A product to fund clients who want to buy in cash price house commodities, electric appliances and furniture.	FACT CO
	Istesna' product	A product to fund constructions, building and real estate / contractors	FACT CO
	Hybrid cars product	A product to fund buying hybrid cars to sustain green environment at a preferential morabahah turnover.	FACT CO
	Expansion in ATM network	The number of ATMs reached 147 machines by the end of 2014, spread all over the kingdom.	Diebold, NCR, Wincor
	Introduction and development of new services on I Banking	New services were introduced during 2014 on the ATM system: <ul style="list-style-type: none"> <li>• Paying bills (MADFOO3ATCOM)</li> <li>• Transfers between clients' accounts.</li> </ul>	A2A
	Master Card Standard	Instant discount card designed in a special way. Clients are given the chance to win back the value of purchases done with the card.	MEPS+HPS
	Master Card Titanium	Instant discount card especially designed for clients who want special benefits and offers from their card.	MEPS+HPS
	Collecting Hajj registration fees	Collecting registration fees of citizens desiring to do pilgrimage this year.	FACT CO
	Loyalty program for clients	Offering programs to reward clients; providing gifts and benefits to clients.	Cards and electronic services department

Continued / Table (55) New services introduced by banks in 2014

Bank's name	Service's name	Brief description of service	Service supplier
International Islamic Arab Bank	Renovate product	Aimed at clinics, pharmacies and medical labs to provide them the necessary funding to buy medical equipment and appliances, and to do expansion and renovation works without any collaterals.	Internally developed
	Investment agency with CBJ	The agreement aims at funding small and micro size enterprises at soft conditions and reduced revenues without focusing on collaterals.	In cooperation with the CBJ
	Industrial and services funding agreement	The agreement aims at providing guarantees to fund value added projects to Jordanian economy by funding fixed assets or the capital in a number of forms.	In cooperation with the Jordan Loan Guarantee Corporation
	Chip and Pin Visa Electron	It provides clients with best security and commitment standards. The Chip and Pin Visa Electron provides local and global protection.	Visa International
	E-Fawateercom	A service enabling clients to enquire about their bills or other payments, settle them through available and online channels provided by the bank for this purpose.	In cooperation with Madfoo3at company, supervised and monitored by the CBJ
Jordan Dubai Islamic Bank	Application for funding for Individuals' products through the bank's website	The client can apply to get one of the bank's products. An employee from the call center will follow up with the client.	Internally developed
	Children's savings account "My treasure"	An investment savings account that is based on Islamic exclusive mudarabah. The account includes having dividends, welcome gifts, drawing on monthly and half annual prizes.	Internally developed.
	Displaying and collecting bills online through Mobile Banking	It makes it easier for clients to display and collect bills from different parties such as telecommunications companies and services company (electricity) and various government authorities through and application on mobile phones.	External. The Arab Company for Internet Services

Continued / Table (55) New services introduced by banks in 2014

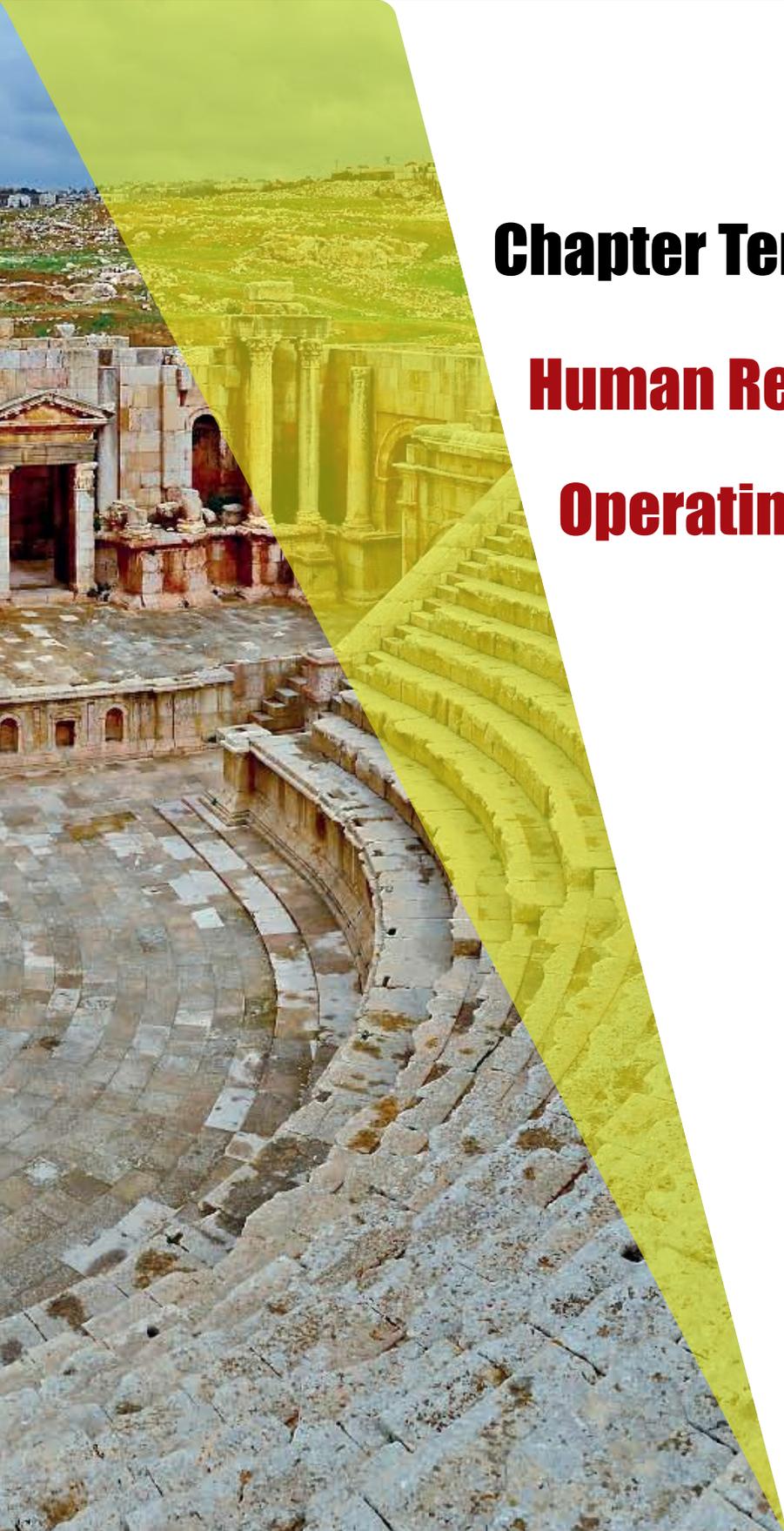
Bank's name	Service's name	Brief description of service	Service supplier
Al Rajhi Bank	IBAN application on electronic services (online, IVR)	Modifying all electronic services to receive and send transfers through IBAN	Al Rajhi Bank upon the request of CBJ
	Funding a commodity product	A product in compliance with Islamic rules. It gives the client the possibility of buying commodities (furniture, electric appliances) through the bank.	Internally developed
	E payment on IVR	Paying bills through the bank's electronic services. It is now applied through IVR	MADFOO3ATCOM and Al Rajhi Bank
	Partial settlement service	The service is for residential funding in the form of renting, enabling the client to settle part of the funding granted to him by the bank.	Internally developed
	Extra funding product	A product that is in line with Islamic Sharia rules. The client is given an extra personal funding (palm oil) after reviewing all his obligations to the bank, along with the possibility of restructuring installments to be proportionate with the debt burden of the client's salary.	Internally developed
	Implementing a personal funding by an intermediary company (third party)	A financial intermediary company is involved in implementation mechanism of personal funding as a third party. It provides financial brokerage in return of commissions and fees fixed according to contracts signed with clients for this purpose. They are licensed by laws, regulations and directives in force. Some of its purposes are providing the service of selling shares and/ or commodities in local, regional and international markets. Currently, the intermediary company that the bank is dealing with is Jordan Capital Investment.	Internally developed
	mutual investment	A product in line with Islamic laws. It is an account open to receive sums of money from depositors on the basis of joint mudarabah. Their owners entitle the bank to invest the money in its financing and investment transactions in general without being tied down to a certain project or investment program. Those accounts share in profits and losses according to the bank's business. Investment term available in the joint investment account is: - One month automatically renewed for a similar term(s), unless one party informs the other of his inclination for non renewal; - Three (3) months automatically renewed for a similar term(s), unless one party informs the other of his inclination for non renewal; - Six (6) months automatically renewed for a similar term(s), unless one party informs the other of his inclination for non renewal. The minimum limit of invested amount according to currency is as follows: 1. Dinar: 3000 2. Dollar: 5000 3. Euro: 5000	Internally developed
	International cash withdrawal service	A service to enable clients of Al Rajhi in the branches of Kuwait and Saudi Arabia to withdraw from their accounts at the Jordanian branches of Al Rajhi Bank.	Internally developed

Continued / Table (55) New services introduced by banks in 2014

Bank's name	Service's name	Brief description of service	Service supplier
Egyptian Arab Land Bank	Electronic bank statement service	Getting banks statements online	Access 2 Arabia
	E-Fawateercom service	Settling bills and subscription through fawateercom service via internet channels and mobile bank.	Access 2 Arabia
Rafidain Bank	Key Card	Withdrawal of pension salaries of Iraqi pensioners through the Pension Department, Iraq.	The International Company for the Smart Card
Citi bank	Mass Payment	A service that provides the clients with the possibility of uploading several transactions (transfers) into one file that includes the total amount of all those transfers. In this way, he can track all those transfers in one file through the electronic system of Citibank. The service is available only for local transfers.	Internally developed
	Late cash collection	Citibank provides the service of collecting money from clients during the weekends/ official holidays or after official working hours via Brinks co, the company officially adopted by Citibank.	Foreign supplier (Brinks Co) Third party
Standard Chartered Bank	E-Fawateercom	Paying bills online	Madfoo3atcom CBJ requirement
National Bank of Kuwait – Jordan	Displaying and collecting bills online E-Fawateercom	Comprehensive central system that aims at providing the service of showing and collecting bills and other payments electronically for bank clients.	External Madfoo3atcom
BLOM Bank	Marriage program	It enables couples to be to get credit facilities or open savings accounts that entitle them to enter drawings for valuable prizes and get discounts from participating companies.	
National Bank of Abu Dhabi	E-Fawateercom	The client can pay his bills through the bank	The Central Bank







## **Chapter Ten**

# **Human Resources in Banks Operating in Jordan**



This chapter reviews some selected indicators of human resources in the banks operating in Jordan, including the development of the number of employees according to gender (males and females); the distribution of employees of banks according to the educational qualifications; and the distribution of employees according to age groups, in addition to the distribution of employees according to the marital status; to the geographical area; and, finally, according to the number of employees enrolled in training courses and according to the bank. Resignations and appointments are also included.

## 1. Number of Employees

The number of employees in banks operating in Jordan increased in 2014 by 5.5% compared with 2013, thus reaching the number of 19433 employees of both genders.

**Table (56)**

### **Distribution of Bank Employees by Gender (2006 – 2014)**

Year	Males	Relative Distribution %	Females	Relative Distribution %	Total	Change percentage (%)
2006	9701	68.5	4464	31.5	14165	7.5
2007	10160	67.44	4905	32.56	15065	6.4
2008	10611	66.83	5267	33.17	15878	5.4
2009	10406	65.90	5384	34.10	15790	-0.6
2010	10938	65.84	5675	34.16	16613	5.2
2011	11434	65.91	5913	34.09	17347	4.4
2012	11765	65.85	6101	34.15	17866	3.0
2013	12188	66.16	6235	33.84	18423	3.1
2014	12816	65.95	6617	34.05	19433	5.5

Source: Banks' data

As for the distribution of bank employees according to gender, the percentage of males dropped from 68.5% in 2006 to 65.95% at the end of 2014. As such, the percentage of females went up from 31.5% in 2006 to 34.05% at the end of 2014. These statistics indicate a continued rise in the percentage of participation by both genders in the Jordanian banking sector positioning it with the highest gendered sector among Jordanian economic sectors.

## 2. Distribution of Bank Employees according to Academic Qualifications

The educational level for banks' employees continued to improve as those holding doctorate, masters, bachelor and higher diploma degrees accounted for 73.7% of the total number of employees at the end of 2014 compared to 59.7% in the year 2006. The number of diploma holders declined reaching 12.8% at the end of 2014. In addition, The percentage of workers who hold Tawjihi certificates or less drop to 13.4% at the end of 2014.

Table (57)

Distribution of Bank Employees by Education Level (2006 – 2014)

year	Doctorate		Master		Bachelor and higher diploma		Diploma		Tawjihi		Without Tawjihi		Total
	#	%	#	%	#	%	#	%	#	%	#	%	
2006	24	0.2	781	5.5	7654	54.0	2841	20.1	1347	9.5	1518	10.7	14165
2007	26	0.2	834	5.5	8638	57.3	2844	18.9	1268	8.4	1455	9.7	15065
2008	32	0.2	904	5.7	9402	59.2	2761	17.4	1224	7.7	1555	9.8	15878
2009	33	0.2	938	5.9	9304	58.9	2803	17.8	1206	7.6	1506	9.5	15790
2010	38	0.2	1043	6.3	10125	60.9	2677	16.1	1113	6.7	1617	9.7	16613
2011	38	0.2	1103	6.3	10781	62.2	2607	15.0	1119	6.5	1699	9.8	17347
2012	36	0.2	1146	6.4	11372	63.7	2595	14.5	1059	5.9	1658	9.3	17866
2013	42	0.2	1189	6.5	12035	65.3	2535	13.8	1046	5.7	1576	8.6	18423
2014	47	0.2	1247	6.4	13035	67.1	2486	12.8	1037	5.3	1581	8.1	19433

Source: Banks' data

### 3. Distribution of Bank Employees by Age Groups

The percentage of employees aged less than 25 years increased from 12.1% in 2013 to 13% in 2014, in addition the percentage of employees aged between 25 years and 39 years increased from 61.1% in 2013 to 61.4% in 2014. whereas the percentage of those aged between 40 and 59 years of age decreased from 26.4% in 2013 to 25.2% in 2014. in addition the percentage of those above 60 years of age and still employed from 0.5% in 2013 to 0.4% in 2014.

Table (58)

Distribution of Bank Employees By Age Group (2006 -2014)

Year	Less than 25 years		25-39 years		40-59 years		More than 60 years		Total
	#	%	#	%	#	%	#	%	
2006	2305	16.3	7812	55.1	3949	27.9	99	0.7	14165
2007	2541	16.9	8196	54.4	4251	28.2	77	0.5	15065
2008	2747	17.3	8944	56.3	4107	25.9	80	0.5	15878
2009	2277	14.4	9316	59.0	4089	25.9	108	0.7	15790
2010	2218	13.4	9956	59.9	4340	26.1	99	0.6	16613
2011	2431	14.0	10295	59.3	4534	26.1	87	0.5	17347
2012	2426	13.6	10687	59.8	4668	26.1	85	0.5	17866
2013	2232	12.1	11252	61.1	4856	26.4	83	0.5	18423
2014	2532	13.0	11930	61.4	4890	25.2	81	0.4	19433

Source: Banks' data

#### 4. Marital Status of Employees

The percentage of single employees to the total number of workers in banks went up to 38.3% in 2014 compared with 37.5% in 2013, whereas the percentage of married employees went down to 61.7% of the total employees, compared to 62.5% in 2013.

Table (59)

##### Distribution of Bank Employees By Social Status (2006 -2014)

Year	Singles		Married		Total
	#	%	#	%	
2006	6376	45.0	7789	55.0	14165
2007	6364	42.2	8701	57.8	15065
2008	6762	42.6	9116	57.4	15878
2009	6174	39.1	9616	60.9	15790
2010	6703	40.3	9910	59.7	16613
2011	6708	38.7	10639	61.3	17347
2012	6788	38.0	11078	62.0	17866
2013	6901	37.5	11522	62.5	18423
2014	7434	38.3	11999	61.7	19433

Source: Banks' data

#### 5. Geographical Distribution of Bank Employees by Governorate

The number of employees in banks in the governorate of the capital totaled 16301 male and female workers, or 83.9% percent of the total number of bank employees. The Irbid governorate accounted for 4.7% of the total number of banks workers followed by the Zarqa governorate which accounted for 3.7%. The Balqaa Governorate contributed with 1.7% of bank employees;Karak Governorate with 1.3%;Aqaba Governorate with 1.2%, while the remaining six governorates contribution to bank workers did not exceed 1% for each.

**Table (60)**

**Geographical Distribution of Bank Employees by Governorate at the End of 2014**

<b>Governorate</b>	<b>Number Of Employees</b>	<b>Geographical distribution of employees (%)</b>
Amman	16301	83.88%
Irbid	911	4.69%
Zarqa	713	3.67%
Balqa'	329	1.69%
Aqaba	239	1.23%
Al Karak	255	1.31%
Madaba	144	0.74%
Maan	122	0.63%
Jerash	108	0.56%
Ajloun	94	0.48%
Tafleh	69	0.36%
Mafraq	148	0.76%
<b>Total</b>	<b>19433</b>	<b>100.00%</b>

Source: Banks' data

\* The concentration of workers for each governorate = number of bank employees in the governorate / (overall number of bank employees)\* 100%

Table (61)

## Distribution of Bank Employees by Governorate and Bank at the End of 2014

Banks	Amman	Irbid	Zarqa	Aqaba	Balqa	Karak	Madaba	Maan	Jerash	Ajloun	Tafleeh	Mafraq
Arab Bank	2634	37	61	17	26	9	8	10	5	5	7	7
Jordan Ahli Bank	1188	58	52	19	48	12	11	12	10	0	13	9
Cairo Amman Bank	1227	108	43	28	46	29	20	24	16	13	9	24
Bank of Jordan	1287	87	50	11	18	8	10	7	10	9	0	11
The Housing Bank for Trade & Finance	1768	162	105	18	39	65	13	22	12	20	8	28
Jordan Kuwait Bank	884	28	41	13	19	5	7	0	0	0	0	5
Arab Jordan Investment Bank	701	14	18	13	0	0	0	0	0	0	0	0
Jordan Commercial Bank	654	34	11	13	23	11	14	0	0	0	0	9
Investbank	363	6	6	6	0	0	0	0	0	0	0	0
ABC Bank	440	7	6	6	5	7	6	0	6	0	0	6
Bank Al-Etihad	789	25	15	12	0	0	7	0	0	0	0	0
Societe General - Jordan	208	5	6	5	0	4	4	0	0	0	0	0
Capital Bank	530	5	15	7	0	0	0	0	0	0	0	0
Jordan Islamic Bank	1233	228	189	28	80	88	35	39	37	39	24	31
International Islamic Arab Bank	629	35	39	11	13	17	9	8	9	8	8	9
Jordan Dubai Islamic Bank	300	21	24	0	9	0	0	0	3	0	0	0
Al-Rajhi Bank	127	10	10	0	0	0	0	0	0	0	0	0
Egyptian Arab Land Bank	262	9	10	8	0	0	0	0	0	0	0	9
Rafidain Bank	22	0	0	0	0	0	0	0	0	0	0	0
Citi Bank	58	0	0	0	0	0	0	0	0	0	0	0
Standard Chartered Bank	207	7	0	6	0	0	0	0	0	0	0	0
Bank Audi	247	9	0	5	0	0	0	0	0	0	0	0
National Bank of Kuwait - Jordan	92	0	0	0	0	0	0	0	0	0	0	0
BLOM Bank	401	15	11	13	0	0	0	0	0	0	0	0
National Bank of Abu Dhabi	50	1	1	0	3	0	0	0	0	0	0	0
<b>Total</b>	<b>16301</b>	<b>911</b>	<b>713</b>	<b>239</b>	<b>329</b>	<b>255</b>	<b>144</b>	<b>122</b>	<b>108</b>	<b>94</b>	<b>69</b>	<b>148</b>

Source: Banks' data

## 6. Training Courses

In order to improve the skills of bank employees and develop their capacities and efficiency, banks operating in Jordan organized in their training centers a number of training courses for the employees in which 37070 male and female employees took part in 2014. The number of participants in training courses held in local training centers reached 5742 male and female employees, while the numbers of employees participating in training courses held abroad amounted to 520 male and female employees.

Table (62)

### Number of Employees who attended training courses in 2014

Bank	training centers of the banks		local training centers		training courses abroad	
	Males	Females	Males	Females	Males	Females
Arab Bank	3024	2226	402	130	17	2
Jordan Ahli Bank	2113	1018	198	85	116	54
Cairo Amman Bank	1707	1240	501	290	9	6
Bank of Jordan	5530	3392	59	31	7	7
The Housing Bank for Trade & Finance	1705	1033	339	122	48	4
Jordan Kuwait Bank	853	391	286	85	50	4
Arab Jordan Investment Bank	86	43	167	95	0	0
Jordan Commercial Bank	958	650	312	176	28	3
Investbank	55	41	43	14	19	1
Arab Banking (Corporation) Jordan	634	388	140	50	0	1
Bank Al-Etihad	1540	950	193	138	28	8
Societe General - Jordan	142	78	51	17	1	1
Capital Bank	184	109	237	111	14	2
Jordan Islamic Bank	2797	107	620	14	39	0
International Islamic Arab Bank	1232	356	122	44	19	0
Jordan Dubai Islamic Bank	48	65	23	84	0	0
Al-Rajhi Bank	75	21	84	18	2	0
Egyptian Arab Land Bank	15	17	77	50	2	3
Rafidain Bank	0	0	3	1	0	0
Citi Bank	824 *	702 *	0	9	3	5
Standard Chartered Bank	91	67	9	14	5	4
Bank Audi	75	70	30	20	5	3
National Bank of Kuwait	0	0	36	18	0	0
BLOM Bank	263	109	105	46	0	0
National Bank of Abu Dhabi	21	25	19	24	0	0
<b>Total</b>	<b>23972</b>	<b>13098</b>	<b>4056</b>	<b>1686</b>	<b>412</b>	<b>108</b>

\* Include online courses

- The above numbers may include duplication of the same employees who attended more than one course

Source: Banks' data

## 7. Resignations and Appointments

Banks operating in Jordan appointed 3014 male and female employees during 2014, compared to 2706 in 2013. The number of those who quit for all kinds of reasons reached 2301 male and female employees in 2014 compared to 2024 workers during 2013.

The 2014 staff turnover (total resignations / total employees x 100%) increased to 11.84% at the end of 2014 compared to 10.99% in 2013.

**Table (63)**  
**Appointments and Resignations (2006 – 2014)**

Year	Resignations*	Appointments	Staff Turnover Rate %
2006	1778	2761	12.55
2007	2131	3168	14.15
2008	2200	2857	13.86
2009	2229	2026	14.12
2010	2240	3202	13.48
2011	1909	2774	11.00
2012	1975	2426	11.05
2013	2024	2706	10.99
2014	2301	3014	11.84

\* Resignations includes all those who quit working for all reasons, voluntarily or retirement ....  
Source: Banks' data





## **Chapter Eleven**

**ABJ's activities in 2014**



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

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

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

Hereunder are the most outstanding ABJ activities in 2014:

### **A. Meetings of ABJ committees**

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

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

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

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

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

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

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

of bank fraud cases.

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

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

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

#### ❖ ABJ forms a committee to review forged checks phenomenon

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

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

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

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

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

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

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

A sample study of the actual situation of checks at the banking system was conducted. The sample study relied on the banks' answers to the survey prepared by the committee that covered the period of 2012-2013. Cases of abnormal check concentration were excluded from judging the sample. Representatives of Progress Soft Co reviewed the results of samples, focusing on the forgery cases that actually took

place and the monetary procedures to abort them. The study concluded that the percentage of checks forged by individuals was 60%, while the percentage of those forged by corporates reached 40%.

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

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

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

#### ❖ ABJ Legal Committee adopts a new draft for assignments

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

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

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

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

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

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

The participants also pointed out that the acknowledgment of assignment shall not be subject to any

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

## **B. Other meetings**

### **❖ The ABJ discusses developments on FATCA**

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

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

### **❖ Banks review possibility of establishing Solar Electric Generating Company**

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

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

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

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

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

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

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

He stressed that banks that agreed to take part should confirm their interest, as well as to take a decision

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

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

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

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

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

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

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

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

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

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

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

He concluded that there is a consensus on the merits of the out of court settlement project and that

it serves banks well, but this is based on the understanding that this project is not in controversy with Jordanian laws and legislations since it is an agreement between the bank and its client.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The first meeting was held on 11 Sep 2014 and representatives of ISTD and member banks attended

it. The meeting focused on ISTD's proposal to compute attachments and detachments between the department and banks through an ad hoc regulation.

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

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

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

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

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

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

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

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

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

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

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

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

Following that, banks' representatives expressed their feedback and suggestions on the proposed

system, as well as their remarks on the suggested MoU.

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

## **C. Seminars, lectures and training courses**

### **1. Workshops**

The ABJ held the following workshops in 2014:

#### **❖ A workshop on experiences of SMEs' funding**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### ❖ Workshop on alternatives to renewable energy funding in Jordan

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

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

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

## 2. Courses and training programs

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

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

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

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

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

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

- bank transactions; and, cooperating with diplomatic missions.
3. In the field of foreign currencies, the course clarified ways to monitor foreign currencies; running investment portfolios in foreign currencies; dealing with foreign currencies on a margin basis; running banks' assets/ liabilities in foreign currencies; buying and selling foreign currencies against Jordanian dinar; and, bartering the central bank's foreign currencies with Jordanian dinars.
  4. As regards the national payments system, the course focused on checks, clearing; the general terms and conditions of bank accounts in Jordanian dinar; cancellation of manual signatures; getting information from the clients' information center; Real-time gross settlement systems (RTGS); dealing with cash and forged cash; ministries' and governmental bodies' accounts at licensed banks; explaining the legal, contractual and supervisory obligations and duties that the banks and their employees have, and the violations and penalties on breaches; and, elaborating on the means and methods of dealing with central bank's instructions, memos and orders.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **D. Other activities and news**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### ❖ ABJ convenes its general assembly ordinary meeting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### ❖ ABJ board of directors meet Mayor of Amman

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

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

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

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

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

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

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

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

#### ❖ ABJ announces the creation of a credit bureau in Jordan

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

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

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

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

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

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

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

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

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

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

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

#### ❖ ABJ submits feedback on income tax draft law 2014

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

The study recommended the government to enlarge the taxpayers' base by stretching to those who

evade taxes, rather than by increasing tax burdens on those who pay. The required expansion required in Jordan's case, it added, should be horizontal rather than vertical.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## ❖ ABJ General Director meets the API delegation

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

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

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

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

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

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

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

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

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

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

#### ❖ Nabdh el Balad TV talk show hosts ABJ director

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

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

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

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

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

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

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

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

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

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

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

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

ABJ's General Director Dr. Adli Kandah said in a working paper on Banks' role in funding economic enterprises that all types of banks contribute efficiently to economic development in many ways. They

fund projects in both the private and public sectors, boost the idea of saving and investing, provide the different banking services to all sectors and efficiently distribute economic resources.

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

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

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

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

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

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

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

#### ❖ ABJ signs a cooperation MOU in training with Philadelphia University

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

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

PU's president Dr. Mohammad Ameen Awwad.

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

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

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

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

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

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

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

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

#### ❖ Arab Banks Conference recommends rules of institutional governance

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

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

Arab bankers called for activating the corporate social responsibility of the Arab banking and financial sector until it is complementary to that of the public sector. They also urged implementing inter-Arab economic projects that are apt to create tens of millions of job opportunities annually to absorb new comers to the Arab labour market. Widely spread corruption should be fought, along with bribery and

all sorts of financial fraud crimes, especially the tax evasion, they stressed, adding that legislations and reforms in this time of transition should be directed to ensuring political and security stability, as they are the guarantors of promising economic growth rates.

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

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

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

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

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

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

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

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

To face all that, the government adopted a national program for economic, financial and fiscal

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

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

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

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

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

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

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

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

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

He added that Arab countries still face transition challenges, as the state of political uncertainty

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

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

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

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

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

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

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

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

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

involvement in the economic activity.

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

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

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

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

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

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

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

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

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

Those measures relate to continued pumping of liquidity into the market, attempts to control interest and exchange rates, among others. However, there are prospects of a start of an improvement in the

economic conditions of some Arab countries this year, which might lead to increase economic growth to 5% in 2014, compared with 3.4% in 2013. This will increase the volume of nominal GDP of the Arab region to USD 2.86 trillion against USD 2.74 trillion.

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

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

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

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

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

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

Tarabay called for taking a number of measures to improve the economic situation. Those include improving the quality of education to cope up with the market needs; developing productive economic structures in close partnership with the private sector; developing the elements of building public administrative institutions; imposing the principles of good governance, accountability and transparency

in all fields; employing human and material resources in a rational and effective way; creating an ambient environment for investments that trigger growth; and, developing legislations and regulations that would form a positive incubator for investments, especially if accompanied by judiciary reforms, and getting engaged in agreements on economic openness and trade exchange with regional and international markets.

#### ❖ ABJ participates in discussing tax and investment laws

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

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

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

#### ❖ ABJ holds educational meetings on income and sales tax

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

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

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

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

#### ❖ ABJ General Director presents a paper on FATCA applications

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

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

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

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

#### ❖ ABJ takes part in returned checks' workshop at MOJ

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Dr. Kandah pointed out that the government introduced a new funding instrument to the Jordanian

market, which is the Islamic Sukuk funding, which is a financial instrument which entered the market after the endorsement of the Islamic Sukuk legislations comprising of a law, regulations and instructions in the past two years.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### ❖ Arab forum to discuss FATCA preparations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

incompliance; therefore, most banks resort to closing the uncooperative accounts.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

His Majesty stressed in the letter that the success of the future vision depends on following a participatory and consultative approach with all parties: governmental institutions, parliament, private sector, CSOs

and local communities. Success also relies on building on the institutional and accumulative efforts and studies such as the outcomes of privatization assessment committee, the governorates' development strategy and the national employment strategy, to benefit of them in drawing future economic and social policies.

#### ❖ ABJ General Director takes part in FATCA meetings

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

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

### E. ABJ Publications in 2014

The ABJ issued the following publications in 2014:

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

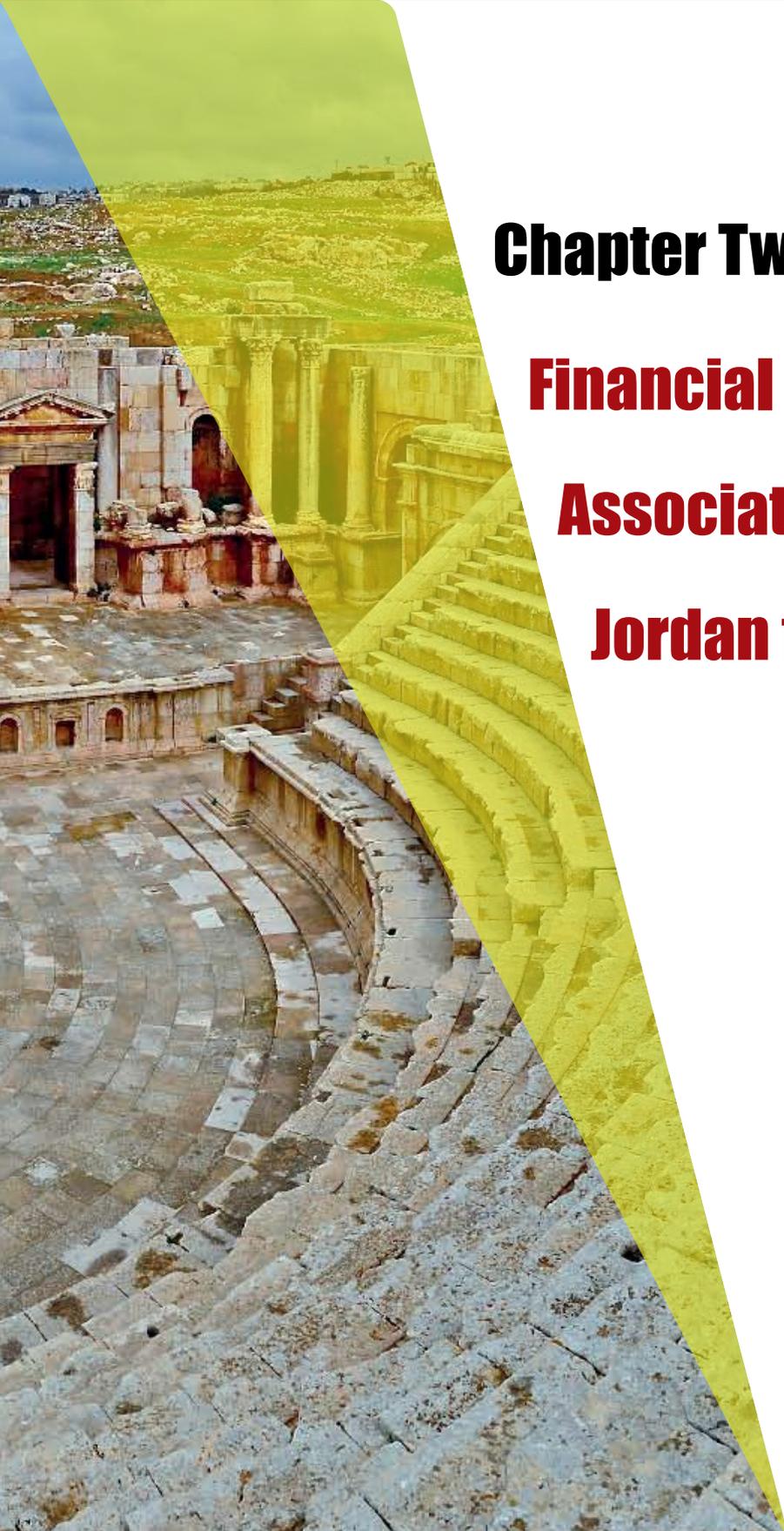
❖ **A guidebook to banks in Jordan:** The ABJ published in 2014 the 10<sup>th</sup> guidebook to the banks in Jordan. It included a comprehensive and invaluable amount of information on banks in Jordan, including an overview of each bank; names of head and members of board of directors of each bank and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

#### ❖ **ABJ series of booklets:**

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

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





## **Chapter Twelve**

# **Financial Statements of Association of Banks in Jordan for the Year 2014**



**ASSOCIATION OF BANKS IN JORDAN**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AT 31 DECEMBER 2014**

	2014 JD	2013 JD
<b><u>ASSETS</u></b>		
Non-Current Assets -		
Property and equipment	<u>1,411,667</u>	<u>1,457,445</u>
Current Assets-		
Accounts receivable and other current assets	15,501	32,135
Cash on hand and at banks	<u>2,018,340</u>	<u>1,903,993</u>
	<u>2,033,841</u>	<u>1,936,128</u>
<b>Total Assets</b>	<b><u>3,445,508</u></b>	<b><u>3,393,573</u></b>
<b><u>ACCUMULATED SURPLUS AND LIABILITIES</u></b>		
Accumulated Surplus -		
Accumulated surplus	<u>3,375,153</u>	<u>3,328,501</u>
<b><u>LIABILITIES</u></b>		
Non - Current Liabilities -		
End of service indemnity provision	<u>54,154</u>	<u>45,030</u>
Current Liabilities -		
Accrued Expenses	3,203	5,518
Other current liabilities	2,332	5,112
Due to banks	<u>10,666</u>	<u>9,412</u>
	<u>16,201</u>	<u>20,042</u>
<b>Total Accumulated Surplus and Liabilities</b>	<b><u>3,445,508</u></b>	<b><u>3,393,573</u></b>



**ASSOCIATION OF BANKS IN JORDAN**  
**STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 JD	2013 JD
<b>Revenues-</b>		
Membership fees	532,498	485,057
Banks magazine income	50,361	45,952
Workshops and seminars income	28,050	37,250
Bank Interest	94,237	70,870
Other income	<u>5,303</u>	<u>1,170</u>
<b>Total Revenue</b>	<b>710,449</b>	<b>640,299</b>
<b>Expenses -</b>		
Banks magazine expenses	(58,741)	(45,389)
Workshops and seminars expenses	(11,182)	(12,074)
Administrative expenses	<u>(593,874)</u>	<u>(519,873)</u>
<b>Total Expenses</b>	<b>(663,797)</b>	<b>(577,336)</b>
<b>Net excess in revenues over expenses for the year</b>	<b>46,652</b>	<b>62,963</b>

**ASSOCIATION OF BANKS IN JORDAN**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 JD	2013 JD
<b><u>OPERATING ACTIVITIES</u></b>		
Net excess in revenues over expenses for the year	46,652	62,963
Adjustments for:		
Depreciation	48,708	57,318
End of service indemnity expense	9,124	8,261
Changes in current assets and liabilities –		
Accounts receivable and other current assets	16,634	(17,523)
Accrued Expenses	(2,315)	2,715
Other current liabilities	(2,780)	(2,222)
Net cash from operating activities	<u>116,023</u>	<u>111,512</u>
<b><u>INVESTING ACTIVITIES</u></b>		
Purchase of property and equipment	(2,930)	(17,805)
Net cash used in investing activities	(2,930)	(17,805)
Net increase in cash and cash equivalents	113,093	93,707
Cash and cash equivalents at 1 January	<u>1,894,581</u>	<u>1,800,874</u>
Cash and cash equivalents at 31 December	<u>2,007,674</u>	<u>1,894,581</u>

## **ASSOCIATION OF BANKS IN JORDAN**

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