**Bank system in Jordan**

**Central bank of Jordan**

* **General information about Jordan**

**-Area:** about 89.3 thousand sq. km., of which 7.8% is agricultural land

-**Size of the Economy:** GDP for 2013 is around **JD 10.8** million at constant prices or **US$ 15.2** million.

**-Standard of living :** Per capita GDP at current market prices equals JD 3.652 or US $5.150. for 2013

**-Currency :** Jordan Dinar, which equals US $ 1.4104 , is fully convertible.

**-Major Trading Partners**: USA. EU, India & KSA

**-Major Exports:** Crude phosphate & potash, fertilizers, pharmaceutical products.

**-Major Imports**: Crude oil, machinery and its parts, machinery and electrical appliances & its parts, vehicles.

**-Age Structure:**

*Below 15 Years: 37.3%*

 *Above 15 Years*: 62.7%

**-Population:** 6.5 million

**-Population Growth**: 2.2%

**-Life Expectancy:**

Male: 72.7 years

 Female: 76.7years

* **Macroeconomic Indicators**

 **2003 2012**

**GDP growth: 4.3** 2.8

**Inflation (%) : 2.3** 5.6

**Foreign Reserves ($ bn): 6.6** 12.0

**Domestic Exports ($bn**): 2.4 6.8

**Unemployment rate (%):** 14.512.6

**External Debt (% of GDP):** 74.6 30.3

* **Banking systems**

-The Jordanian banking sector is one of the key pillars supporting the Jordanian economy and has a positive and active role in developing the national economy.

-Banks in Jordan registered a recognizable progress in all arenas in the past decade.

-The number of banks went up from 21 banks in 2003 to 26 banks in 2012.

-Indicators of the consolidated budget of banks operating in Jordan show that the total assets of banks recorded a noticeable increase that grew annually by 10.8% during the period of 2003-2012, reaching the amount of 39.3 billion JDs by the end of 2012.

* **Development in assets**

Total assets of banks operating in Jordan rose markedly by JD23.6 billion or approximately a 150 percent growth rate during the period 2003–2012. The total assets increased from JD15.7 billion at the end of 2003 to JD39.3 billion at the end of 2012, which means a 10.8 percent annual growth rate.

* **Development of deposits**

 Total deposits at the banks operating in Jordan rose gradually from JD10 billion in 2003 to JD25 billion at the end of 2012. The JD15 billion increase or 150 percent translates into a 10.4 percent annual growth rate. The percentage of total deposits to GDP at current market prices slipped from 137.9 percent in 2003 to 113.7 percent at the end of 2012.

* **Central Bank**

The Central Bank of Jordan (CBJ) was established as an independent legal entity in 1964 with a capital fully owned by the Jordanian government. The CBJ carries out several tasks; some of the most important of which are issuing of banknotes and coinage in the Kingdom, maintaining monetary stability, providing necessary liquidity for licensed banks and managing reserves of banks. It also seeks to enhance the security of the banking institutions through various means of control. The Central Bank also maintains and manages the Kingdom’s gold and foreign currency reserves and acts as a bank and a consultant for the government.

**-Objectives of CB :**

The CBJ focuses on achieving three national objectives which are:

1) Taking part in securing monetary and

financial stability.

2) Creating the comprehensive economic and social development of the kingdom.

3) Providing an attractive environment for investments.

**-Institutional goals of CB :**

1. Maintaining monetary stability.
2. Ensuring the convertibility of the Jordanian dinar.
3. Ensuring the soundness of the banking sector.
4. Maintaining the integrity and confidence in the Jordanian currency.
5. Promoting monetary and financial knowledge.

**-Banking control tools used by CB :**

1. Licensing: The Central Bank of Jordan is the sole authority to license Jordanian banks and their branches inside and outside the Kingdom.
2. Deskwork supervision: The Central Bank supervises and follows up on the financial situation of banks through the data and statements it periodically receives.
3. Field control: This type of supervision includes visits to banks to ensure their abidance by the laws, regulations and instructions in force and to evaluate the situation of banks in a comprehensive way especially the quality and administrative aspects that cannot be evaluated through financial reports and lists.

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