

# THE EFFECT OF CREDIT FACILITIES GRANTED BY COMMERCIAL BANKS ON THE JORDANIAN ECONOMY

Hanan Ahmad Al-Qudah, Al-Balqa Applied University  
Khawla Kasd Abdo, Al-Balqa Applied University  
Laith Akram Al-Qudah, Al-Balqa Applied University  
Omar Hani Abdraham, Al-Balqa Applied University  
Mohammad Zakaria Ahmad, Al-Balqa Applied University

## ABSTRACT

*This study aims to research upon the effect of credit facilities granted by commercial banks on the Jordanian economy and the objectives of research includes the identifying the impacts of credit ratings on the Jordanian economy along with providing suitable recommendations. Therefore, the research has been divided into five chapters that include introduction, literature review, methodology, data findings and conclusion. Credit facility is a type of agreement that is made with the bank along with the person or organisation in terms of taking credit.*

*The methodology of research study includes Positivism philosophy has been used as it helps in verifying accuracy of information with mathematical derivations. Deductive approach has been applied to identify the influence of credit facilities on the Jordanian economy to develop high quality analysis. Descriptive research design has been used so that collected information can be explained in a detailed manner along with charts and graphs. Primary method of data collection is used to determine all the results of using credit facility in the commercial bank of Jordanian economy with. Sample size includes information related with last 14 years.*

*It has been identified that the role of commercial banks in the Jordanian economy is a significant and the credit ratings are influencing the economy with drastic influence. The results of study also demonstrated that for enhancement in credit facilities of Jordan economy has significant relationship with the financial institutions and commercial banks of country. The study will contribute to the deep understanding of relationship between Jordan's economy and credit facilities granted by commercial banks.*

**Keywords:** Jordan Economy, Credit Facilities, Commercial Banks.

## INTRODUCTION

### Background of Study

In the present economy commercial bank is a type of financial institution that helps in accepting different types of deposits. As per the views of Al-abedallat (2017), credit facility is a type of loan that is being taken by Corporate financial for rupees in completing the operations and increase economic growth of the country. The credit facility that is granted by the commercial bank is effective in terms of development required to be made in the competitive market. An effective relationship is being examined between the financial institution or commercial banks and the growth of the economy in any country like Jordan. Growth of the economy plays a crucial role to help countries in developing their standard of living. Therefore, providing credit facility is

identified to be effective by the Jordanian banking sectors. Increase in the economic position can help the market to have both National and international investment indifference projects.

## **Background of Jordanian Economy**

In the year 2019, Jordan has undergone an important structural reform by introducing new regulations to govern different aspects of financial transactions. In collaboration with the World Bank and other development partners, development was identified within the economy in the past 5 years. Inclusive growth is identified that helps in reducing unemployment and gender inequalities. Identification of these medium-term reforms helped Jordan to plan development for its economy more and create an effective business and investment environment (worldbank.org, 2020). In the year of 2018 GDP growth was identified as 1.9 %. Balance of payment in Jordan is identified to be improved along with the help of having favourable trade process.

## **Rationale**

In the recent economy, unemployment pattern identified in Jordan was showing high intensity among youth, females and University graduates. On the other hand, along with the identification of financial performance rate in the year 2019, different challenges were faced by Jordan in domestic revenue sites due to Limited flexibility in the spending process. Granting credit facility is identified as a sort of loan that is provided to two different individuals or any commercial business (Alkhazaleh, 2017). As per the economic position of Jordan, credit facility can create issue in the growth facility of economy. Credit facility is determined as an issue now as from January to July operation in 2019 deficit of 70 % was identified in the financial performance and has also affected the GDP rate. This study sheds light on the effect of using credit facility among the commercial bank of Jordanian economy. It has been identified that the economy of Jordan remains a bit of stability along with the stability of the international market and its bilateral commitments towards the market.

## **Research Aim**

This study aims at identifying the effect of credit facilities granted by commercial banks on the Jordanian economy.

## **Research objectives**

1. To assess factor of credit rating in Jordanian economy
2. To critically evaluate impact of credit rating in Jordanian economy
3. To provide recommendations on credit rating in Jordanian economy

## **Research question**

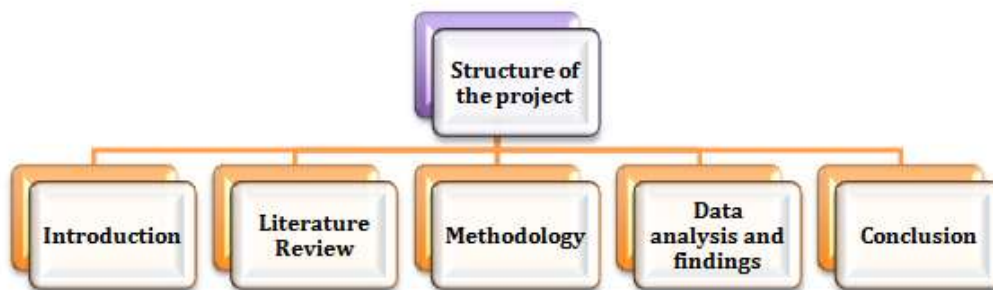
1. What are the factors affecting credit rating in Jordanian economy?
2. What is the impact of using credit facility in the commercial bank of Jordanian economy?
3. What are the ways in which credit rating in Jordanian economy can be enhanced?

## **Significance of study**

The significance of the study is to identify the impact of using credit facility on the commercial bank of Jordanian economy. In the research, it has been identified that GDP rate of the economy is not effective in the past few years. On the other hand, in the year of 2020-2021 forecast was made by World Bank in developing their GDP rate by 5.5%. Therefore the relationship between credit facility and economic growth over the economy of Jordan is required to be examined in terms of developing their operations in National and international market. This examination can help the study to obtain an effective result for determining a judgement over granting credit facility over the economy of Jordan.

### Structure of The Project

The research has been divided into five chapters that include introduction, literature review, methodology, data findings and conclusion (Figure 1).



(Source: Created by Author)

**FIGURE 1**  
**STRUCTURE OF THE PROJECT**

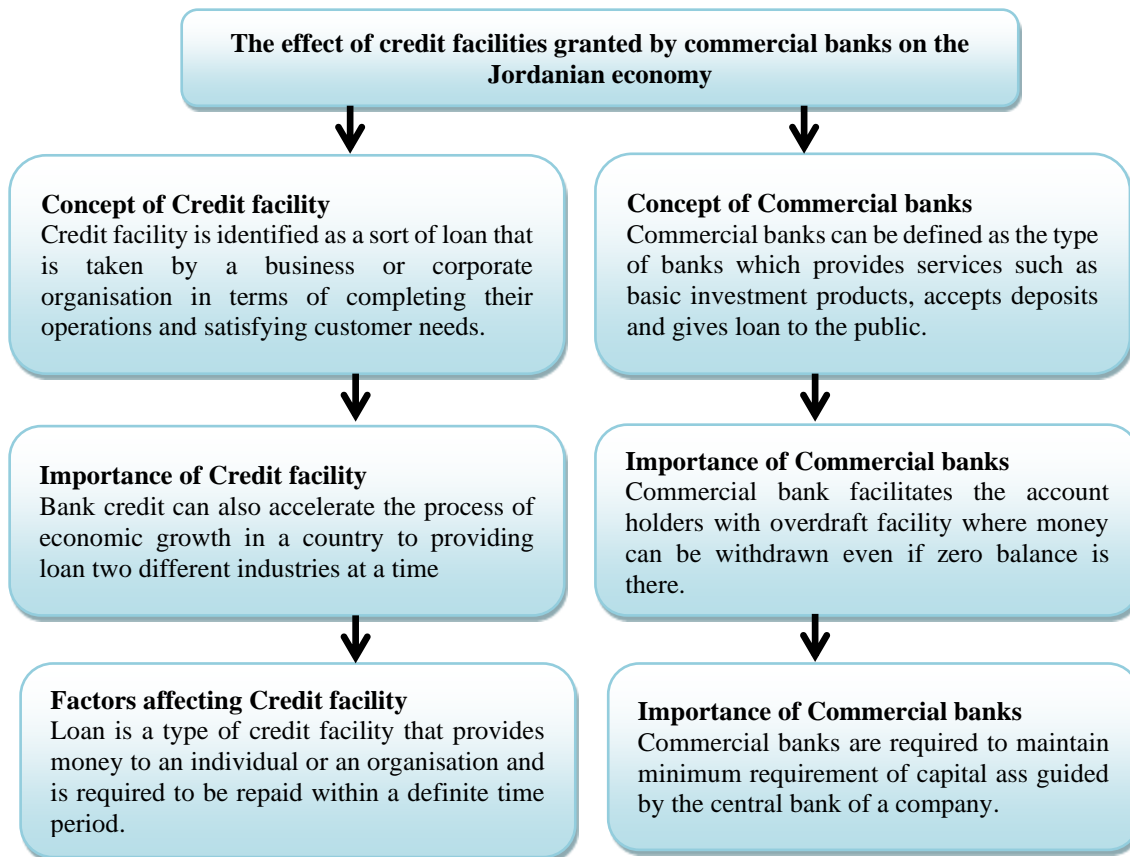
### LITERATURE REVIEW

This section of the study includes review of different literatures so that information can be collected on the research topic. Conceptual framework has been presented here providing the overview of theories and models used. Concept, importance and factors of the variables have been included here. Moreover, theories have been used for better understanding of the readers.

### Variable 1: Credit facility

#### Concept of Credit facility

In the words of Haddad et al. (2019), credit facility is a sort of loan made by a business to take out money within an extended period of time. Credit facility is identified as a sort of loan that is taken by a business or corporate organisation in terms of completing their operations and satisfying customer needs. The process is identified as a sort of umbrella loan in term of generator capital over an extended time period. Use of credit rating facility in a commercial bank incurred different types and provides huge facility all over the financial market. However, the credit facilities include the tendency of uncalled capital and day one issues during the successful operation of credit facilities due to significant concern of borrowers towards the identity of lenders and high rates of commercial banks (Figure 2).



(Source: Created by Author)

**FIGURE 2**  
**CONCEPTUAL FRAMEWORK**

### Types of Credit Facility

According to Al-abadallat (2016) Credit facility is a sort of agreement that is made with the bank along with the person or organisation in terms of taking credit. Moreover, credit facilities are being divided into many types that includes; Loan is a type of credit facility that provides money to an individual or an organisation and is required to be repaid within a definite time period. Loan can be determined in two distinct types that include demand loan and term loan and it contains negative consequences of overdue interest. Based on the knowledge of Al-abadallat (2016), cash credit process is secure by the way of mortgage of immovable properties. Packing credit is determined as a credit facility that is sanctioned to an exporter in the shipment stage in terms of purchasing raw material at a competitive rate. The major issue of packing credit includes the non-consent of bankers for offering a letter to the new importers of credit that is significantly bonafide the failures to take the letter of credit from particular brand and lead the failure of overall credit process. As the packing credit facility is easily available for the sellers or exporters but there is a drastic problem of being competent with the strict provisions.

As per the views of Obeid & Adeinat (2017), Overdraft is a credit facility that is provided to an account holder of a commercial bank. The credit balance in sanction to the account holder along with the mortgage of immovable properties. Other types of credit include bill discount, agricultural loan and many more that is required in terms of having effective business operations.

However, the Cash credit is a sort of credit facility where borrowers can take money anytime within agreed time limit for working capital in different operational processes. Although the cash credit has disadvantage of highly interest rate on the loan. The cash credit also subjected to minimum credit fees and charges and there is challenges of securing the payment either from borrower side and from land decide and it is also a temporary source of credit or finance.

### **Importance of Credit Facility in Modern Economy**

Sweis (2017), stated that in the modern economy use of credit, facilities are effective for business or an individual as funds can be borrowed to pursue economic transactions efficiently. In the perspective of country, credit facility is effective as it enables an individual or business to purchase their needs for different operations and the bank credit can also accelerate the process of economic growth in a country to providing loan two different industries at a time. Although the different types of credit instruments that include bill of exchange and international trade facilities helps in having effective movement of funds in the market but they all are subjected to market risks and uncertainties.

In the words of Osabohien et al. (2020), standard of living can be increased among the people as range of fund can increase profitability of a business and enhance economic structure as well. Transportation of commodities from one place to another can be made in an effective process along with the use of credit facilities that are provided by a country for the commercial banks. On the other hand, use of credit facilities is effective as it brings confidence in having effective operations along with the funds that are taken in the credit process. International trade can be enhanced by an organisation along with the use of credit facility as it is a safe and convenient fund that is borrowed from the commercial banks. The commercial banks also provide poor security because the banks are not allowed to expand the deposit by grant several loans unless the organisation perform proper securities. The strict policies of Central Bank and lack of cash is also a significant issue of commercial banks in the process of providing credit.

### **Relation between Credit facility and Economic Growth**

As per the words of Ananzeh et al. (2016), contribution of Islamic bank towards the development of economy in Jordan is been highlighted. The role of bank in financing process was identified to be effective as providing soft loan in several agricultural and rural development has helped the country to develop its current position and set up a proper productive project. Credit facility describes a sum of money that is provided to the customers and is required to be paid within the specific interest added on a proper time period. As discussed earlier economic growth can be effectively obtained through credit facility as production process can be enhanced along with the fund that is acquired from the banks. In the period during 1980 to 2012 it has been identified that financial banking sector has been developed in Jordan. The study has shown that the presence of bidirectional relationship between total funding process and GDP was been effective. Although the inflation and highly increasing credit at domestic level negatively correlated with the economic growth and this result in slow growth of economy due to Les opportunities of productive investments between the lenders and borrowers.

### **Variable 2: Commercial bank**

#### **Concept of Commercial Bank**

As per the views of Obeid & Adeinat (2017), commercial banks can be defined as the type of banks which provides services such as basic investment products, accepts deposits and gives loan to the public. They run their business in exchange of interests so that profits can be earned. They act as an intermediate between the reserve bank and end users or customers within the country. It is also known as a commercial bank. The factors which affects the Commercial bank as commercial banks are totally controlled by the reserve bank of a country. It has to follow the guidelines mentioned by the reserve bank.

Based on the understandings of Osabohien et al. (2020), commercial banks act as an intermediate between the reserve bank and end users or customers. The commercial banks are required to maintain minimum requirement of capital ass guided by the central bank of a company. The Commercial banks cannot increase rates as per their wish but has to depend upon the regulation of the central or reserve bank. Although the inflation and highly increasing credit at domestic level negatively correlated with the economic growth and this result in slow growth of economy due to less opportunities of productive investments between the lenders and borrowers.

### **Significance of Commercial Bank in Modern Economy**

Parekh et al. (2018), Commercial banks provide financial services to the customers or general public. This includes transfer of money from one place to another or collecting money instead of the public. The commercial banks provide loan to the general public in exchange of interests. Therefore, customers or account holders have to pay interest along with the principle amount at a fixed period of time. The commercial banks accept funds from the general public and keep them as deposits. These deposits help the customers in earning interest income at fixed interval of time. The commercial banks facilitate the public with locker facility where their personal belongings are kept with security.

Sweis (2017), stated that the commercial bank facilitates the account holders with overdraft facility where money can be withdrawn even if zero balance is there. The commercial banks facilitate the customers with cash management and treasury management facilities. It allows the customers with internet banking facilities at any corner of the world. Therefore, transaction accounts are maintained by the bank on the behalf of its customers. However, the commercial banks faces the issue of defaulter risk in the process of issuing credit to the borrowers and it also lead the possibilities of misuse or frauds in the credit process. The borrowers also faces time foundation and additional Bank fees in the process of borrowing loan from commercial banks.

### **Credit Scoring Models**

Based on the knowledge of Nehrebecka (2018), it can be determined that use of credit scoring model is normally represented a form of score that helps to maximize risk adjusted return from any financial institution. Credit scoring model is identified as a mathematical tool that is used in terms of estimating probability of the default. This probability measurement is used to trigger the credit event by the customers. However, market and other consumer behaviours can be changed rapidly in a specific economic cycle and can be expressed as a recession or expansion. The use of credit scoring models in an organisation helps in utilising effective credit factors through mortgage assets. The disadvantages of credit scoring includes the no mitigation and elimination of all the bad accounts and there is no certain it is and prediction of future changes in the quantifying process

of score deviations. The credit scoring also does not evaluate the characters and specific circumstances and their aspects.

### **Challenges that are Faced by Commercial Bank Due to Credit Facility**

In accordance with the study of Busari & Aminu (2017), high rate of interest is required to be provided to the commercial banks from the person or a business who has taken the credit facility. This can increase the liability or debt level in the commercial business and decrease liquidity level in the competitive market. Credit from commercial banks is identified as a boring facility for a certain time period and can make an issue in economic growth also. In terms of using credit facility budget that is made by an organisation in terms of having operations can be blown out with excessive expenditure level. Not only decreasing liquidity level but ability to pay off credit level can also be decreased. Commercial bank cannot increase rates as per their desire but has to depend upon the regulation of the central or reserve bank. Thus, they cannot abruptly increase their earnings even if they want to. A lot of documentation is required to be done by the commercial bank before giving loans to the customers. There is a risk of loss if the loan taker becomes bankrupt.

### **Literature GAP**

In the study process it has been identified that there are various factors found in the credit facility process within Jordanian economy. The effective the relationship between credit facility and economic development factor is also identified in the discussion. However, that has been found in the discussion process due to lack of data Anderson manipulated information. Link between commercial bank and Jordanian economics was identified to be missing in the study process and that's created a gap in the literature which is required to be considered in the future study process.

## **METHODOLOGY**

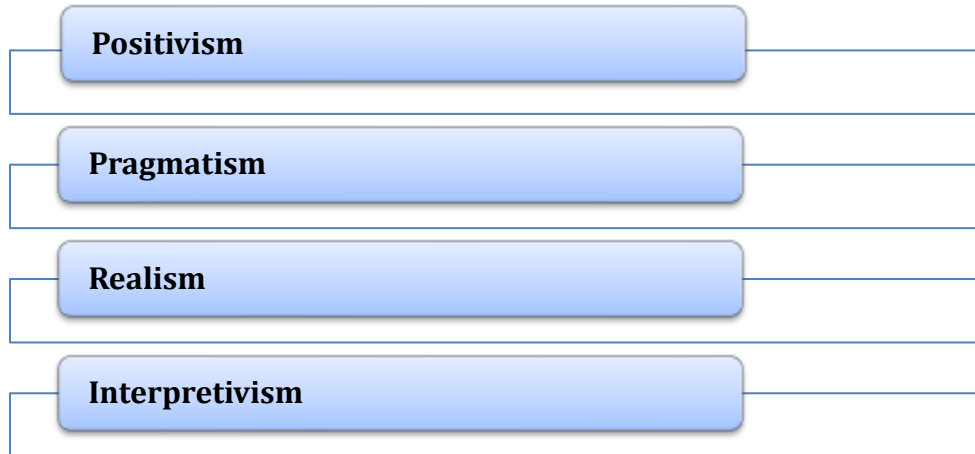
Research methodology can be defined as the methods using which information can be collected from different sources (Fletcher, 2017). This section of the study includes selection of methods with the help of which the research can be conducted. Therefore, selection of Research philosophy, Research Approach, Research Design, Data collection method, Sample size and sampling method has been done.

### **Research Philosophy**

As per the views of Meyer & Morin (2016), research philosophy includes the logic and reasoning which is used in the process of interpreting collected information. There are four types of research philosophy which includes positivisms, pragmatism, realism and interpretivism. Positivism includes collection of information which can be scientifically verified by the researcher using mathematical calculations. Pragmatism includes collection of information which can be proved with the help of theories and beliefs.

As commented by Katsirikou & Lin (2017), realism includes collection of information which comprises of practical information and facts. Lastly, interpretivism includes collection of information which can be interpreted in order to derive the conclusion. For this study, *positivism philosophy* has been used as it helps in verifying accuracy of information with mathematical

derivations. It also helps in presenting information which is factual that cannot be done with other research philosophies. The positivism philosophy will be utilised in the studied because it focuses on factual data which is gained from the significant observations and include the measurement with trustworthy analysis. However, the role of investigator in the process of collecting data with positive theory is limited including lack of interpretation and objectivity (Figure 3).



(Source: Created by Author)

**FIGURE 3  
RESEARCH PHILOSOPHY**

**Research Approach**

In the views of Krippendorff (2018), there are different research approaches that are used for analysing data. This includes inductive and deductive approach of research. Inductive research approach includes usage of theories and beliefs while interpreting collected information. On the other hand, deductive approach includes formulation of questions on the basis of which data can be collected.



(Source: Created by Author)

**FIGURE 4  
RESEARCH APPROACH**

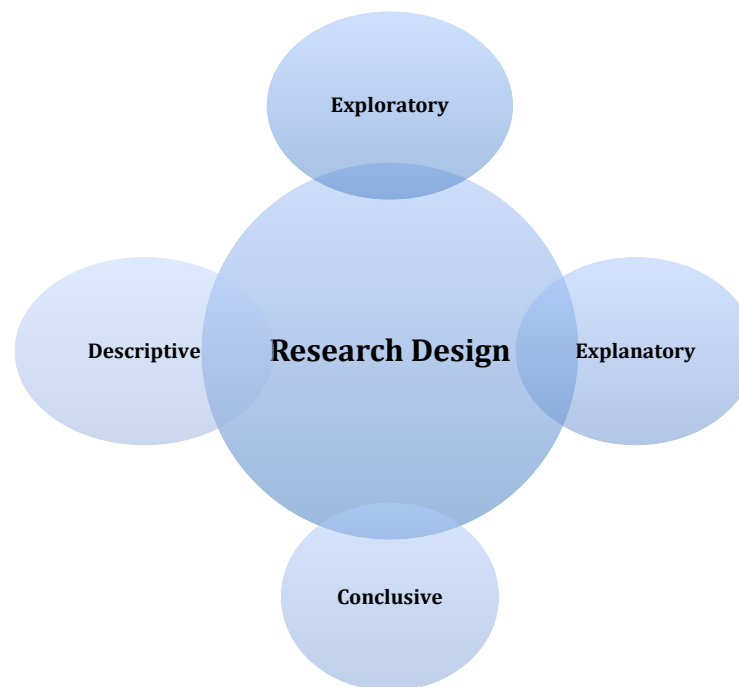
Deductive approach was identified in the study process where different answers were found regarding the problems that are faced in the economy. This is because deduction approach helps in collecting information which is specific to the research questions framed at the beginning. The deductive approach will be utilised in the studies as a research methodology because it provides the significant advantages of efficient explanation of possible and casual relationship between the concepts and project variables. Although the disadvantages of deductive approach included poor involvement of relevant people in the research project in struggling with understanding Figure 4.

**Research Design**



Based on the understandings of O'Brien et al. (2016), research design is the presentation of information in a specific way that makes it more presentable and understandable. There are four types of research design that includes descriptive, conclusive, exploratory and explanatory. Descriptive research design includes describing collected information in a detailed manner along with charts and graphs. Conclusive research design includes generating the findings which helps in decision making or concluding on information Figure 5.

Inspired from the views of Gray & Malins (2016), exploratory research design includes exploring information from different sources rather than concluding on something. Lastly, explanatory research design includes explaining collected information with the help of arguments and facts. Descriptive research design has been used in this study so that collected information can be explained in a detailed manner along with charts and graphs. No other designs facilitate with this feature for the research.



(Source: Created by Author)

**FIGURE 5**  
**RESEARCH DESIGN**

### **Data Collection Methods**

It is the method using which information is collected from different sources for a research. Currently, data collection methods are identified to be in two basic processes: primary and secondary.

As commented by the words of Parekh et al. (2018), primary process is basically incurred with survey questions and interview process. It aims at collecting personal experience of the participants. On the other hand, use of secondary method is for having an effective view on peer reviewed journals and articles. It aims at collecting information which is already existing and available.

Katsirikou & Lin (2017), Stated in the study, it has been identified that primary data collection method was used to determine all the results of using credit facility in the commercial bank of Jordanian economy. This is because, primary data collection methods help in collecting real time information which is not possible using the others Figure 6.



(Source: Created by Author)

**FIGURE 6**  
**DATA COLLECTION METHODS**

### **Sample Size and Sampling Method**

Simple random sampling method has been used in this study in order to select samples for the collection of information. Under this method information has been collected without any biasness (Harrison et al. 2017). Moreover, sample size includes information related with last 14 years. Moreover, samples relate with credit facility in the commercial bank of Jordanian economy.

### **Ethical Consideration**

In order to conduct a successful research, some ethical considerations need to be followed by the researchers that are mentioned below:

1. Firstly, information collected for this research has not been manipulated or misinterpreted.
2. Secondly, information collected will not be misused in any way by the researcher.
3. Thirdly, this research will not be used for commercial purpose but only for academic purpose.
4. Fourthly, academic misconduct such as plagiarism or cheating has been ignored for this research.
5. Fifthly, proper acknowledgment has been given to the scholars and writers from whom information has been collected.
6. Sixthly, information related with the participants has not been disclosed to the third party.
7. Lastly, prior permission was taken from the participants with the help of emails.

## **DATA ANALYSIS AND RESULTS**

This chapter of the study includes analysis of collected information in a logical manner so that readers can understand the same. Collected information is presented with the help of charts and tables for the purpose of better understanding and clarity. The quantitative method of representing data is utilising to interpret and demonstrating the outcomes of the study in the form of statistics and charts & graphs. The structure of representing risks includes the identified data to be represented in statistical form and then further goes weather interpretations.

### **Data Analysis**

Table 1 GDP 2005 – 2009 AT CURRENT MARKET PRICE			
Theme 1: Positioning of GDP			
Year	Month	local production	
2005	12	8925.4	7963.6
2006	12	10675.37	9362.78
2007	12	12131.43	10805.12
2008	12	15593.41	13971.2
2009	12	16912.21	15044.5

(Source: Created by Survey)



(Source: Created by author)

**FIGURE 7  
POSITIONING OF GDP**

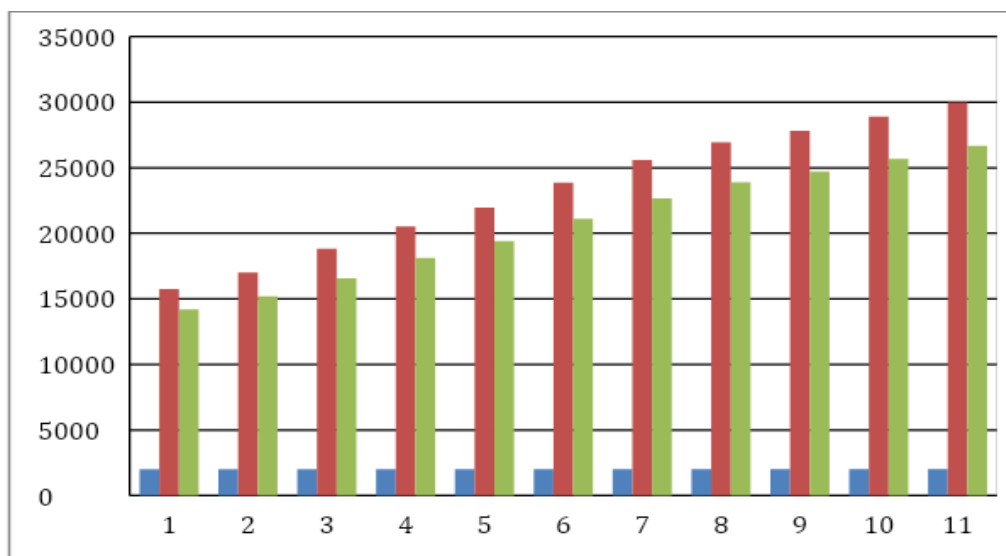
In the Figure 7 above GDP at the current base price is identified to be low in 2009 in comparison to that of GDP at the current market price level. Moreover, based on the figure above increase in the GDP rate is being identified from the year 2005 to 2009. Therefore, use of credit facility by the commercial bank is identified to be effective in this market stage. As per Adayleh (2018), increment in the rate of GDP is essential for an economy in order to improve its positioning in global market. So, presence of higher GDP in the current state of time is adequate for Jordanian economy that is the result of positive impact of credit facilities contribution. Analysis of gross domestic product in the present market price is 1001994 which are higher than the figure of previous periods. GDP is the net balance of goods and serves products by people residing in the country and the people operating in foreign country operation with economic activity excluding the depreciation on capital (Obeid & Awad, 2018). In this sense, GDP of Jordanian economy generated from economic activity is the surplus generated with significant contribution of credit facilities. Determination of GDP positioning from 2005 to 2009 for 12 months reflects the effectiveness of commercial bank and other financial institution for contributing in the overall economic development. Current positioning of the credit providing market is analysed as much efficient as it has ample of opportunities for providing credit assistance in population of Jordan

(Alhadab & Alsahawneh, 2016). Further, opportunities for enhancing credit facility can be made at the time of client faces higher amount of cash outflow. So, providing credit assistance to the clients is much efficient for enhancing liquidity balance of economy. This has positively affected the GDP proportion of Jordanian economy which has been analysed in above Table 1.

<b>Table 2</b>			
<b>GDP 2008 – 2018 AT CURRENT MARKET PRICE</b>			
Theme 2: GDP in current market price			
<b>Year</b>	<b>Month</b>	<b>local production</b>	
2008	12	15756.2	14198.9
2009	12	16999.9	15206.9
2010	12	18828.9	16577.9
2011	12	20524.3	18135.
2012	12	21964.	19403.3
2013	12	23868.5	21112.9
2014	12	25595.8	22647.4
2015	12	26925.	23889.9
2016	12	27829.6	24703.1
2017	12	28903.5	25678.8
2018	12	29984.1	26668.3

(Source: Created by Survey)

Determination of GDP in the current market price indicates adequate performance of the Jordanian economy as it is witnessing enchantment in the performance of credit facility situations of the country. In addition, determination of 11-year GDP at market price from 2008 to 2018 shows increment in the current year balance as compare to previous data. The amount 26668.30 is higher than the last year balance which is adequate for contributing in overall performance of Jordanian economy. According to Ismaiel et al. (2019), determination of GDP over the market price is an adequate measure for analysing the development rate of economy by comparing with previous one. Therefore, it can be said that implication of GDP current rate analysis in the process of determining credit rating facility's contribution is adequate for measuring performance. Apart from the performance, analysis of variance can also be done in the management of credit facility providers which helps in taking corrective steps for mitigation of issues. Determination of GDP at the market price indicates that the opportunities to enhance the credit facilities in Jordanian market have been enhanced. Besides this, in the year 2008 rate of GDP has analysed as 14198.90 which is much lower than the balance of 2018. Hence, the situation indicates that ample of development in Jordanian economy has been arises within the period between 2008 and 2018. This development has been arising in overall operations of each sector. However, in case of banking sector contribution of financial credit facilities is seems to be higher that helps in developing the economy. Apart from the economic development, providing credit facilities help the residence of Jordan for conducting economic services for the purpose of earning profit (Alhadab & Alsahawneh, 2016). This in turns aids positively to the development of economy Figure 8 Table 2.



(Source: Created by author)

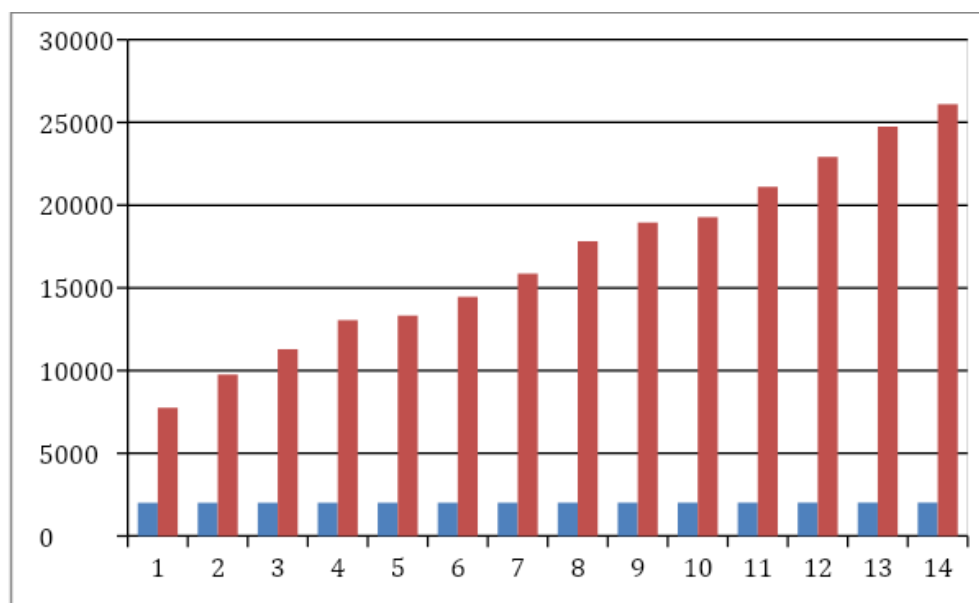
**FIGURE 8**  
**GDP IN CURRENT MARKET PRICE**

Theme 3: Total credit facility granted		
Year	Month	Credit facilities granted by the licensed banks
2005	12	7744.3
2006	12	9761.9
2007	12	11295.6
2008	12	13044.3
2009	12	13317.2
2010	12	14451.4
2011	12	15851.2
2012	12	17817.0
2013	12	18939.7
2014	12	19274.5
2015	12	21103.5
2016	12	22905.8
2017	12	24736.8
2018	12	26111.8

(Source: Created by Survey)

Determination of total credit facility granted within the Jordanian economy shows increment in overall performance of the economy. Moreover, the calculation has been made from 2005 to 2018 that helps in determined total amount of credit facility provided. Moreover, the performance of Jordanian economy in terms over credit facility providing is analysed as enhanced in current time period. Total families provided in 2018 were 26111.80 by commercial banks. Furthermore, in case of 2005 the number of provided facilities is 7744.30. Hence, development can be seen in the credit procrastinating opportunity of commercial bank that helps the generating adequate revenue and profitability by the bank. In addition to this, it helps in providing adequate contribution in the development of GDP of Jordanian economy. According to Ananzeh & Al-

Zararee (2016) enhancement in the performance of overall financial sector and economy of country can be made by determination of opportunities to expand operations. This positively aids in the performance of credit providers and credit seekers. Moreover, credit facilities provided by license banks are one million dinars in the current course of time that positively effects the development of economy. Determination of credit facilities issues and its mitigation strategy helps in enhancing the opportunities for credit facilities. Furthermore, inclusion of financial data from central bank of Jordan reflects the proportion of development has been made due to the credit facilities provided by commercial banks. Further, determination of credit facility in the market price indicates the proportion of earnings generated in economy with help of credit facility opportunities. So, further arrangements for enhancing the credit facilities can be made for increasing rate of GDP and development in economy. Hence, this helps in enhancing profitability of the economy Table 3 Figure 9.



(Source: Created by author)

**FIGURE 9**  
**TOTAL CREDIT FACILITY GRANTED**

### CONCLUSION

Commercial banks play an important role in the modern economy as different types of bill payments and funding processes or investments are made along with the help of commercial banks. In the commercial bank use of credit facilities are important as it helps in creating fund for different operational sectors. Objective that is set in the study analyses that impact of using credit facility over the commercial bank can provide an effective outcome. Literature gap is found due to lack of data that can affect the main outcome of the study. Moreover, there are different other issues that can be faced by the economy of Jordan as credit facility is a sort of loan that is taken by an individual and commercial business. It has been identified that the study sheds light on stability of the Jordan market in terms of operating based in international market activities.

In case of enhancing credit facilities in the economy of Jordan there is a strong relationship between financial institutions and bank of the country. In economy of Jordan presence of adequate relationship between the credits provides and banks improves the positioning of the country in the

global economy. Performance of the country has been developed as much as required for operating efficiently in the market through the usage of credit facilities. The analysis of GDP development in Jordan from 2005 to 2019 it has been analysed that rate of GDP on 2009 is less than the rate of current times. Moreover, usage of credit facility in the economy of Jordan is seems to be more adequate than the past balances which is positively impacting in the contribution of banks in development of the country by the use of credit facilities.

In the process of researching the data along with determination of issues regarding credit facilities in Jordan economy usage of deductive approach of data analysis has been made. Using this approach of analysis is adequate for identification of issues associated with credit facility providence in economy of Jordan. In addition to the issues, analysis of solution for enhancing the contribution of credit facility providers in the economic development has been made adequately. Issues have been identified with the help of primary data collection method. Further, use of primary data collection method in commercial bank's credit facilities in Jordan is efficient for determination of its contribution in overall development of economy.

### **Objective Linking**

Analysis of credit facilities in Jordanian economy has been made having an objective of determining its contribution in overall economic development. Hence, the major objective of determining Development rate of the economy has been fulfilled with the study. Usage of primary data question has identified as efficient for analysing the issues related to credit facilities of commercial bank in Jordanian economy. Besides this, determination of enhancement strategies for credit rating of credit facilities has been obtained that helps in taking mitigation strategy for the issues. Similarly, further the study aligns the future scope for enhancing economic development through credit facilities.

### **Recommendation**

In order to reduce the issues in credit facility system of Jordanian economy and contributing in its development following are the recommendations must be implemented by the credit factory provider:

1. Credit facilities of the Jordanian economy adequate link must be made within commercial bank and Jordanian economy for enhancement of economic development.
2. For the purpose of contributing in the development of economy potential breakdown associated with credit facility repayment must be mitigated by the commercial bank of Jordan.
3. Enhancement of lending opportunities must be made in the economy of Jordan for the purpose of enhancing profitability by credit facility. Hence, enhancement in the credit facilities is efficient for contributing wards the GDP rate of the country.
4. Credit rating for the commercial bank credit facilities can be improved by mitigating the issues associated with the bank credit facility. Moreover, determination of credit facilities must be made as an issue mitigation strategy within the management of commercial banks.

### **Future Scope of The Study**

Conducting further study associated with credit facilities in Jordanian economy is essential for the research of this developing economy. Moreover, enhancement of credit rating opportunities related to Jordanian economy can be made by conducting similar study in future course of action.

Establishing the same study for determination of other financial institution's contribution in the economic development is essential. Usage of this study for the purpose of overcoming issues associated with credit facilities can be made as strategy of determining variance in performance. Hence, corrective steps can be taken by the financial institution and commercial bank for mitigation of variance and increment in development.

## REFERENCE

- Adayleh, R.M., (2018). Determinants of inflation in Jordanian economy: Fmols approach. *Journal of Internet Banking and Commerce*, 23(2), pp.1-19.
- Al-abedallat, A.Z., (2016). Factors affecting credit risk: An empirical study of the Jordanian commercial banks. *European scientific Journal*, 12(34), pp.307-308.
- Al-abedallat, A.Z., (2017). The role of the Jordanian banking sector in economic development. *International Business Research*, 10(4), p.139.
- Alhadab, M., & Alsahawneh, S. (2016). Loan loss provision and the profitability of commercial banks: Evidence from Jordan. *International Journal of Business and Management*, 11(12).
- Alkhazaleh, A.M.K., (2017). Does banking sector performance promote economic growth? Case study of Jordanian commercial banks. *Problems and Perspectives in Management*, 15(2), 55-66.
- Ananzeh, I.E.N., & Al-Zararee, A.N., (2016). Examining the dynamics relationship between gold, oil prices and stock markets: Experience from Jordan Economy. *European Journal of Business and Management*, 8(27), 135-142.
- Ananzeh, I.E.N. (2016). Relationship between bank credit and economic growth: Evidence from Jordan. *International Journal of Financial Research*, 7(2), pp.53-63.
- Busari, S.A., & Aminu, S.O. (2017). The application of ar-raham-based micro-credit facility as an alternative instrument for poverty alleviation in Nigeria. *Journal of Islamic Finance*, 6(1), 051-064.
- Fletcher, A.J. (2017). Applying critical realism in qualitative research: Methodology meets method. *International journal of social research methodology*, 20(2), 181-194.
- Gray, C., & Malins, J. (2016). *Visualizing research: A guide to the research process in art and design*. Routledge.
- Haddad, M.F., Alshannag, F.M., Eneizan, B., & Odeh, M.H. (2019). Impact of the Jordanian commercial banks on financing small and medium enterprises in Jordan. *International journal of academic research in business and social sciences*, 9(3), 16-26.
- Harrison, H., Birks, M., Franklin, R., & Mills, J. (2017). Case study research: Foundations and methodological orientations. In *Forum Qualitative Sozialforschung/Forum: Qualitative Social Research*, 18(1).
- Ismail Abuamoud, D., Ibrahim, A., & Hijawi, L.L., (2019). Estimating the economic impact of tourism in the north of Jordan through the IO approach. *European Research Studies Journal*, 22(1), 254-266.
- Katsirikou, A., & Lin, C.S. (2017). Revealing the "essence" of things: Using phenomenology in LIS research. *Qualitative and Quantitative Methods in Libraries*, 2(4), 469-478.
- Krippendorff, K. (2018). *Content analysis: An introduction to its methodology*. Sage publications.
- Meyer, J.P., & Morin, A.J. (2016). A person-centered approach to commitment research: Theory, research, and methodology. *Journal of Organizational Behavior*, 37(4), 584-612.
- Nehrebecka, N., (2018). Predicting the default risk of companies. Comparison of credit scoring models: LOGIT vs Support Vector Machines. *Econometrics*, 22(2), 54-73.
- O'Brien, K.K., Colquhoun, H., Levac, D., Baxter, L., Tricco, A.C., Straus, S., Wickerson, L., Nayar, A., Moher, D., & O'Malley, L. (2016). Advancing scoping study methodology: A web-based survey and consultation of perceptions on terminology, definition and methodological steps. *BMC health services research*, 16(1), 305.
- Obeid, R., & Adeinat, M. (2017). Determinants of net interest margin: An analytical study on the commercial banks operating in Jordan (2005-2015). *International Journal of Economics and Financial Issues*, 7(4), 515-525.
- Obeid, R., & Awad, B., (2018). The effect of trade openness on economic growth in Jordan: An analytical investigation (1992-2015). *International Journal of Economics and Financial Issues*, 8(2), 219.
- Osabohien, R., Osuagwu, E., Osabuohien, E., Ekhatior-Mobayode, U.E., Matthew, O., & Gershon, O. (2020). Household access to agricultural credit and agricultural production in Nigeria: A propensity score matching model. *South African Journal of Economic and Management Sciences*, 23(1), 11.
- Parekh, D., Amarasingam, A., Dawson, L., & Ruths, D. (2018). Studying Jihadists on Social Media: A Critique of Data Collection Methodologies. *Perspectives on Terrorism*, 12(3), 5-23.



- Rajha, K.S. (2016). Determinants of non-performing loans: Evidence from the Jordanian banking sector. *Journal of Finance and Bank Management*, 4(1), 125-136.
- Sweis, K.M.H. (2017). The effect of Palestinian banking credit facilities on the Palestinian economy. *International Journal of Economics and Financial Issues*, 7(4), 677-684.
- worldbank.org (2020), *WORLD BANK*. Retrieved from: <https://www.worldbank.org/en/country/jordan/overview>