

Creditworthiness and its Effect on Improving Performance of Commercial Banks in Jordan

by

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Abstract

The aim of this study is to identify creditworthiness and its impact on improving the performance of Jordanian commercial banks and to evaluate these creditworthiness according to a set of objectives and their impact on improving performance in Jordanian commercial banks. To measure the hypotheses of the study and achieve its objectives, the researcher relied on a questionnaire distributed to the commercial banks of Jordan and the number of 13 commercial banks, 280 questionnaires were distributed, 252 questionnaires were retrieved after being filled out by the credit officers. 5 questionnaires were excluded for not filling all the paragraphs. 247 questionnaires were analyzed using the IBM SPSS for Exploratory Factor Analysis and IBM AMOS Confirmatory Factor Analysis. The results of the study showed that there is a statistically significant relation between the factors of the customers' variables and the variables of the bank on improving performance in the Jordanian commercial banks. In light of these results, the study made a number of recommendations. The most important of these recommendations are the importance of the Bank's attention to liquidity ratios and cash flow forecasting ratios when analyzing the financial statements of the credit facility applicants and the need for the Bank to adopt conservative credit policies to avoid high risk projects despite high returns. Credit facilities Take into consideration the credit record when deciding to grant a credit facility to ensure that the customer is able to pay.

Key words: Creditworthiness, Performance of Bank, Credit.