

The Impact of Ownership Structure on The Banking Risk in Jordanian Commercial Banks

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Abstract

This study aimed to examine the impact of the ownership structure on banking risks in Jordanian commercial banks. In order to achieve the objectives of the study, the quantitative approach was adopted in this study, which focuses on describing the study sample and its variables, and then testing the hypotheses. The study population included all the Jordanian commercial banks in the Amman Stock Exchange, and After verifying the published financial reports, all the 13 commercial banks were accredited during the time period (2014-2019).

The results of the study concluded that there is no statistically significant effect of the concentration of ownership on credit risks in Jordanian commercial banks, and it revealed the existence of a statistically significant effect of the ownership of the board of directors on credit risks in Jordanian commercial banks, where the ownership of the board of directors plays a major role in formulating the various decisions that can affect the activities of banks and thus may lead to an increase banking credit risks.

Based on the results of the study, the researcher made several recommendations, including the need to develop clear governance policies that enhance governance, and the necessity to separate the executive management from the board of directors to reach the highest reduction in banking risks, and the need to ensure that information reaches all investors with high transparency and without discrimination between small investors and large stakes investors.

Keywords: Ownership structure, banking risks, Jordanian commercial banks.