

"The Evaluation of profitability by using the relationship between liquidity and efficiency of investing funds in the Jordanian commercial banks listed in Amman stock exchange"

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Al-Zaytoonah University of Jordan, 2023

Abstract

The aim of this study was to evaluate the profitability measured by (ROA, ROE, EPS and P/E) by using the relationship between liquidity measures (cash liquidity, legal liquidity and legal reserve rate) and efficiency of investing funds measured by (credit facility employment, investment employment and deposit employment) in the Jordanian commercial banks listed on the Amman stock exchange. To achieve the study's objectives, data was collected from historical financial statements and reports published by Amman stock exchange for 12 commercial banks, during (2010-2021). For testing the study's hypotheses, appropriate statistical methods were used the statistical package (SPSS).

The study found a very strong relationship between cash liquidity and legal liquidity on the efficiency of investing funds in Jordanian commercial banks listed on the Amman Stock Exchange, and the absence of a relationship between the legal reserve rate

and the efficiency of investing funds in these banks. The study results also a relationship between the investment employment and the profitability measures in Jordanian commercial banks. And there was no relationship between liquidity indicators (cash liquidity, legal liquidity, legal reserve rate), and indicators of the efficiency of investing funds (credit facilities employment, deposits employment) on the measures of profitability in these banks. The study recommended that Jordanian commercial banks must employ liquidity in areas that achieve efficiency, effectiveness and sustainability in achieving the Bank's goals. They should employ liquidity in credit facilities and on many type of investment to achieve levels that increase profitability measurement and achieve the planned objectives.

Keywords: Investment Funds, Jordanian Commercial Banks, Liquidity, Profitability