

The Risk Factors and their Effect on Jordanian Commercial Banks Performance.

الأردنية التجارية البنوك أداء على وأثرها المخاطر

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Abstract

This study aims to investigate the impact of risk factors on the performance of Jordanian commercial banks listed in Amman Stock Exchange, in addition to exploring the role of Asset-Liabilities Management in determining the performance of Jordanian commercial banks through microeconomic risk factors based on a sample of 13 banks' data extracted over the period from 2004 – 2018. The data for the study sample was collected from published financial annual reports of the commercial banks. To test the hypothesis, the researcher adopted the SPSS analysis (mean-standard deviation, and regression model). The summary of the study results is; the performance of Jordanian commercial banks is significantly affected by macroeconomic and microeconomic risk factors in dissimilar direction. There is a positive relationship between GDP and banks' performance (ROA-ROE). At the same time, the microeconomic risk such as liquidity risk is affected positively on banks' performance, while the credit risk and operational risk affected negatively on the bank's performance. Finally, the Asset-Liabilities Management strategy improved the performance of Jordanian commercial banks by 20% to 25%. One of the most important recommendations is that Jordanian commercial banks need to improve modern techniques for measuring risks to meet the increasing demand for financial risk reduction.

Keywords: Macro, Micro, Risks, ALM, Performanc.