THE IMPACT OF INTERNAL ACCOUNTING AND EXTERNAL ECONOMIC INDICATORS ON FINANCIAL PERFORMANCE IN COMMERCIAL BANKS IN JORDAN

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Abstract

The purpose of this study is to examine the impact of internal accounting and external economic indicators on the financial performance of commercial banks in Jordan. To achieve this goal, the data was collected to test the study hypotheses through the banks' financial statements for the period (2009-2014), and using the statistical program. It was found that there was a significant statistical effect for the independent variable in the internal accounting indicators (bank liquidity, adequacy of capital, bank size, financial leverage) and the external economic indicators represented by economic growth rate and annual inflation on financial performance, as well as there was a significant statistical effect for each of the independent variable dimensions on financial performance.
وبناء على نتائج الدراسة قدم الباحث عدة توصيات منها: ضرورة تركيز البنوك على رفع مساهمتها بالنتائج المحلي الإجمالي وكذلك ضرورة زيادة الاهتمام بالتقلبات التي تحدث في البيئة التي تعمل بها هذه البنوك عند اتخاذ القرارات التي تؤثر على درجة الرفع المالي.
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Abstract

This study aimed to demonstrate the impact of internal accounting and external economic indicators on financial performance in the Jordanian commercial banks. In order to achieve this goal, the researcher measured internal indicators by (banks’ liquidity, capital adequacy, banks’ size, financial leverage) and external economics indicators by (GDP and the annual rate of inflation). Data reared to test the hypotheses of the study, was collected through the banks’ financial statements information which is represent the study sample for the period (2009-2014), and by using the statistical program (E. view): The results show there is an impact statistically significant to Both internal and external indicators on financial performance in Jordanian banks, more specifically there statistically significant for each dimension of the independent variable on financial performance impact. Based on the results of the study, the researcher suggested several recommendations, including: the need for banks to focus on raising its contribution to GDP, as well as the need for increased attention to the fluctuations that occur in the surrounding environment when making decisions that effect on financial leverage degree.