

**THE GLOBAL FINANCIAL CRISIS AND ITS IMPACT
ON THE FINANCIAL SECTOR IN JORDAN:
APPLIED STUDY ON FINANCIAL COMPANIES LISTED IN AMMAN STOCK EXCHANGE**

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ABSTRACT

The study adopted a comprehensive survey of companies listed on the Amman Stock Exchange, in order to identify the most important effects of the global financial crisis on the financial sector in general, and its constituent sectors particularly in Jordan, Through the movement of the index for each sector of the financial sectors, the study found that Jordan like other countries in the world has been affected by the global financial crisis, but to a lesser extent due to the lack of modern financial instruments in the financial market such as derivatives. The study found also that the financial sectors in Jordan has recorded a sequential decline it was most severe in the diversified financial services sector, followed by the real estate sector and the banking sector varied, then the insurance sector, where it notes that the diversified financial services sector and real estate sector have been a sharp rise at the beginning of 2008 so they are the most affected at the time of the global financial crisis, as shown by the similarity of the study of vulnerability to a large extent. The study also found that the financial sector in Jordan in general affect the performance of the Amman Stock Exchange, which confirms the leadership of the financial sector in Jordan for the performance of the Amman Stock Exchange. Finally, the study provided a number of recommendations including the reduction of interest rates in general, to increase liquidity in the market, and the reduction of bank interest rate reasonable, especially on residential projects.

Keywords: *Global Financial Crisis, Amman Stock Exchange, Financial Sector in Jordan, Banking Sector in Jordan, Insurance Sector in Jordan, Diversified financial services sector in Jordan, Real Estate Sector in Jordan.*

1. INTRODUCTION

The world has many of the former global crises, but in this time the world is undergoing the worst global financial crisis after the economic crisis of the Great Depression (1929), Where the implications of the crisis spread from America, the source of the crisis to Europe and other developed and developing countries, and the Arab countries in general and Jordan in particular.

The global financial crisis began with distinction from the mortgage, banking, and insurance companies, to turn into the economic crisis affecting the economy in kind, cast a shadow over the various economic sectors, the real, what is the impact of the global financial crisis on the different components of the financial sector in Jordan, banks, insurance, diversified financial services and real estate?

2. PROBLEM STATEMENT

The problem of the study lies in identifying the effects of the global financial crisis on the financial sector in general and its constituent sectors in particular.

3. RESEARCH QUESTIONS

The problem of the study lies on answering the following questions:

- 3.1. What is the impact of the global financial crisis on the banking sector in Jordan?
- 3.2. What is the impact of the global financial crisis on the insurance sector in Jordan?
- 3.3. What is the impact of the global financial crisis on the diversified financial services sector in Jordan?
- 3.4. What is the impact of the global financial crisis on the real estate sector in Jordan?
- 3.5. What is the most affected sector between the financial sectors in Jordan as a result of the global financial crisis?

3.6. To what extent the financial sector companies in Jordan affected as a result of the global financial crisis, compared to companies registered in the Amman Stock Exchange?

4. OPERATIONAL DEFINITIONS

4.1. Financial sector: The financial companies listed on the Amman Stock Exchange, which is traded in the market, whether first or second, including the banks sector, insurance, diversified financial services, and real estate

4.2. Industrial sector: The industrial companies listed in Amman Stock Exchange, which is traded in the market, either the first or the second sector includes appear, leather, textile and electrical industries.

4.3. The service sector: Service sector companies listed in Amman Stock Exchange, which is traded in the market, either the first or the second sector includes technology and communications sector and the benefits of energy

4.4. Amman Stock Exchange (ASE) :A securities exchange located in Jordan, it is the only formal market for trading securities in the country.

4.5. The financial crisis: A sharp and sudden disruption in some economic balances followed the collapse of a number of financial institutions to extend its effects to other sectors.

4.6. Capital markets crises - Bubbles: is the high price of assets in excess of fair value.

4.7. Index: Indicators show the prices of stocks and determine the general direction of prices, and are used to measure changes in stock prices during a certain period compared with the other.

5. DETERMINANTS OF THE STUDY

5.1. The problem studied is modern and emergency.

5.2. Lack of sufficient previous studies of the topic.

5.3. Difficulty of communication with officials to take their views because of the sensitivity of the subject.

6. LITERATURE REVIEW

6.1. THEORETICAL BACKGROUND

6.1.1. Roots and Spread of Financial Crisis (Mansour, 2009)

The roots of the financial crisis began in the late seventies and early eighties at liberalizing the financial system in both the U.S. and Britain of the restrictions on the currency; leading to the transmission of liquidity and capital between countries, and confine the role of central banks to move interest rates, and thus took control of monetary theory; and shrinking role of government in the economy of respect for the monetary theory, as people moved away from the Keynesian school.

This was followed by the emergence of the financial model for Shultz in the United States in 1973, which is used as a basis to evaluate the derivatives, which have contributed to the emergence of many inventions in the financial instruments that help lenders the ability to provide risk, and the consequent proliferation of these tools has led to the emergence of markets for these tools, and the emergence of insurance companies that use them, which led to bubble after the bubble in the market.

In 1999 when the U.S. government tend to abolish the law of Glass - Stiegman which was issued in 1933, has grown the world's giant investment banks rely to invest in real estate as a major or total income, where the investment bank after the signing of the contract directly to the infusion to be able to lend to others through the pooling of these loans are in bonds sold to others and get them on the liquidity of the loan again, was adopted by the investment banks, insurance system on the debt to the insurance companies

This led to the emergence of giant companies such as AIG, which nearly bankrupt without the support of a loan of \$ 20 billion, and was even a few years, investment banks such as Lehman Brothers and Merrill Lynch by example in the world.

The global financial crisis of 2008–2009 began actually in July 2007 (Wall Street Journal, 2007). when a loss of confidence by investors in the value of securitized mortgages in the United States resulted in a liquidity crisis that prompted a substantial injection of capital

into financial markets by the United States Federal Reserve, Bank of England and the European Central Bank (Norris, 2007; Elliott, 2008).

With the growing bubble, investment banks have become more in need of liquidity, which called upon them to lend to those who do not have any credit history or who are considered high-risk ratios, and found the sovereign investment funds and non-US companies an opportunity to invest in U.S. bonds with insurance through financial instruments, and therefore the burden is transferred from the United States to other major countries and rich countries that have investment funds.

When the demand for homes declined, prices have decreased by 16% in the past two years in America. With a decline in property prices the owner is unable to repay the debt, and began moving property losses to the bank, who was convicted by an investment firm that bought the debt insurance company bonds, which brought him to investment funds and investment banks, which fall like giant Clement Brothers, and thus the quake spread from, the village to the city, and the economy as a whole and the world. It is estimated that beyond the problem of America's 10.6 trillion dollars, and is expected to reach 62 trillion.

The problem then spread to the rest of other developed countries that have invested in the U.S. market, and the central bank began in those countries have developed billions of dollars in reserve to deal with the problem.

The Arab oil countries, which invested in the financial markets, particularly in the U.S. market more than 400 billion dollars in the past four years of surplus oil revenues, according to the report of the Observer, it is expected to be the size of the loss of the funds the Arab and Asian 4 billion dollars.

However, Al Duffy (2009) says that the losses in the Arab world as a result of the recent financial crisis \$ 350 billion dollars, and Kuwait's foreign minister said that the global economic crisis in terms of cost in the Arab countries amounted to 2.5 trillion dollars over the last four months only (Minister of Foreign Affairs of Kuwait, 2009).

6.1.2. Jordan and the financial crisis The year 2008 is considered a major economic challenge for many countries in the world, and projections indicate that it does not stop at this point, the situation may deteriorate further if sufficient actions not taken to address the implications of the crisis facing the world today after the global economic balance is becoming very difficult (His Majesty King Abdullah II, 2008)

The decline in the volume of trading in the real estate market in Jordan during the first two months of (2009) year by 34% to \$ 577 million versus 879 million Jordanian Dinars during the same period of 2008 (Alrai, 2009^a).

Jordan has been affected by the global financial crisis like other countries, but we must mention the following important notes with regard to Jordan:

1. Banks in Jordan is not a pure investment banks, as is the case in America, where the giant investment banks collapsed due to lack of sources of income for the retail industry and commercial transactions.
2. In Jordan complex financial instruments is not used, so it is not exposed to the quake, Arab investors will find that in the Jordanian market, despite its small size, but more durable and less prone to fluctuations
3. Jordan's free market of the use of financial instruments so complex, it is not an exhibition of this quake, but on the contrary, the Arabs will find some investors that the market in spite of its small size, more robust and less vulnerable to fluctuations in the serious money abroad.
4. Interdependence between the Jordanian financial market and financial markets in the Gulf, which calls for the transfer of fear of the markets in the Gulf to Jordan's financial market

What we have seen in the Jordanian market decline in the performance of the financial market causes due to:

1. Crisis is not a credit crisis, as happened in the West, but a liquidity crisis.
2. Accompanied by the global financial crisis with the liquidity crisis in Jordan, because of what happened in the fraud by some companies that claimed to deal with the global equity markets pulled from the market about (1-1.5) billion Jordanian dinars.
3. Misunderstanding of the impact of global changes on Jordan as a developing country.

6.1.3. Amman Stock Exchange in Jordan

Jordan began trading stocks since the early thirties of twentieth century where trading is done through a market unregulated by some brokerage firms, so that the issuance of Law No. (31) for the year 1976, by which the establishment of the Amman Financial Market and orderly market as a regulatory and operational at the same time the market has been meet the financial needs of investors until the mid-nineties, which started witnessing significant shifts in the securities industry.

Securities law issued in Jordan in 1997 and the establishment of the Securities and now is the author of legislation and supervision of operations and oversight.

Finally, the Amman Stock Exchange was set up under the securities law as a financial institution, and administratively independent of the private sector, non-profit and to fulfil the role assigned to the Executive an orderly market for trading securities in Jordan under the supervision of the securities commission.

It also established the Centre for the deposit of securities under the law as an independent institution managed by the private sector, and as a single licensed to the conservation of the stock ownership and supervision of clearing and settlement (Tadawol, 2009).

In 2004 the financial market in Jordan Has been divided into the first and second markets, in the inclusion of certain conditions must be achieved by the company registered in the second market, and then transferred to the first market, such as: the passage of a full year to include the company's shares in the second market, the ratio of net equity in net earnings Pre-tax, net equity in the company, and shares in the company free of charge to the number of shares subscribed by.

The new version of the trading system launched for the development of trading in the stock market and increase the absorptive capacity of the electronic trading system, where quality is a significant shift in the national capital market, especially in light of linking trading systems, electronic systems with the SDC and the new regulations to control the securities which have been used with the launch of this project (Tarif, 2009^a).

6.1.4. The Sectors in Amman Stock Exchange

Amman Stock Exchange Includes three key sectors: the financial sector, the services sector, and the industrial sector, each of which contains a set of sub-sectors, as shown in the following table:

Table 1: major Sectors, the proportion they represent in the market

Sectors	Market 1	Market 2	Number of Companies	(%)
Financial Sector	62	51	113	50.50%
Service Sector	25	27	52	23.21%
Industrial Sector	30	29	59	26.34%
Total	117	107	224	100%

Source: Amman Stock Exchange, Available: <http://www.exchange.jo>

6.2. REVIEW OF PREVIOUS STUDIES

Al-Anani (2009) said The economic situation in Jordan has a strong structure, which makes it able to overcome the global crisis, and to take advantage of some of the opportunities that could have a result, if confirmed to all that the strong economic management of Jordan and the Jordanian economy strong and stable, which makes it the best destination investment, trade and economic interaction in all its forms. The vulnerability in the capital market, the banks of Jordan is very limited, and subject to containment. As explained what happened in the Amman financial market, where the index fell to its lowest level to the minimum (3000) points, after pre-crisis and improve the record (6000). That a state of fear and panic than in the global markets. Note that the impact on the Jordanian stock markets is limited because of their privacy and are almost completely independent of the events in the global and regional bourses.

Wazani (2009) reached the decrease of financial market in Jordan because of the unjustified fear of the absence of a genuine links with the outside world and fear about the concept of liquidity, however, for fear of collapse, and the exploitation of the reservation policy in the area of good governance, and the roofs of dealing and trading of reassurance, his fear also comes from the fall in the prices of real estate as a result of the absence of demand, so flexibility is required in handling and ceilings intervene to protect the small investors not to

allow circulation without nominal value (market share), has been recommended by the adoption of a general framework a new international regulation of financial markets in accordance with regulations to ensure that the manipulation in the market, and stocks and development of the concept of market-oriented economy by giving greater freedom in the controls and governance rational.

Al-Nessor (2008) reached the impact of financial crisis will vary from one country to another, depending on the complexity of its economy with the global economy and that the Gulf states will be most affected, and the reaction of Arab financial markets has been exaggerated as a result of investors said they have watched the erosion of stock prices in world markets and the withdrawal of foreign investors from the Arab markets. The impact of the U.S. mortgage crisis on Arab banks is limited, and resulted in government intervention to provide liquidity to banks to derive a liquidity crisis. The researcher believes that there will be a strong influence in the current period of infrastructure projects in the real estate sector. The researcher recommends that in the next phase to focus on how Arab economies deal with this crisis, and to avoid more shocks.

Al-Billawi (2008) said the reasons for the current financial crisis lies on shifting from the real economy to the financial economy, which is based on financial instruments linked to the assets in kind, however, has led to greater volumes of debt, and the absence of control of central banks to investment banks, and lack of control over the financial intermediary institutions. The collapse of global stock markets is attributable to three factors is the head of the expansion of high-credit risk for companies operating in the area of real estate mortgage, and the inability of financial institutions to carry out the initiatives of the real estate acquisition, and the government's inability to provide jobs promised. Finally, the researcher believes that this crisis was a moral, social, and political at the same time.

7. STUDY METHODOLOGY

7.1. Scope of the Research: In this research, we investigate financial companies listed on the ASE because of the ease of access to the data from these companies; these companies are obliged to send its financial statements for this market. Another reason to study these companies it shows the actual results of financial companies trading on the Amman Stock Exchange and the extent of change in the market during the financial crisis. Therefore, this study is descriptive in purpose, and aims to give a clear picture of the affection of the global financial crisis on the financial sector in Jordan, through the study of financial companies listed on the Amman Stock Exchange during the period from 1-1-2008 to 31-12-2009

7.2. Population and Sample: We have a community study of all the companies included in the financial sector, the Amman Stock Exchange / Securities Market I and II. The study found that the community consists of (62) company registered in the market 1, and (51) company registered in the second market, and a total of (113) financial company in the Amman Stock Exchange as shown in detail in the table (2), it represents a rate (50.50%) of companies listed on the Amman Stock Exchange. Moreover, the researcher adopted the method of the comprehensive survey of the community of study.

Table 2: Characteristics of the tariff for the financial sector as companies registered by the market, which represents a sample of the study.

Main Sector	Sub-sectors in main sector				
	Sub-sectors	Market 1	Market 2	Total	(%)
Financial Sector	Banks	15	1	16	14.16%
	Insurance	13	15	28	24.78%
	Diversified financial services	17	16	33	29.20%
	Real estate	17	19	36	23.01%
Total companies in the financial sector		62	51	113	100%

Source: Amman Stock Exchange, Available: [http:// www.exchange.jo](http://www.exchange.jo)

7.3. The Unit of Analysis: The Company registered in the Amman Stock Exchange.

7.4. Data Collection: Secondary data represented in books, studies and articles relevant and available information about companies in the Amman Stock Exchange. The Preliminary data were represented in a number of non-structured interviews with managers in financial firms, as well as with a number of managers in the brokerage firms in the Amman Stock Exchange; in order to clarify the variables that can be relied upon.

7.5. Variables and measurements: The study included consideration of a number of variables such as: index, the extent of the change in the index during the period from 1-1-2008 to 31-12-2009, which took place during which the global crisis.

7.6. Instrument Validity: we have consulted with a number of arbitrators in the Administration and Finance about the proposed study variables for the validity of the measurement, their proposals has been made by, making an analogy to a high degree of apparent sincerity

7.7. Data Analysis Methods: We have been using the (Statistical Package for Social Sciences-SPSS), for access to percentages and the development of appropriate illustrations and graphs.

8. THE RESULTS OF THE STUDY AND ANALYSIS

8.1. Discuss the Study Questions.

To answer the questions the study has been monitoring the performance of companies registered in the four branches of the financial sector: banks, insurance, diversified financial services and real estate sector, index extraction and change during the period from 1/1/2008 to 31-12-2009 as shown in table 3:

Table 3. The index and CHG. (%) of listed companies in the financial sector and subsystems: Banking sector, Insurance sector, Diversified financial services sector, Real estate sector in the Amman Stock Exchange

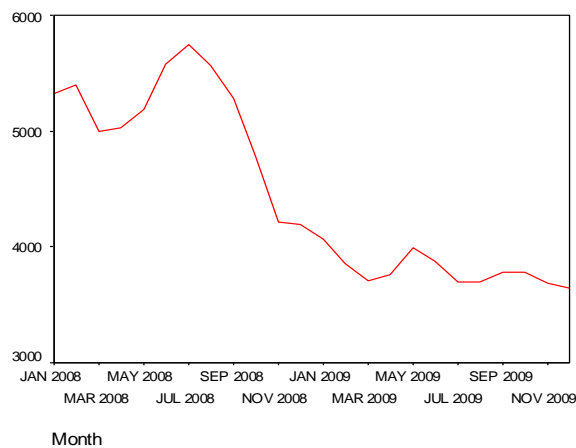
Month	Banking sector		Insurance sector		Diversified financial services sector		Real estate sector	
	Index	CHG. (%)	Index	CHG. (%)	Index	CHG. (%)	Index	CHG. (%)
Jan 2008	5319.50	3.85	3670.00	0.45	9083.80	0.71	8017.30	2.47
Feb 2008	5395.07	1.42	3643.98	(0.71)	8661.75	(4.65)	7885.71	(1.64)
Mar 2008	4995.50	(7.41)	3582.76	(1.68)	8450.44	(2.44)	8002.10	1.84
Apr 2008	5028.45	0.66	3613.09	0.85	8474.40	0.28	8282.21	3.50
May 2008	5182.13	3.06	3770.72	4.36	8800.00	3.84	8564.39	3.41
Jun 2008	5578.42	7.65	4179.03	10.88	9824.16	11.64	8318.78	(2.87)
Jul 2008	5748.28	3.04	4011.88	(4.00)	9447.20	(3.84)	8077.62	(2.90)
Aug 2008	5563.64	(3.21)	4001.04	(0.27)	9380.92	(0.70)	7985.63	(1.13)
Sep 2008	5286.90	4.97	3929.60	1.79	8757.60	6.64	6999.80	12.36
Oct 2008	4784.21	(9.51)	3461.10	(11.92)	6568.83	(24.99)	5480.44	(21.71)
Nov 2008	4217.14	(11.85)	3327.32	(3.87)	5121.94	(22.03)	4420.36	(19.34)
Dec 2008	4196.26	(0.50)	3231.07	(2.89)	4796.19	(6.36)	3879.00	(12.25)
Jan 2009	4063.90	(3.15)	3009.51	(4.32)	4609.57	(3.89)	4016.55	3.55
Feb 2009	3851.56	(5.22)	3096.90	0.18	4670.77	1.33	4259.83	6.06
Mar 2009	3712.22	(3.62)	3126.32	0.95	4986.53	676	4551.38	6.84
Apr 2009	3760.60	1..30	3214.10	2.81	5861.48	17.55	4504.37	(0.92)
May 2009	3988.68	6.07	3237.12	0.72	5186.76	(11.51)	4471.57	(0.77)
Jun 2009	3879.78	(2.73)	3077.16	(4.94)	4569.75	(11.90)	3957.89	(11.55)
Jul 2009	3700.89	(4.61)	2870.38	(6.72)	4264.72	(6.68)	3600.66	(9.03)
Aug 2009	3702.02	0.03	2755.47	(4.00)	3988.42	(6.48)	3256.95	(9.055)
Sep 2009	3786.72	2.29	2938.52	6.64	4822.94	20.92	4028.25	23.68
Oct 2009	3786.91	0.00	2861.67	(2.62)	4419.97	(8.36)	3507.55	(12.93)
Nov 2009	3688.65	(2.59)	2860.82	(0.03)	4057.44	(8.20)	3337.81	(4.84)
Dec 2009	3646.76	(1.14)	2837.97	(0.80)	3618.35	(10.82)	3131.03	(6.20)

Source: Amman Stock Exchange, Available: [http:// www.exchange.jo](http://www.exchange.jo)

8.1.1. The Results of Question 1: What is the impact of the global financial crisis on the banking sector in Jordan?

To answer this question, and depending on the results that appeared in Table 3 on the performance of listed companies in the banking sector during the period from 1-1-2008 to 31-12-2009 have been drawn curve represents the index during the study period, as shown in Graph 1.

Graph 1: Curve represents the index of the Banking sector in Jordan during the study period

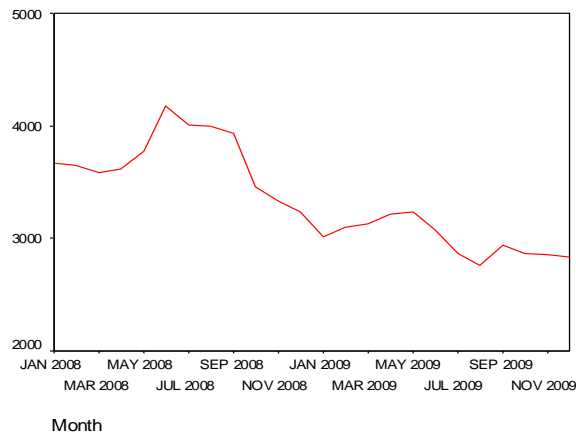


Seen from chart 1., The index in the banking sector is slow in the beginning of 2008, and then recorded some gains during the four months following back, then declined sharply from August until the end of the year, and was the largest monthly drop in October and November, during the first months of 2009 recorded decreases was less severe and simple, then it rose from the month of March 2009, but returned later and declined during the May to July of 2009, and then marked a period of relatively stable during the rest of the months of the study.

8.1.2. The Results of Question 2: What is the impact of the global financial crisis on the insurance sector in Jordan?

To answer this question, and depending on the results that appeared in table 3 on the performance of listed companies in the insurance sector during the period from 1-1-2008 to 31-12-2009 have been drawn curve represents the index during the study period, as shown in Graph 2.

Graph 2: Curve represents the index of the insurance sector in Jordan during the study period

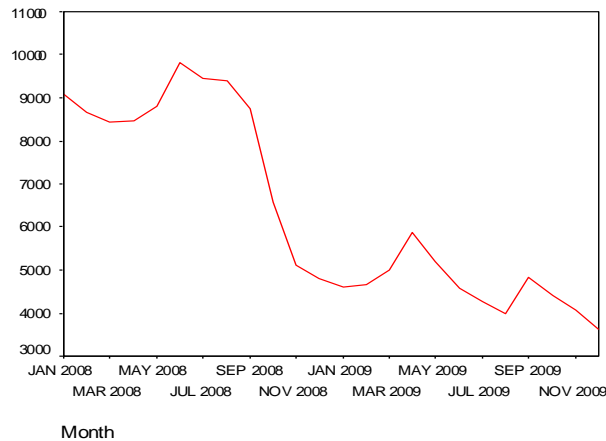


Seen from the chart 2., that the index of the insurance sector have registered a decline at the beginning of 2008 to the end of March, and then began to rise up begin the month of June after sequential decline until the end of the year registered the highest decline in the month of December, also notes the decline to continue until the month of January 2009. Then a gradual rise again until the month of May of 2009, But he later returned to record a sharp decline continued until the month of August of 2009 to re relative stability in recent months of the study.

8.1.3. The Results of Question 3: What is the impact of the global financial crisis on the diversified financial services sector in Jordan?

To answer this question, and depending on the results that appeared in table 3 on the performance of listed companies in the Diversified financial services sector during the period from 1-1-2008 to 31-12-2009 have been drawn curve represents the index during the study period, as shown in Graph 3.

Graph 3: Curve represents the index of the diversified financial Services sector in Jordan during the study period

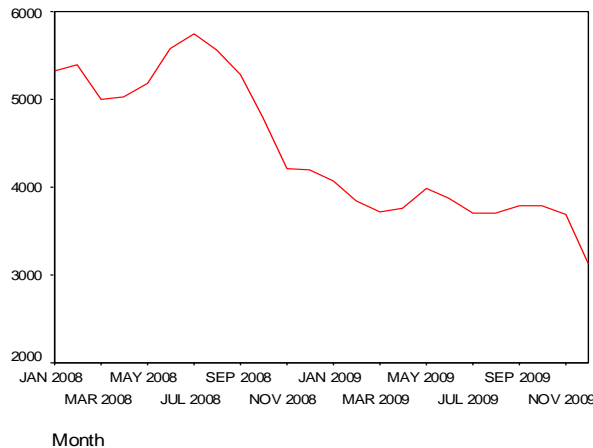


Seen from the diagram that the index of diversified financial services sector recorded a fall in the first four months of 2008 and then recorded some increase at the end of June and then appeared to decline in the beginning of July until the end of the year 2008, which recorded the highest decline in the month of October, then began to rise slowly since the beginning of 2009 until April of 2009, but later returned to record a sharp drop continued until the end of 2009 year to restore the relative stability in recent months of the study.

8.1.4. The Results of Question 4: What is the impact of the global financial crisis on the real estate sector in Jordan?

To answer this question, and depending on the results that appeared in table 3 on the performance of listed companies in the real estate sector during the period from 1-1-2008 to 31-12-2009 have been drawn curve represents the index during the study period, as shown in Graph 4

Graph 4: Curve represents the index of the Real estate sector In Jordan during the study period



Seen from the chart 4., that the index of the real estate sector had recorded a rise during the first five months of 2008, and then began a sharp decline from the month of July to the end of December at its lowest in that month, to return later and recorded some increase in the simple first three months of the year 2009, followed by some stability until the month of May of 2009, but later returned to record a sharp decline that continued until the month of August of 2009, followed by some rise in September 2009 to re-drop until the end of the study period.

These results are consistent with official data, which said the volume of trading in the real estate market in Jordan has declined during the first two months of this year by 34% to 577 million dollars against 879 million Jordanian Dinars during the same period in 2008 (Alrai, 2009a). Also, fell during the first eight months of 2009 increased by 38% compared to the same period last year, according to the monthly report issued by the Department of Lands and Survey Total revenue fell until the end of August 2009 by 38% to a 174.2 million

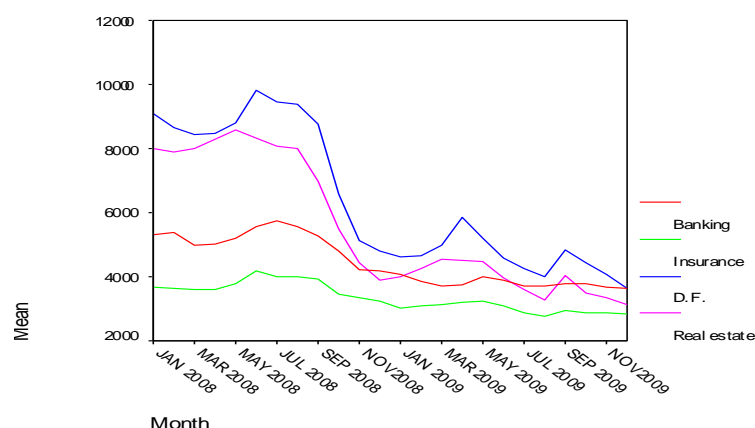
Jordanian Dinars (Alrai, 2009^b). Also consistent with the housing sector in Jordan brought a decline in production since mid-2007, but the situation worsened with the start of the global economic crisis in 2008 and early this year 2009, economists acknowledge estimated that the volume of economists real estate projects deferred more than 3 billion dollars (Al-Umary, 2009).

In order to move the real estate sector in Jordan, Jordanian Minister of Finance Dr. Mohammad Abu Hammour said the Cabinet decided to extend the exemption of apartments from fees for another year for apartments that are not greater than (120) square meters of fees in full, and the exemption of the first (120) square meters of apartments that are not greater than (300) square meters, allowing the the Jordanian natural person to enjoy exemption even if he bought more than one apartment. It also decided to exempt fees by the sale of land (50%) (Abu-Hammor, 2009). According to the Director of Lands and Survey Department, engineer Mazin Schutter government's decision to extend the exemptions for real estate will move the real estate sector in Jordan (Schutter, 2009).

8.1.5. The Results of Question 5: What is the most sector between the financial sectors in Jordan affected by the results of the global financial crisis?

To answer this question, depending on the results contained in Table 3 on the performance of listed companies in the financial sector during the period from 1-1-2008 to 31-12-2009 has been drawn curve, which represents the index during the study period, as reflected in the graph No. (5)

Graph 5: Curve represents the index of the banking, insurance, And Real estate sectors In the Jordan during study period



It is clear from the graph that the financial sectors in Jordan has increased since the beginning of 2008 was the highest in the financial services sector, and various institutions in the real estate sector as well as an increase in the banking and insurance but at a lower rate, but at the beginning of the month of July began the financial sectors in Jordan began to register declines in a row, and in the most diversified financial services sector, followed by the real estate sector, banking and insurance sector. The downward trend continued until the end of 2008, and returned to relative stability in 2009 with some of the rise and fall in some months, brought down the index with different values in 2009 equivalent to 885.52 points in the real estate sector, 991.22 points in the diversified financial services sector, 417.14 points in the banking sector, and 171.54 points in the insurance sector. Based on this, we can say that the decline that occurred during 2009 was modest, which confirms the relative stability in the financial sector in general.

We are trying to connect between the index since the beginning of the year 2008 until the end of the study, the purpose of obtaining the largest real loss in different sectors, we find that diversified financial services sector the biggest losers, with index lost 5465.45 points, followed by the real estate sector, where it fell 4886.27 points, while the Index lost in the banking sector 1672.74 points, and finally the insurance sector lost 832.03 points, The reason for the significant reduction in diversified financial services sector and real estate sector is the sharp rises achieved at the beginning of 2008.

Tarif (2009^b) said that, the ASE ended trading transactions for the year 2009 with trading volume reached JD 9.7 billion compared with JD 20.3 billion for 2008.

8.1.6. The Results of Question 6: What is the impact on financial sector companies in Jordan, compared to companies registered in the Amman Stock Exchange as a result of global financial crisis?

To answer this question, monitoring the performance of listed companies in the financial sector and companies listed in Amman Stock Exchange index extraction and change during the period from 1-1-2008 to 31-12-2009, as shown in table 4 is necessary:

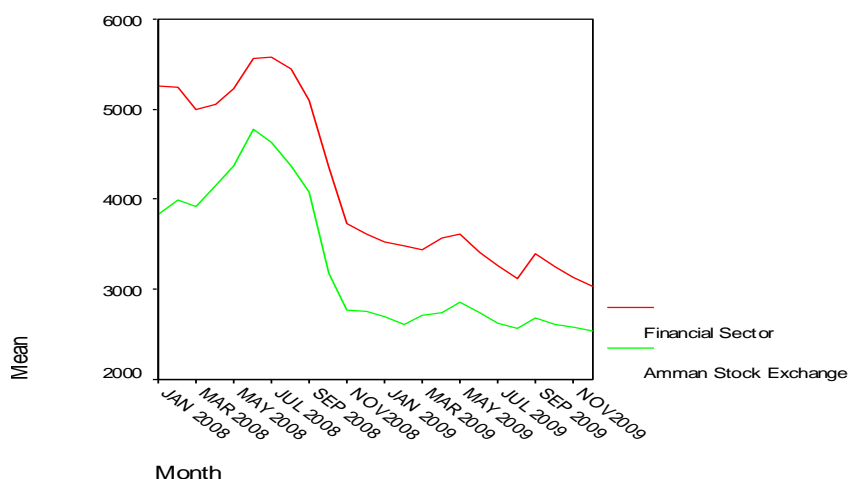
Table 4. The index and CHG. (percentage) of listed companies in the Financial sector and companies listed in the Amman Stock Exchange

Month	Financial sector		Amman Stock Exchange	
	Index	CHG. (%)	Index	CHG. (%)
Jan 2008	5258.74	2.49	3834.96	4.35
Feb 2008	5237.03	(0.41)	3987.91	3.99
Mar 2008	4997.12	(4.58)	3925.58	(1.56)
Apr 2008	5054.69	1.15	4145.66	5.61
May 2008	5223.17	3.33	4363.79	5.26
Jun 2008	5558.99	6.43	4772.25	9.36
Jul 2008	5573.82	0.27	4629.46	(2.99)
Aug 2008	5450.15	(2.22)	4370.72	(5.59)
Sep 2008	5093.50	(6.54)	4073.81	(6.79)
Oct 2008	4352.17	(14.55)	3172.14	(22.43)
Nov 2008	3735.10	(14.18)	2767.19	(12.77)
Dec 2008	3609.10	(3.37)	2758.44	(0.32)
Jan 2009	3524.16	(2.35)	2703.96	(1.97)
Feb 2009	3477.22	(2.18)	2616.42	(3.24)
Mar 2009	3447.22	0.00	2708.15	3.51
Apr 2009	3572.34	3.63	2736.50	1.05
May 2009	3619.28	1.31	2864.64	4.68
Jun 2009	3407.92	(5.84)	2735.22	(4.52)
Jul 2009	3259.01	(5.84)	2618.79	(4.26)
Aug 2009	3117.24	(2.86)	2564.49	(2.07)
Sep 2009	3389.56	8.74	2688.19	4.82
Oct 2009	3257.03	3.91	2615.89	(2.69)
Nov 2009	3135.01	(3.75)	2583.49	(1.24)
Dec 2009	3026.82	(3.45)	2533.54	(1.93)

Source: Amman Stock Exchange, Available: [http:// www.exchange.jo](http://www.exchange.jo)

For comparison between the financial sector companies affected by the global financial crisis in Jordan and the companies listed in Amman Stock Exchange, curves has been drawn represents the index during the period of the study, based on the results appeared in table 4, as shown in Graph 6.

Graph 6: Curve represents the index of financial sector companies and the Companies listed in Amman Stock Exchange in Jordan during the study period



Is clear from the graph 6., That the movement of the index for the financial sector in Jordan is similar to a large extent with the movement of the performance of the Amman Stock Exchange as a whole, we note that both of them record high index in June 2008, Then began a sharp drop in Monday and continued to decline until November 2008, and then continued to decline out until February 2009 and returned both to rise slowly, and then each scored a loss in the last months, and overall record of some of the relative stability of each in 2009

From the table 4 can also be noted that the financial sector has lost 2231.92 points out of 5258.74 points, while the Amman Stock Exchange has lost 1301.42 points out of 3834.96 points. We also note that the index of the financial sector and the index of the Amman Stock Exchange curves go almost evenly during the study period, which confirms the leadership of the financial sector in Jordan for the Amman Stock Exchange.

The ASE price index weighted by free float decreased by 8.1% reaching 2534 points compared to 2758 points at the end of 2008 (Tarif, 2009^b)

Note that the Jordanian government has issued a number of laws at the end of 2009, Financial experts have confirmed that the new income tax law and the exemption of capital gains tax will be among the positive factors that will contribute to the payment of the Amman Stock Exchange with trading in 2010 (AL-Ghad, 2010).

9. CONCLUSIONS

9.1. Jordan has been affected as a result of the global financial crisis like the rest of the world, but to a lesser extent the lack of modern financial instruments in the financial market such as derivatives.

9.2. Lower index of the banking sector during the study period from 5319.50 to 3646.76 points and the loss amounted 1672.74 points, while the index fell to the insurance sector from 3670.00 to 3837.97 points and the loss amounted 832.03 points, and the index fell to the diversified financial services sector from 9083.80 to 3618.35 points and amounted to a loss of 5465.45 points, and finally, the index fell to the real estate sector from 8017.30 to 3131.03 points and amounted to a loss of 4886.27 points.

9.3. we registered financial sectors in Jordan, the most consecutive decrease of the diversified financial services sector, followed later real estate sector, then the banking sector and, finally, the insurance sector, where it notes that all of the diversified financial services and real estate sector had been achieved varied considerably with the increase beginning in 2008 to be most affected at the time of the global financial crisis .

9.4. We have a similar effect to a large extent between the financial sector in Jordan and the performance of the Amman Stock Exchange during the study period, which confirms the leadership of the financial sector in Jordan for the performance of the Amman Stock Exchange in general.

10. RECOMMENDATIONS

10.1. Citizen exemption from fees on the transfer of registration of apartments with an area of 150 square meters. In addition, reductions in property transfer fees of 10 per cent to 5 per cent.

10.2. The launch of a long-term funding programs for more than 30 years.

10.3. Increase the proportion of banks in the real estate portfolio with a focus on housing them.

10.4. Reduce the interest rate on a reasonable level to increase liquidity in the market.

10.5. Stop the absorption of liquidity through banks to the treasury bonds by the central bank.

10.6. Stop the entry into force of fear of rumors that influence on citizens.

10.7. Provide protection for small and medium-sized companies, similar to large companies without discrimination in terms of exemptions and obligations.

10.8. More reductions of tax on citizens with the removal of organs, such as taxes, stamps tax, universities, scientific research and the livestock tax.

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