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INTRODUCTION
REVIEW OF LITERATURE
NEED/IMPORTANCE OF THE STUDY
STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
RESEARCH METHODOLOGY
RESULTS & DISCUSSION
FINDINGS
RECOMMENDATIONS/SUGGESTIONS
CONCLUSIONS
LIMITATIONS
SCOPE FOR FURTHER RESEARCH
REFERENCES
APPENDIX/ANNEXURE

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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
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- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

DETERMINANTS OF JORDANIAN BANKING SYSTEM ACTIVITIES

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ABSTRACT
The study identifies the effect of debit interest on the Jordanian banking system activities for the period 2000 -2013.It has examined the investment and funding activities consisting of total assets and total liabilities. The required data was collected and analyzed by the E - views statistical analysis package using a number of tests , each of them was the unit root test to identify the stationary of the data in the time series and the test method of least squares regression analysis in test (OLS) to verify the hypotheses of the study. The results indicate that there is a statistically significant positive correlation between the size of the debit interest and the total assets in the banking system, but there is no statistically significant correlation between the debit interest size and the total liabilities in the banking system. The debit interest variable does not have a predictive ability of the total shareholders' equity in the Jordanian banking system for the period (2000-2013). The study recommends that actions should be taken to reduce the size of the interest of the Jordanian banking system through the use of proper monetary policy and fiscal policies.

KEYWORDS
debit interest, Jordanian banking system, assets, equities, liabilities, E - views statistical analysis package.

1. INTRODUCTION
The interest rate is significant for many levels. High interest rate, for example, is an obstacle for the individuals who want to buy real estate, cars or other things because the high interest rate means higher cost of funds. On the contrary, the interest rate may encourage others to save their money in the banks because they can get greater income if they save a part of their incomes. On a wider level, the interest rate affects the economy in general; it affects not only the wishes of consumers in spending or savings, but also the decisions of investors because changes in the interest rate have a significant impact on individuals, financial institutions, business men and economy, in general. Therefore, it is important to study how the debit interest rate is decided as well as the various factors that determine the interest rate in the money market, in general.

2. PROBLEM STATEMENT
Debit interest is the amount charged by the banking system for providing its customers with credit services. The banking system's functions include investment and financing services. In this study, the investment service mean the total assets while the funding activity refers to the liability (total liabilities) and total shareholders' equity. Therefore, the problem of this study lies in the answers of the following questions:
- What is the effect of debit interest on the Jordanian banking system activities?
- What is the impact of interest rates on total assets in the Jordanian banking system?
- What is the impact of interest rates on total liabilities in the Jordanian banking system?
- What is the impact of interest rates on total shareholders' equity in the banking Jordanian system?

3. OBJECTIVES OF THE STUDY
This study aimed to identify:
1. The impact of the debit interest t on the Jordanian banking system activities.
2. The impact of interest rates on total assets in the Jordanian banking system.
3. The impact of interest rates on total liabilities in the Jordanian banking system.
4. The impact of interest rates on total shareholders' equity in the banking Jordanian device.

4. HYPOTHESES OF THE STUDY
The main hypothesis branching out, the following five sub-hypotheses:
The study seeks to test the following hypotheses as a null hypothesis (H0), as follows:
There is a basic hypothesis with sub-hypotheses as follows:
The main hypothesis:
Ho: There is no statistically significant effect of the interest on the Jordanian banking system activities.
H1: There is a statistically significant effect of the interest on the Jordanian banking system activities.
The following sub-hypotheses are:
Ho: There is no statistically significant effect of interest on the total assets (assets) in the Jordanian banking system.
H1: There is a statistically significant effect of interest on the total assets on the Jordanian banking system.
Ho: There is no statistically significant effect of interest on the total liabilities of the banking system in Jordan.
H2: There is a statistically significant effect of interest on the total liabilities of the banking system in Jordan.
Ho: There is no statistically significant effect of interest on the total equity in the Jordanian banking system.
H3: There is a statistically significant effect of interest on the total equity in the Jordanian banking system.

5. LITERATURE REVIEW

The researches reviewed the following previous studies pertaining the study:

S. M. Al-Tayeb, S. Al-Hajaya, and M. I. Shahateet(2004) highlighted the impact of time deposits interest rate on private consumption in Jordan during 1976-2004. They researchers adopted the Vector Auto Regression, VAR, model which was directly been applied since there was no co-integration. The main variables of the study were the private consumption, one of the most important components of GDP, and interest rate of time deposits; both expressed in real terms. The researchers applied the Augmented Dickey Fuller's test to check whether the variables were stationary or not. The test showed that the interest rate on time deposits was stationary while private consumption was not at the first level but it became stationary after taking the first difference. Granger's causality test was also applied to identify the evidence of the causality direction.

The test showed that there was a causal relationship among the variables through the existence of the impact of time deposit interest rate on private consumption. The Johansson's test for co-integration (VECM) was also applied, which showed no co-integration between the variables of the study. Therefore the error correction model was excluded in addition to the use of two main instruments for analysis, namely: analysis of variance components, which indicated the force of (VAR) and the adoption of the explanatory model of the interest rate of private consumption where there was a proportional growing of this impact .The reaction response function test was used which indicated an insignificant negative impact of the time interest rate on private consumption. For further verification of the credibility of the results, two e approaches were used: the reordering of variables of the model and adding the income as a third basic variable.

In his study "Towards a mathematical formula that measures the general relationship between interest rate and implied volatility in forecasting exchange prices for major international currency" Saima Abdul Aziz (2010) highlighted the results of the tests applied to both the fundamental and the technical factors that augment the efficiency of forecasting currency prices for future periods .He merged the average and the moving indices , the implicit volatility fundamental index which is the correlation the interest rate. The study generally showed that for the converging factors there is a coefficient that is higher than the coefficients of the individual convergences. It also showed some results contradicting the general direction with the existence of convergence sof higher coefficients and degrees of less correlation for some individual indicators. The study showed there are minor differences of convergence indicators and degrees of deviation**.**

Khrawish , Saiamand Jaradat,(2010) conducted a study under the title "The Relationships between Stock Market Capitalization Rate and Interest Rate: Evidence from Jordan" .The paper addressed the effect of interest rates on the stock market capitalization rate in Amman Stock Exchange (ASE) over the period of (1999-2008). It used the OLS regression method, multiple linear regression model and simple regression model. The time series analysis showed that there are significant and positive relationship between government Prevailing interest rate (R) and stock market capitalization rate (S). The study revealed that Government development stock rate (D) has a negative impact on stock market capitalization rate (S). There is a significant negative correlation between government prevailing interest rate (R) and Government development stock rate (D). Finally, this study recommended the importance of the government intervention to encourage investment in ASE by reducing rate of personal taxation as an incentive for creation of wealth, and control of interest rate so as to enhance the growth of the stock market and improve the regulatory environment and reduction of the red tape.

The study "Declaration Monetary Policy and Interest Rate Fluctuations in Short-term Future: a case study of Mexico" examined the relationship between monetary policy and the behavior of financial markets which is usually studied to assess the effectiveness of the actions taken by central banks. This study identified the reaction of short-term rates to monetary policy announcements, and the extent targeted operational changes in interest rates implemented by the Mexican central bank in 2004. The results indicated that in the hedge market, the central bank acts are not early merged fully in the prices. As a result, the term interest rates were adjusted at the declaration dates. Moreover, the change in the targeted operational interest rate contributed to modifying the transaction behavior so that it changes in volatility as well as the size of prices of term contracts at the declarations dates.

Alaa Hamad (2009) studied the impact of monetary policy on interest rates in the Jordanian commercial banks for the period 1993-2007.This study demonstrated the impact of the indirect monetary policy interest rates of commercial banks. It identified the concept of monetary policy and its objectives and it aimed to pinpoint the monetary policy in Jordan and tools used by the Central Bank to attain these goals .The study revealed a negative impact of the size of facilities of rediscounting the interest rates while there is a statistically significant positive impact of open market operations on the interest rates of the commercial banks.

6. THEORETICAL FRAMEWORK

RATIONALE OF THE STUDY

This study is different from previous studies because it addresses the impact of term interest on the size of the Jordanian banking system activities for the period between 2000 – 2013.As far as the researchers knows, it is the first study that has been able to study both variables together whereas the other studies have examined the variables separately in the same manner.

ACCOUNTING CONCEPT FOR THE WORK OF COMMERCIAL BANKS

Banks are among the financial institutions carrying out a set of banking functions which include : the provision of banking services, attraction of savings in the form of interest-bearing deposits and granting interest-bearing credits to the individuals, companies , foundations and others. With the exception of banking services, banks are debt traders: they take depositors' money at a price of particular interest (debit interest), and grant loans to others with an interest rate higher (credit interest) and the difference between the both rates of interest is the profit of the bank and that is what appears in the profit and loss account of the bank as Shihata puts it in his fatwa or legal opinion based on Islamic Law or Shari'ah (*www.darelmashora.com)*.

In terms of the regional standards, the banking system is among the most advanced economic sectors of Jordan; it provides a variety of services for the business and investment bodies. There are many local banks and global banks in Jordan. For example, the modern Amman Financial Market provides investors with many privileges including tax exemption of capital profits and equity exemption, freedom of migrating the investment value and profits to the country of the investor, and the full right of ownership of the foreign investor of the assets and full privatization participation. These factors constitute effective guarantees of attaining returns on investment and profit growth, as shown below:

- There are 23 Banks in Jordan: 15 are local banks (of which are three Islamic banks) and eight non-Jordanian banks, in addition to four investment banks.
- There is a comprehensive legal system (the Central Bank of Jordan, the banking law, anti-money laundering law and combating of terrorism financing).
- The banking system complies with international standards (Basel Core Principles for Effective Banking Supervision).
- Modern infrastructure and strong financial markets (capital gains exemption and cash dividends from taxes, freedom to migrate the investment value and profits to the home of the investor, the right of ownership of the foreign investor full of assets and full privatization participation .
- Shares owned by non-Jordanians equal 49.6% of the total capital listed in the Amman Financial Market, and Arab investors (32.6%) for the Arab investors and (17%) for non-Arab investors.

THE CONCEPT OF INTEREST RATE

There are several concepts for the interest rate, among them is the definition of classical economists who interpreted the interest rate by the theory of loan-able funds .According to this theory, the interest rate is determined by the curve intersection of demand and supply of loan able funds. But Keynes decides that the interest rate is only a monetary phenomenon that determines the supply and demand for money and not the lendable balances. Marshall maintains that the interest rate is the return that has become a point of interest because it represents a natural return that must be paid to the owners of capital for their investments. The previous definitions enable us to say that the interest rate is the amount or return percentage obtained by the owner of the capital for a certain amount of deposit in banks; also it represents the amount or rate of return paid by the bank in exchange for a certain amount of borrowed money.

RELATIONSHIP BETWEEN INTEREST RATE AND INVESTMENT

The project stars its new investments either through borrowing or through its own materials. if the project's relies on borrowing, the interest rate represents the cost of borrowing the money used in investment. If the project's depends on self-investment materials ,the interest rate represents the cost of the alternative opportunity ,that is ,it represents the revenue sacrificed by the project if it uses its own resources to invest in a new asset rather than depositing them in the bank for interest. Therefore, we can call the interest rate as the investment cost .With the stability of other factors we can expect an inverse relationship between the size of investment and interest rate ,i.e., the higher the interest rate is the lower the volume of the investment will be , and the opposite is true.

INVESTMENT SIZE

The equilibrium level or the point of balance of investment spending is determined when the marginal efficiency of the capital of the project equates the interest rate which the businessman should pay for obtaining the necessary funds for the investment. There will be no investors' motivation for borrowing and embarking on the investment process unless the capital marginal efficiency is greater than interest rate. If capital marginal efficiency is 12% and the interest rate is 80% , this situation (12% /85%) stimulates and encourages business men to carry out investments. Otherwise, there will be no incentive for investment. In this case the interest rate actually paid by the investors when they borrow the necessary funds for investment from the appropriate organizations and thus the interest will be an additional cost added to the profit and loss account and finally reflected in the levels of prices and incomes. As Investors resort to the financial markets for the purchase of securities ,there is an evident negative impact of soaring interest rates on capital reserve price. Therefore, the business men , under these conditions, prefer speculations in the financial market to attain a costly but guaranteed financial aid which will be the desired capital to expand the investment besides the interest rate.

RELATIONSHIP BETWEEN INTEREST RATE AND SAVINGS

THE CLASSICAL ANALYSIS

The classics did not look at saving function or consumption directly, since they gave great importance to the relationship between the interest rate and the savings besides including the interest rate this relationship to investment , too. Marshall emphasizes that the interest is the price of the capital in the market and this price tends to equilibrium when the total demand on the capital at a certain price equates the total supply of capital. According to this view, we can figure out how important to the classical thought the relationship between interest rate and investment. This importance is represented by considering the interest rate as the key factor that determines the savings and that the savings function is increasing due to the interest rate.

KEYNES ANALYSIS

Keynes, as well as his fellow economists of the modern school, in his general theory gravely criticized the classical thought which considered the interest an important factor affecting the saving behavior. He criticized the classical theory in regard to saving and investment. He opposed the classical idea of saving and investment equilibrium through flexible rates of interest. To him saving and investment equilibrium are obtained through changes (increasing or decreasing) in income rather than in the interest rate.

IMPACT OF INFLATION ON INTEREST RATE

The increase in the general price level or the high level of inflation resulting from the increase in the money supply also affects the interest rate through influencing the expected rate of inflation. As people constantly expect increase in the money supplied, they expect a rise in the level of prices in the future and consequently a rise in the expected rate of inflation as well. The analysis of loan able money indicates a potential rate of inflation caused by the rise in the money surplus which means higher interest rate in response to the rise in the expected rate of inflation. At the first glance, the effect of the level of prices and the impact of the expected rate of inflation are the same thing. Both show that the increase in the price level caused by the surplus money supply will raise the interest rate. Yet, there is a difference s between both of them. The reason for this is that because they may be discussed as two discreet consequences. To illustrate this difference, let's assume that today there has been an increase in the money supply causing a permanent rise in the price level next year. As the price level has risen throughout the year, the interest rate will rise through the impact of the price level at the end of the year only. As the rise in the price level has reached its peak, the impact of the price level will be at its peak, too.

The rise in level of prices will also raise the interest rate through the expected impact of the rate of inflation because people expect that inflation will be constantly high throughout the year. However, when the price level ceases to go up by the end of the following year, the rise in the inflation and its rate will decline. Then, any rise in the interest rate caused by an early rise in the expected rate of inflation will disappear., Thus, we have seen that in contrast to the impact of the price level that reaches its peak in the following year, the impact of the expected inflation rate will reach its lowest level then. So the basic difference between the two effects is that the impact of price level remains even after the prices stop rising, while the impact of the expected rate of inflation disappears. Another point is that the impact of the expected inflation rate will only continue as long as the general level of prices is on the rise. Yet, a single rise in the money supply will not generate a continuing rise in the general price level as this continuous rise in prices happen only there is a high growth rate of the money supply. Therefore, the high growth rate of the money supply is required if the impact of the expected inflation rate persists.

In general, the impact of liquidity as a result of the increase growth of the money supply will take place immediately because the rise in the money supply leads to an immediate reduction in the interest rate equilibrium. The impact of both income and the price needs some time to take effect , because the rise in the supply of money needs time to raise the level of prices and income, which in turn raises the interest rate. The impact of the expected growth of inflation, which also raises the interest rate, may be slow or fast depending the time people will take to modify their expectations of inflation when the growth of the money supply rate rises.

Inflation augments the future planning, both at the individual level or at the project level. With inflation, it is difficult for production units to fund the proper opportunities for future investments .This may lead to confusion and instability in production processes Because of organizational defects, some of the social tensions may arise due to competition among different factions in the community as a result of the pursuit of each category to attain high levels of income coping with the continuing rise of prices.

RELATIONSHIP BETWEEN INTEREST RATE AND CONSUMPTION

The increase in the money supply has an expanding effect on the economy; it increases income and wealth, thereby increasing basic consumption , willingness to consume luxury goods and changing tastes of consumers. Yet, the rise in the money supply leads to a higher interest rate of high income and the higher interest rate makes individuals more likely to save a considerable amount of their incomes and give up consumption of goods especially the non- essential goods . In other words any rise in interest rate relatively reduces the consumption by some individuals.

7. STUDY METHODOLOGY

This section includes the methodology of the study to collect, analyze the data and verify the hypotheses of the study. It includes the study variables and model, operational definitions and the period of the study, and sources of data collection, and statistical processing.

The study Variables:

The study has the following variables:

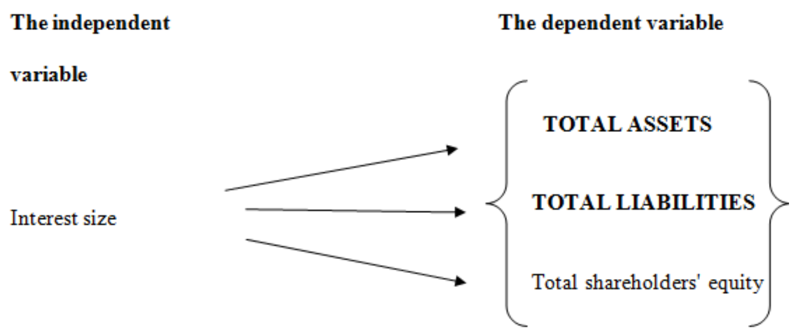
1. independent variable: size of Debit Interest
2. The dependent variables:

• Total assets (assets) in the Jordanian banking system.
• Total Liabilities in the Jordanian banking system.
• Total shareholders' equity in the Jordanian banking system.

THE STUDY MODEL

The model that demonstrates the relationship between the variables of the study was built, as follows:

SHAPE-1



The standard model of linear regression of the independent variable on the dependent variables was derived as follows:

D. R.1 = $\alpha + \beta1$Ass. + εi
D. R.2 = $\alpha + \beta2$Dem. + εi
D. R.3 = $\alpha + \beta1$Don. + εi

Whereas"
D.R.: Size of Debit interest
Ass: Total assets in the Jordanian banking system.
Dem.: Total Liabilities in the Jordanian banking system
Don.: Total shareholders' equity in the Jordanian banking system.
εi: Total residues

8. DATA ANALYSIS

UNIT ROOT TEST

Studies that deal with time-series use the method of the ordinary least squares (OLS) without the non –stationary variables test used over time, and this in turn leads to misleading results due to the breach of model hypotheses; which in turn leads to the emergence of a lot of well-known statistical problems in such traditional models.

Stationary time series (Yt) means that this time series is characterized by the following:

- **The predicted value of the stationary time-series**
- **The predicted value of the stationary time-series**

$\mu = E(Y_t)$

- **Constant variance: VAR**

(Yt)= E(Yt)2 μ- σ^2

• covariance at the slowdown period (k) is associated with only the slowdown time or gap (k) between the two time periods, and not the current period when the covariance is calculated as shown below:

Y_k E=[(μ - $_{k+}Y_t$ *)(* μ - Y_t*)]*

Dickey-Fuller Test:

It is a test of the presence of unit root in the time series hypothesis (Yt), and can be illustrated by the following equation:

Y_t=pY_{t-1}+u≥ *1*. p≥1

The formula can be written with first different operator where the value of the parameter (pY_{t-1}) =(-1):

U_t - *+* Y_{t-1} Y_t = $_1$.Y_{t-1} - Y_t

Y_t = Y_{t-1}*+* U_t *(1)*

It also tests the presence of the null hypothesis, which provides for the presence of the root unit. The formula of (H0) and (H1) is:

H *= 1* $_\Omega$*0:*

or

H *= 1* $_\Omega$*1:*

Formula(1) is one of three cases in which the stationary time series is tested. The three formulas are:

Y_t =+Y_{t-1} + t ....U_{t+}(drift & trend)

Y_t = + Y_{t-1} + ...U_t (drift)

Y_t = Y_{t-1} + ...U_t (without drift and trend)

AUGMENTED DICKEY-FULLER UNIT ROOT TEST

If the time series is auto-connected to a high degree of time lag , the white noise disturbances will be violated which means that the analogue Dick-Fuller test is useless in this case . The augmented Dick-Fuller, then, can solve the problem through building a corrective model with a higher correlation degree, assuming that the time series is tied to the auto-regression (AR_p).

$$Y_t \; + \; = Y_{t-1} + \sum_{i=1}^{m} \; {}_i Y_{t-i} + {}_t$$

The Phillips – Perron, like Dikey fuller's, is a unit root test**.** That is, it is used in time series analysis to test the null hypothesis that a time series (Y_t) according to the following formula:

U_t *+* Y_{t-1} = Y_t

It uses the t- test to examine the null hypothesis (the existence of unit root) ,while the augmented Dickey–Fuller test addresses the serial correlation of errors n, the Phillips–Perron test makes a non-parametric correction to the t-test statistic.

In this study two tests (the augmented Dickey- Fuller test and Philip -Perron test) applied using the Statistical Package (E-Views-7), according to drift and trend, as there is only a single independent variable. The test results are shown in Table No. 1, the null hypothesis is rejected if the calculated absolute value is greater than the absolute critical value of in both tests.

DFCal ≥ DFCri rejected (H0).
PPCal ≤ PPCri rejected (H0).

TABLE 1

Independent value	Calculated value	Critical value at 1%	Critical value at5%	Critical value at*10%*	decision
D. R.	*6*.992	9.007	5.042	4.495	H0 rejection

Prepared by the researchers using E-views*7* statistical package.
The Phpilips-perron test with the drift and trend was conducted to find out the unit root as shown in table -2

TABLE-2: PHILIPS-PERRON WITH TREND AND DRIFT

The independent variable	Calculated value	Critical value at 1%	Critical value at 5%	Critical value at 10%	Decision
D. R.	***6.147***	***5.723***	4.228	3.559	H_0

Prepared by the researchers using E-views*7* statistical package.
Comparing the results of the two tests, we can judge the level of stationary of the time series as the two test indicate the stationary of debit interest size which means that is significantly stationary at (0.05).

STATISTICAL PROCESSING

The researchers used the following statistical methods and treatments:
Averages and standard deviations.
Frequencies and percentages.
Pearson correlation coefficients.
Linear regression analysis.

THE RESULTS

THE MAIN HYPOTHESIS

There is no statistically significant effect of the interest on the Jordanian banking system activities.
The sub-hypotheses:
- There is no statistically significant effect of interest on the total assets (assets) in the Jordanian banking system.
- There is no statistically significant effect of interest on the total liabilities of the banking system in Jordan.
- There is no statistically significant effect of interest on the total equity in the Jordanian banking system.

THE FIRST SUB- HYPOTHESIS

To test this hypothesis, the arithmetic averages and standard deviations of debit interest size as well as the total assets of the Jordanian Banking system during the period 2000-2013 as shown in table-3:

TABLE-3: THE ARITHMETIC AVERAGES AND STANDARD DEVIATIONS OF DEBIT INTEREST SIZE AND THE TOTAL ASSETS OF THE JORDANIAN BANKING SYSTEM DURING THE PERIOD 2000-2013

The variables	number	mean	Standard deviation
Size of debit interest	12	772273416.0000	248773408.7086
Total assets	12	34551383859.5000	10755826170.4334

Table (3) shows that the arithmetic average of the size of the debit interest is (772,273,416.0000) , the standard deviation is (248,773,408.7086), and the arithmetic average of the total assets amounts to (34,551,383,859.5000) and the standard deviation is (10,755,826,170.4334).

THE PEARSON CORRELATIONS BETWEEN THE DEBIT INTEREST TRANSACTIONS AND THE TOTAL ASSETS IN THE JORDANIAN BANKING SYSTEM DURING THE PERIOD BETWEEN 2000-2013 WERE CALCULATED AS SHOWN IN TABLE -4

variables	statistic	Total assets
Debit interest size	Correlation value	.437
	Statistical significance	.047*

****Statistical significance at (∝≤0.05)
The Pearson correlation coefficient between the two variables, the square of the correlation coefficient, the average correlation coefficient, and the standard error of the estimate were calculated as shown in the table -5.

TABLE-5: THE PEARSON CORRELATION COEFFICIENT BETWEEN THE TWO VARIABLES, THE SQUARE OF THE CORRELATION COEFFICIENT, THE AVERAGE CORRELATION COEFFICIENT, AND THE STANDARD ERROR OF THE ESTIMATE FOR THE SIZE OF INTEREST AND THE ASSETS OF THE JORDANIAN BANKING SYSTEM FOR THE PERIOD 2000- 2013

Pearson corr. value	Square of the correlation coefficient	Adjusted correlation coefficient	standard error of estimate	Dorin- Watson coefficient
0.437*	0.191*	0.111	10144241.06	0.163

*Statistical significance at (∝≤0.05)
Table-5 shows that there is a positive statistically significant correlation at the level of relationship (∞ = 0.05), between the size of debit interest and the total assets, as the value of the overall correlation coefficient is (0.437), and the value of square of the correlation coefficient is (0.191), while total average value of the correlation coefficient is (0.111), and the value of the standard error of the estimate is (10,144,241.06), while the value of Durbin - Watson coefficient is (0.163).
To find out the size of the impact of the independent variable (debit interest) to total assets (in the Jordanian banking system, the linear regression analysis was done and the results are shown in table -6.

TABLE-6: RESULTS OF THE LINEAR REGRESSION ANALYSIS SIZE OF THE IMPACT OF THE INDEPENDENT VARIABLE (DEBIT INTEREST) TO TOTAL ASSETS (IN THE JORDANIAN BANKING SYSTEM

The independent variable	B value	standard error	t- value	Significance level
Fixed limit	19944035167.226	9935994397.486	2.007	.073
Debit interest	18.915	12.294	4.538	.009*

*Statistical significance at (∝≤0.05)
Table (6) shows that the debit interest variable has the ability to predict the total assets in the Jordanian banking system.
To verify this hypothesis, the averages, standard deviations of the size of the debit interest and the total liabilities of the banking system in Jordan during the period for 2000 - 2013 as shown in table -7.

TABLE-7: THE AVERAGES, STANDARD DEVIATIONS OF THE SIZE OF THE DEBIT INTEREST, AND THE TOTAL LIABILITIES OF THE BANKING SYSTEM IN JORDAN DURING THE PERIOD FOR 2000 - 2013

Variables	number	average	Standard deviation
Debit interest size	12	772273416.0000	248773408.7086
Total liabilities	12	30077150568.3333	8493092236.8858

The table shows that the arithmetic average of the volume of debit interest is (772,273,416.0000) ,the standard deviation is(248,773,408.7086), and the arithmetic average of the total liabilities is(30,077,150,568.3333) and a standard deviation (8,493,092,236.8858).

The Pearson correlation coefficients between the debit interest size and the total liabilities of the banking system in Jordan during the period between (2000 – 2013) were calculated as shown in table-8.

TABLE-8: PEARSON CORRELATION COEFFICIENTS BETWEEN THE DEBIT INTEREST SIZE AND THE TOTAL LIABILITIES OF THE BANKING SYSTEM IN JORDAN DURING THE PERIOD FOR THE PERIOD(2000 – 2013)

Variables	statistic	Total assets
Debit interest size	Correlation coefficient value	.410
	Statistical significance	.093

Table (8) shows there is statistically significant correlation at the significance level (∝= 0.05), between the debit interest size and the total liabilities of the banking system in Jordan for the period 2000-2013.

The Pearson correlation coefficient between the two variables, the square of the correlation coefficient, and the adjusted correlation coefficient and the standard error of the estimate, shown in table -9

TABLE-9: THE PEARSON CORRELATION COEFFICIENT BETWEEN THE TWO VARIABLES, THE SQUARE OF THE CORRELATION COEFFICIENT, AND THE ADJUSTED CORRELATION COEFFICIENT AND THE STANDARD ERROR OF THE ESTIMATE

Pearson correlation Value	Square of Correlation coefficient	Adjusted correlation coefficient	Standard error of estimate	Dorin-watson coffeicient
0.410	0.168	0.085	8124878000.7878	0.164

Table-9 shows that there is a positive correlation between the size of the debit interest and the total liabilities, as the value of the overall correlation coefficient is (0.410), the value of the correlation coefficient square is (0.168) while the value of the correlation coefficient average is (.085), the standard error value of the estimate (8124878000.7878), while the value of Durbin - Watson coefficient is (0.164).

To find out the size of the impact of the independent variable (debit interest) on the total liabilities of the banking system in Jordan, the linear regression analysis was done, and the results are shown in table-10.

TABLE-10: THE RESULTS OF THE REGRESSION ANALYSIS OF THE PREDICTIVE ABILITY OF THE DEBIT BENEFIT OF THE TOTAL LIABILITIES IN THE BANKING JORDANIAN SYSTEM

Independent variable	The value of β	Standard error	t- value	Significance level
Fixed limit	19269724768.270	7958270956.851	2.421	.036
Debit interest	13.994	9.847	1.421	.186

*Statistical significance at (∝≤0.05)

Table-10 shows that the debit interest does not have a predicative ability of the total assets in the Jordanian banking system.

The Third hypothesis: There is no statistically significant effect of the debit interest on the total equity in the Jordanian banking system

To verify this hypothesis, the averages, the standard deviations of the size of the debit interest expense, and the total equity in the Jordanian banking system for the period 2000 – 2013 were calculated as in table -11.

TABLE-11: THE AVERAGES, THE STANDARD DEVIATIONS OF THE SIZE OF THE DEBIT INTEREST EXPENSE, AND THE TOTAL EQUITY IN THE JORDANIAN BANKING SYSTEM FOR THE PERIOD 2000-2013

Variables	number	average	Standard deviation
Size of debit interest	12	772273416.0000	248773408.7086
Equities	12	3221395386.3333	2816898925.4398

Table 11 shows that the arithmetic average of the size of the debit interest the equals (772,273,416.0000) , the standard deviation is (248,773,408.7086), and the arithmetic average of total shareholders' equity equals (3,221,395,386.3333) and a standard deviation (2,816,898,925.4398).

The Pearson correlation coefficients between the size of the debit interest, and total shareholders' equity in the Jordanian banking system for the period (2000 - 2013), were calculated as shown in table -12.

TABLE-12: THE PEARSON CORRELATION COEFFICIENTS BETWEEN THE SIZE OF THE DEBIT INTEREST, AND TOTAL SHAREHOLDERS' EQUITY IN THE JORDANIAN BANKING SYSTEM FOR THE PERIOD (2000 - 2013)

variables	statistic	Total assets
Debit interest size	CC value	.143
	S value	.329

Table-12 shows that there is no statistically significant correlation at the significance level (∞ = 0.05), between the debit interest size, and the total shareholders' equity in the Jordanian banking system for the period (2000-2013).

The Pearson correlation coefficient between the two variables, the square of the correlation coefficient, and the adjusted correlation coefficient and the standard error of the estimate, shown in table -13.

TABLE -13 :THE PEARSON CORRELATION COEFFICIENT BETWEEN THE TWO VARIABLES, THE SQUARE OF THE CORRELATION COEFFICIENT, AND THE ADJUSTED CORRELATION COEFFICIENT AND THE STANDARD ERROR OF THE ESTIMATE

PC value	CC Square	ACC	Estimate standard Error	Dorin-watson C
.143	.020	.078	2924093550.6960	.568

Table-13 shows that there is a positive correlation between the debit interest size and total shareholders' equity, as the value of the overall correlation coefficient equals (0.143), and the value of square of the correlation coefficient is (0.020), while the value of the correlation coefficient average is (.078), and the margin of error value the normative assessment is (2924093550.6960), while the value of coefficient Durbin – Watson is (.568).

To find out the size of the impact of the independent variable (debit interest) on the total shareholders' equity in the Jordanian banking system, it the linear regression analysis was done , and the results are shown table -14.

TABLE-14: RESULTS OF THE LINEAR REGRESSION ANALYSIS OF THE PREDICTIVE ABILITY OF THE DEBIT INTEREST ON SHAREHOLDERS' EQUITY IN THE JORDANIAN BANKING SYSTEM

Independent variable	β value	Standard error	t- value	Significance level(p)
The fixed limit	1972320074.644	2864132701.730	.689	.507
Debit interest	1.617	3.544	.456	.658

Table-14 shows that the debit interest variable is not predicative of the total equity in the Jordanian banking system.

9. RESULTS AND RECOMMENDATIONS

Having collected and the required data for study sample from the annual reports of the Jordanian banking system for the period (2000 -2013), the researchers carried out the necessary statistical operations, analyzed the results and came up with the flowing results and recommendations:

FINDINGS

The study came up with the following findings:

There is a positive correlation statistically significant at the level of relationship (∞ = 0.05), between the size of the interest rate, and the total assets (assets) in the Jordanian banking system during the period (2000-2013).

- The interest variable has no predicative ability of the total assets in the Jordanian banking system.
- There is no statistically significant correlation at the significance level (∞ = 0.05), between the interest size, and total shareholders' equity in the Jordanian banking system for the period (2000-2013).
- The interest variable has no predicative ability of the shareholders' total equity in the Jordanian banking system.

RECOMMENDATIONS

In light of the conclusions that have been reached, the study recommends the following:

- Proper financial and monetary policies should be implemented to cut down the size of interest of the Jordanian banking system.
- The financing interest rate should be adopted as a mechanism of helping the developing countries economic progress as well as enabling them to get rid of debt burdens that have bad consequences in all aspects of life. The existence of a contemporary and modern economic system depends on the existence of a proper interest rate.
- To cope with the fluctuations and changes in interest rates that affect the monetary policy, an optimal strategy or guide pursued by the monetary authorities should be implemented in order to effectively guide the path of economic units involved towards a balanced self- growth by increasing proper prices of goods exchange services, and also interest rates should be cut down in the context of the provision of appropriate liquidity for the economy.
- Further studies on the impact of interest on the economic size of debit interest and other financial variables should be carried out.

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