The Impact of Information Technology (IT) on the Performance of Jordanian Banks

أثر تكنولوجيا المعلومات على الأداء المالي للبنوك الأردنية

by

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A Thesis submitted in Partial fulfillment of the requirements for the degree of Master in Banking and Finance in the Department of Banking and Finance, Yarmouk University, Irbid, Jordan

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Dedication

This thesis is dedicated to my dearest father and to my beloved tender mother.

To my sister and brother.

To my best friends Fayssal, who helped me in achieving this thesis.

To my friends Souad, Wafaa and all those who inspired my life.
Acknowledgments

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<tr>
<td>IS</td>
<td>Information System</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>ISD</td>
<td>Information System Department</td>
</tr>
<tr>
<td>SIC</td>
<td>Standard Industrial Commerce</td>
</tr>
<tr>
<td>AIS</td>
<td>Accounting Information System</td>
</tr>
<tr>
<td>B2B</td>
<td>Business to Business</td>
</tr>
<tr>
<td>B2C</td>
<td>Business to Consumer</td>
</tr>
<tr>
<td>P2P</td>
<td>Peer-to-Peer</td>
</tr>
<tr>
<td>TPS</td>
<td>Transaction Processing System</td>
</tr>
<tr>
<td>MIS</td>
<td>Management Information System</td>
</tr>
<tr>
<td>DSS</td>
<td>Decision Support System</td>
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<tr>
<td>EIS</td>
<td>Executive Information System</td>
</tr>
<tr>
<td>EFT</td>
<td>Electronic Fund Transfer</td>
</tr>
<tr>
<td>ATM</td>
<td>Automate Teller Machines</td>
</tr>
<tr>
<td>PIN</td>
<td>Personale Identification Number</td>
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Abstract

Impact of Information Technology on Financial Performance of Jordanian Banks

By Wassila Jenni

Supervised by

Dr. Moh'd M. Ajlouni

The purpose of this study is to examine the impact of adopting Information Technology (IT) on the financial performance of Jordanian banks listed in Amman Stock Exchange (ASE) for the period of 2005-2008. Importance of IT investments may be indirectly related to the bank performance by improving financial performance or enhancing services quality, which requires future investigations. The problem of the study can be best described in terms of the following questions: what are the best dimensions of IT investment in Jordanian banking sector? And, is there any relationship between IT investments and financial performance of Jordanian banks?

In order to achieve this goal, a questionnaire is administered for the sake of evaluating the possible impact of IT in the banking sector, while the performance is estimated by relevant financial ratios. Analysis of variance (ANOVA) and regression are employed to depict the possible relationships in the collected data. Result of the study revealed that there is no relationship between IT and performance in Jordanian banks. Therefore, it can be concluded that investments in IT has no effect on performance of Jordanian banks, and that can be explained by other factors.
Finally we recommend to the manager more careful attention to the IT amounts invested to enable the positive impact of IT. And Investments in IT should be accompanied by appropriate organizational change to increase the likelihood of a positive payoff.

**Key Words:**

Information Technology (IT), Information System (IS), Performance, Jordanian Banks.