"Assessment of Cash Flow Management Efficiency of Banking Sector in Jordan"

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Abstract

The objective of this study is to measure and evaluate the efficiency of cash flow management of Jordanian’s banks using Ratios Analysis and Data Envelopment Analysis (DEA) methodology.

The researcher selected a set of input measurements and outputs measurements for 14 banks for a five-year period from 1999 to 2003. The inputs included: Deposits, Interest and commissions, and Owners’ equity. The outputs included: Assets, Loans, Cash and deposits in other banks and Net profit after tax.
In Ratio Analysis Method, the computed average bank performance was 53.57% and in implementing the DEA method showed that the computed average bank performance was 83.76%. The researcher recommends that banks increase and improve their concerns of assets, deposits and loans to be more efficient in using cash flows.