"Evaluation of Credit Risk Management at Banking Sector in Jordan During the Period (2000-2004)"

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"A Thesis Submitted in Partial Fulfillment of the Requirements for the Master's Degree of Banking and Finance in the Department of Banking and Finance, Yarmouk University, Irbid, Jordan."

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December 27, 2005
Abstract


This thesis aims to measure and compare the efficiency and role of banks’ management on evaluating credit risk using financial ratio analysis and Edward Altman Model (z-score).

To achieve the above objectives, the researcher selected set of inputs and outputs measurements for 13 national banks that listed in Amman Stock Exchange (ASE) for a test period that extend from the year 2000 until year 2004.

According to the results of financial ratios that used in the study most banks in the sample have the ability to evaluate credit risk with an average of 128.69 % in growth indicators and 467.38 % in credit indicators.

Z-score analysis shows that most banks have a z-score more than 2.99 % which means that the management takes into consideration credit risk when it takes financial decisions.
Regression is used to find any relationship between z-score components and provision for credit facilities. The result shows that a weak relationship between them.

Key words: Credit, Risk, Z-score, Financial Ratios, Jordan, Amman Stock Exchange.