"Refinancing Risks and Cash Holdings: The Case of Amman Stock Exchange"

By

Mirna Ghazi Haddad

Bachelor in Banking and Finance Sciences- Yarmouk University, 2009.

This thesis is submitted in partial fulfillment of the requirements for the degree of Master in Banking and Finance sciences in the Department of Banking and Finance sciences, Yarmouk University, Irbid, Jordan.

Approved by

Dr. Dima W. H. Alrabadi ....................... Supervisor
Dr. Abdel Baset Athamneh ....................... External Examiner
Dr. Ziad M. S. Zurigat ....................... Internal Examiner

2015
Abstract

Haddad, Mirna Ghazi. Refinancing Risks and Cash Holdings: The Case of Amman Stock Exchange

Department of Banking and Finance Sciences

Yarmouk University, 2015

Supervisor: Dr. Dima W. H. Alrabadi

This study aimed to investigate the reciprocal impact of refinancing risk measured by short term debt and the cash level of the firm. The sample of the study consisted of 46 industrial companies listed in Amman Stock Exchange (ASE) over the period (2004-2013). The methodology of the study based on the fixed effect panel regression analysis. The results indicated that there is a statistically significant positive effect of short term debt, net working capital, leverage, and growth opportunity on cash level. Moreover, there was a statistically significant positive effect of firm size, and cash level on short term debt and statistically significant negative effect of net working capital and leverage on short term debt. The study recommends Jordanian industrial firms to observe the impact of refinancing risk when it decides about their cash holdings given its important effect on it.

Key words: Cash Holdings, Refinancing Risk, Short term Debt, Amman Stock Exchange, Fixed Effect Model.