The Role of Financial Analysis Tools in Granting Loans. Field Study on Banks Operating within Aqaba Special Economic Zone)

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Abstract   *This study aimed to demonstrate the role of financial analysis tools in making decisions of granting loans to the clients in Jordanian commercial and Islamic banks operating in Aqaba Special Economic Zone. The study concluded that the bank credit departments at these banks rely on the tools and techniques of financial analysis when receiving customer requests and sorting it for the granting of credit. However, the role of the bank credit departments at these banks is not enabled as required and is dominated by marketing nature more than credit standing, where its role is limited to promoting banking services through receiving client requests, sorting and sending them to main centers concerned with making granting loans decision. The study has recommended the necessity of activating the role of these sections as well as developing the staff skills of those sections to use financial analysis tools and giving credit departments at banks operating within Aqaba Special Economic Zone the necessary authorities to make decisions to grant customers credit through the application of financial analysis methods. Moreover it is necessary to stimulate and encourage the credit department's staff in these banks by giving them bonuses and rewarding their dedication and their honesty, which will enhance the mutual trust between departments' staff and the managers in these banks.*

1. Introduction

Commercial banks in the Hashemite Kingdom of Jordan in general and in Aqaba in particular, is a key pillar of the financial system as well as commercial banks are considered as a savings pot working to attract savings of all kinds and direct it towards diversified investments, these banks are considered as an intermediary between the owners of deposits and applicants of these funds, the matter which make it an urgent need for banks to concern about and to focus on the credit function as one of the most important functions of banks. Perhaps the granting loans process is one of the most important credit decisions rendered by the commercial bank, and we can say that the traditional methods in granting credit is no longer adequate and responsive to the needs of credit decision-makers as it is no longer a safe enough to donors for those loans. The importance of the study emerges from as it constitutes a relatively new tool that contributes in making of safer credit decisions through the use of financial analysis tools.

Actually credit risk associated with banking lending activities for example when the borrower is not able to repay the loans granted to him whether is individual or business institution so such that risk will harm financial institutions, moreover one of factors that force the development in measuring credit risk when number of bankruptcy become higher in worldwide (Altman and Saunders, 1998), also credit risk is one of factors that contributed to financial crises (Tafri *et al.*, 2011).

Many of banks analyzing borrower characteristics like their capital leverage and earning volatilities, hence financial analysis used to assessing borrowers financial condition to make lending decisions, so financial analysis is useful tool where the banks become more objective in their decisions, in general financial analysis may include trend analysis by following the net income and financial ratios such as profitability, credit, capital adequacy ratios, so financial analysis eases cash flow or other inferiors for

borrowers. So this paper comes see if financial analysis used by banks operated at Aqaba in Jordan where many of projects is developing and growing, and also another aspects whether using the financial ratios support the efficiency of granting loans operations, and lastly to investigate whether using financial analysis reduce credit risk, so the finding of this paper will contribute to literature for the importance of financial analysis tools within banks that operated in developing countries, despite of the importance the policy that developed in for management credit risk there is relative little research for that issue within developing countries (Apanga *et al.*, 2016; Malek *et al.*, 2016). This study aims to determine if the Jordanian banks operating was within Aqaba Special Economic Zone, depend on the principles and techniques of financial analysis when making decision to grant loans to customers, and is there a difference between banks in the application of these methods, moreover study seeks to identify which indicator is considered more important for banks operating within Aqaba Special economic zone.

2. Problem of the study

Banks is considered the main artery of the financial system in the Hashemite Kingdom of Jordan, Aqaba Special Economic Zone, which is a vital city in the kingdom, is characterized by several economic advantages such as: it is the only port of Hashemite Kingdom of Jordan. Aqaba also enjoys many investment attraction factors through the presence of customs and tax exemptions for facilities operating within it. This may make the Jordanian banks operating within Aqaba in the face of large and diverse transactions, perhaps the most prominent of those transactions is the request loans of all kinds to cope with the liquidity needed by those Facilities. So, banks operating in Aqaba region are demanded to focus on the analysis of the financial position and the economic feasibility of the projects and financial reputation of the customers. For these reasons, this study aims to identify the role of financial analysis tools and to what range it is utilized in granting loans at banks operating in Aqaba Special Economic Zone. The researcher in this study tries to answer the following questions:

1. What is the role of commitment to financial analysis tools when deciding to grant loans in the banks operating within Aqaba Special Economic Zone?

2. What is the role of financial ratios and indicators on the efficiency of making decisions of granting loans in the banks operating within Aqaba Special Economic Zone?

3. What is the role of the bank's use of financial analysis methods to reduce the credit risk and the consequence of the repayment of loans in due time?

3. Objectives of the study

This study aims to determine if the Jordanian banks operating was within Aqaba Special Economic Zone, depend on the principles and techniques of financial analysis when making decision to grant loans to customers, and is there a difference between banks in the application of these methods, moreover study seeks to identify which indicator is considered more important for banks operating within Aqaba Special economic zone.

4. Importance of the study

The importance of the study emerges from the fact that it addresses a major topic that helps banks manage making important decisions at granting different types of loans, since the funding and credit activity of the banks is considered of the main activities, which must be based on correct information. This study is also characterized by addressing different types of banks (commercial and Islamic), also it is applied within a vital region witnessing a significant economic expansion which is Aqaba Special Economic Zone. The researcher also pursues clarify the principles and methods adopted by banks when granting loans and whether these principles and methods differ from Islamic banks to commercial banks.

5. Hypotheses

The first hypothesis: *There is no role for the commitment to financial analysis tools when deciding to grant loans in the banks operating within Aqaba Special Economic Zone.*

The second hypothesis: *There is no role for financial ratios and indicators on the efficiency of making decisions of granting loans in the banks operating within Aqaba Special Economic Zone.*

The third hypothesis: *There is no role for the using the financial analysis methods by bank to reduce credit risk and thus repayment of loans in due time and its consequences.*

6. Literature review

Ohbak study in 2013 entitled (the mechanisms of granting credit in commercial banks a study of a sample of commercial banks active Tamanrasset state): The study aimed to give a broad concept on Banking Credit and its operating process inside the bank, and analysis of the opinions of professionals in some of the commercial banks operating in Tamanrasset Province on a range of issues relating to the methods and mechanisms relating to granting banking credit in these banks. The study relied on the experimental method where a questionnaire was used and distributed to a group of commercial banks in Tamanrasset Province in order to identify the procedures carried out by these banks in granting credit. The study population consisted of officials and employees in Algerian National Bank and the Bank of Agriculture and Rural Development and local development Bank, the questionnaire was distributed to all the officials and specialists of loans in these banks. Perhaps one of the most prominent results of the study is the focus and reliance of banks when granting credit upon the good reputation of the client and the guarantees he provided. One of the main recommendations of the study is that there is a need to follow up non-performing loans by banks because neglecting it will lead to weak financial position of the bank, also there is a need to modernize banking systems and to increase training and awareness of banking and to keep abreast of developments in the field of banking.

Al-Shaikhly study (2012) entitled "The Main Factors that Determine the Credit Decision at the Jordanian Commercial Banks " aimed to identify the Main Factors that Determine the Credit Decision at the Jordanian Commercial Banks and to analyze these factors also to evaluate their relative importance as well as to determine the obstacles and difficulties that impact credit decision in addition to increase the profitability of Jordanian commercial banks through improving the efficiency and the quality of these banks. To achieve the objectives of this study, a questionnaire was designed consisted of (30) paragraphs which included a number of questions covering the following three main sectors, "Client's Financial Position", "Client's Characteristics" and "Credit Policies of Jordanian Commercial Banks" and its role in determining the Credit Decision by Jordanian Commercial Banks. Besides, the questionnaire has been disseminated to the sample of this study which consisted of the Credit Managers and Officers at the Jordanian Commercial Banks as well as the Clients seeking for the credit from those commercial banks. Two hundred and one questionnaires were used in this study. The results of the study have revealed that there is a significant role for these factors (Client's financial Position, Client's Characteristics and the Credit Policies of Jordanian Commercial Banks) in determining the Credit Decision by Jordanian Commercial Banks. Accordingly, the main recommendations of this study included the importance for the Credit Officers at the Jordanian commercial banks to focus on the Client's financial Position and increase their attention in analyzing financial ratios to check the financial situation of the Client and his ability to repay the credit in order to reduce the credit risk, they also have to study the Client's Characteristics such as the type, size and activity as well as that client's commitment to repay loans and its interest on time, and it is very important for the Jordanian commercial banks to request the collaterals from their clients to ensure their rights to entitlements at the specific time.

Al-jaafreh study (2012) entitled "The Extent of Using Financial Ratios in Financing Decision in Jordanian Islamic Banks (A Study Applied in the Jordanian Islamic Banks)". This study aimed to identify the extent of using the financial ratios in the decision-making financing in Islamic banks operating in Jordan, as well as identify the indicators that are most important for Islamic banks when making financing decisions. Furthermore, the study sought to identify the most important problems and constraints on the use of financial ratios in making financing decisions and to analyze the factors affecting the use of financial ratios. The field study was conducted on Islamic banks operating in Jordan; Jordan Islamic Bank, Islamic International Arab Bank, and Jordan Dubai Islamic Bank. The collected data were analyzed by using statistical analysis software (SPSS). Decisions have been taken were not successful. Interestingly, there are many financial decisions used to be applied in all cases of the market (recession, inflation, Stagnation). Therefore, the study found a set of recommendations; the most important is the need for some amendments to the policies of granting funding and procedures through modernization and development, and the need to focus on the financial ratios of direct relevance to decision-making credit. Moreover,

Islamic banks need to find funding policies to help in decision making and reduce the failed decisions which are not viable. Also, they need to focus on the work of the workshops and sessions for personnel involved in grant funds of Islamic banks in Jordan.

Alzerqan study (2010) entitled "Financial Analysis and its role in credit risks: an applied study on a sample of Jordanian commercial banks". The research aimed to determine the importance of using financial ratios in the service of the credit decision by selecting the quality of information that provided by corporations which are requested finance. Research community included all staff of credit facilities for three banks; a sample of 80 officers was selected randomly. A questionnaire was designed to measure the research identified variables and the result indicate that there is a statistically significant relationship between financial analysis and credit risk minimization, as well as a statistically significant relationship between use of financial ratio and qualifications of credit manger, and the bank's ability to choose the least credit risks (Muneer *et al.*, 2011).

Ioannidou study (2006) entitled "Time for a Change: Loan Conditions and Bank Behavior When Firms Switch". The study aimed to identify the conditions offered by banks for providing loans when companies change the bankers. During the study the existing relations between the bank and the company applying for the loan were identified. The study concluded that the new banks offer loans with less interest than the loans granted by the existing banks, although the new banks start offering loans at low interest rates, but it increases the prices of those interests gradually, and for other conditions it follows a similar pattern linked to the economic situation.

Lakshmi and Murugan study (2009) entitled "A Market Study on Bank Credit Facilities to Small and Medium Enterprises." The study aimed to investigate SMEs sector that is emerging as one of the dominant sectors of the Indian economy. A convenience sample survey of 150 SMEs across Chennai city was conducted to analyze the awareness level regarding business credit facilities provided by the banks. The study also examines the credit requirements of SMEs, as well as difficulties faced by SMEs in availing bank finance. The study findings indicate that most of the SMEs are availing cash credit facility from banks and are aware of the bank credit facilities through their agents. In availing bank credit facility, simple documentation has been ranked first, followed by low interest rate, quick financing, reputation, period of repayment and service. The study also reveals that technology of the bank has improved tremendously when compared to other aspects like employee relations, adequate credit facilities and helping the rural people.

7. Methodology of research

7.1. The study population

The study population consisted of Jordanian commercial banks and Jordanian Islamic banks operating within Aqaba Special Economic Zone.

7.2. The study sample

Random sample was selected from commercial banks and Islamic banks operating within the Aqaba Special Economic Zone that use computerized systems, (65) copies of the questionnaire were distributed as shown by the following table.

Table 1. Study sample

Study Sample	Total	
	No.	Percentage of the distributed
Distributed questionnaires	65	100%
Restored questionnaires	63	96.9%
Unrestored questionnaires	2	3%
Illegal for analysis questionnaires	3	4%
Analyzed questionnaires	60	92.3%

It is indicated from the table above that the restored questionnaires were about 96.9% but the illegal for analysis (cancelled) questionnaire is 92.3%. The researcher believes this is a high percentage and is acceptable for statistical analysis procedures and getting realistic conclusions for this kind of studies.

Sources and method of data collection:

1. Sources of data collection:

Primary Sources: represented by the questionnaire that was used as a major source for the collection of information relating to the role of financial analysis tools in the decision to grant loans in Jordanian banks operating within Aqaba Special Economic Zone.

Secondary sources: the theoretical framework of the study was prepared relying on in Arabic and English references that dealt with variables of the study, as well as dissertations and periodicals that investigated the subject.

2. Data collection method:

The field study aimed to test the role of financial analysis tools when granting loans in Jordanian banks operating within the Aqaba Special Economic Zone, so two questionnaires have been prepared to meet this goal, and each consisted of three parts, as follows:

1. Part I: included an explanatory Introduction of the general purpose of the questionnaire related to the staff of the banks

2. Part II devoted to the collection of data on the personal characteristics of the individuals of the sample study.

3. Part III: allocated to the questionnaire questions, as the questionnaire was divided into two parts, so as to obtain the opinions of the individuals of the study sample about the subject of the study.

The following table indicates the distribution of the items of the two questionnaires whose total sum equals 24 items to include all the independent variables as follows:

Table 2. Distribution of the items of the questionnaire

No.	Study variable	Items	Nature of the variable
1.	The role of commitment to financial analysis tools when making decisions of granting loans in banks operating in Aqaba Special Economic Zone	1-8	Independent variable
2.	The role of financial ratios and indicators on the efficiency of making decisions of granting loans in banks operating in Aqaba Special Economic Zone	9 – 17	Independent variable
3.	The role of Bank's usage of financial analysis methods on reducing credit risks and loans repayments in due time	18 -24	Independent variable

The questionnaire was prepared in such a way where the respondent just put a point in front of each item of the axis of the study as there is five levels that reflect 5 levels of agreement and each has a weight ascending from 1 to 5 according to Likert five-point scale as shown in the following table.

Table 3. Weights of the answers of the items of the questionnaire

Answer (opinion)	Weight of the item
1	Strongly disagree
2	Disagree
3	Moderately agree
4	Agree
5	Strongly agree

Statistical methods used:

In order to test the hypothesis of the study SPSS package (Statistical Package for Social Science) was used to statistically analyze the items of the questionnaire, where the following statistical test were used:

1) Reliability Analysis: Reliability is concerned with the ability of an instrument to measure consistently. Cronbach's alpha is the most common measure of internal consistency ("reliability"). It is most commonly used when you have multiple Likert questions in a survey/questionnaire that form a scale and you wish to determine if the scale is reliable. The value of Cronbach's Alpha ranges from zero, values greater than or equal 0.6 are considered acceptable.

2) Measures of Central Tendency

Through measures of central tendency, we can determine the point around which all values revolve, as it moves towards a certain value in the center or close to it, according to the studied scale, to give a certain indication about a population, through the sample data and the arithmetic mean was used and its rate as one of these measures.

- The Mean

The arithmetic mean of the answers of the study sample on a questionnaire to test the hypotheses of the study was used depending on a certain central hypothetical value of 3 according to Likert quintet scale, which is equivalent to 60% (5 +4 +3 +2 +1) / 5 = 3, as the arithmetic means compares of each item is compared with this mean in order to accept or reject the hypothesis. Levels have been identified, based on a statistical formula $\frac{5-1}{3} = 1.33$.

   i. From (1-2.33) Low
  ii. From (2.34 -3.67) Average
 iii. From (3.68- 5) high
  3) Measures of Dispersion

Measures of dispersion show the extent of the spread of statistical data in quantitative terms i.e., the extent of its distance from the center position, as it measures deviations or variations of items from one of the levels or standards, which is usually the average, the most important of the following standards were used:

- Standard deviation

is a measure that is used to quantify the amount of variation or dispersion of a set of data values. A low standard deviation indicates that the data points tend to be close to the mean (also called the expected value) of the set, while a high standard deviation indicates that the data points are spread out over a wider range of values.

- Percentiles

This measure is used to split the data by a certain percentage; it was used to summarize the data on the personal aspects of the individuals of the sample.

- Frequencies

Is a value that indicated the frequency of the sample, i.e. how many times this state occurred.

1. Test of the validity of the data appeared in the questionnaire.

In order to ensure the validity of the questionnaire and to be ascertained of the extent of the clarity of the items appeared in it and the precision of its formulation, the researcher presented the questionnaire to a number of arbitrators from the academic staff in Aqaba University College, it is also presented to linguistic supervisor whose observations were taken into consideration and the questionnaire was modified accordingly.

2. Test of the reliability of the data appeared in the questionnaire according to Cronbach's alpha.

In order to verify the reliability of the data appeared in the designed questionnaire upon which the questionnaire is either rejected or accepted. Cronbach's alpha was used as mentioned previously where the least acceptable limit is 60%, as the value of alpha approaches unity the degree of reliability and internal consistency of the answer are greater and the reliability of the questionnaire is good and the results could be generalized. The following table illustrates the results of this test of the items of the variable of the study individually and collectively. The following table indicates the results of the test of the items of the variables of the study individually and collectively.

It is indicated from table (4) of table (14) that the value of Cronbach's alpha of the answers of the individuals of the sample on the items of the questionnaire was greater than 60% for each answer alone which is the least acceptable limit for Cronbach's alpha. The value of Cronbach's alpha for all item collectively also was greater than 60% which indicated that there is a great degree of reliability in the answers and there is also internal consistency between the items of the questionnaire so that the questionnaire was adopted as a primary source for the field study consequently the results of the study could be generalized on the population of the study.

Table 4. The results of Cronbach's alpha test to verify the reliability of the data appeared in the questionnaire

Variables of the study	No. of items	Cronbach's alpha	Results
The role of commitment to financial analysis tools when making decisions of granting loans in banks operating in Aqaba Special Economic Zone	8	92%	Accepted
The role of financial ratios and indicators on the efficiency of making decisions of granting loans in banks operating in Aqaba Special Economic Zone	9	92%	Accepted
The role of Bank's usage of financial analysis methods on reducing credit risks and loans repayments in due time	7	77%	Accepted

7.3. The personal characteristics of the individuals of the sample

We show in this part a detailed description of the characteristics of the study sample, based on their answers to the questions contained in the questionnaire within the paragraph of personal and the general data, as shown in the following:

Table 5. The distribution of the study sample by demographic factors

Percentage	Number	Class of the variable	Variable
%			**Age**
10	6	25 years or below	
30	18	**From 26 to 35 years**	
38.3	23	**From 36 to 45 years**	
21.7	13	**46 years or more**	
			Academic qualification
25	15	**Diploma**	
75	45	**Bachelor**	
			Specialty
53.4	32	**Accounting**	
21.7	13	**Business Administration**	
25	15	**Finance and banking**	
			Nature of the bank
83.3	50	**Commercial**	
16.7	10	**Islamic**	
			Years of experience
20	12	**5 years or less**	
35	21	**from 6 to 10 years**	
16.7	10	**From 11 to 15 years**	
20	12	**From 16 to 20 years**	
3	2	**From 21 to 25 years**	
5	3	**26 years or above**	

7.4. Analysis of personal factors

From the above table, it can be seen that the age from 36 to an 45 years achieved a percentage of 38.3% and the academic qualification bachelor has got 75% of the study population and the specialization of accounting achieved a percentage of 53.4% and increased by 83.3% and the experience period of 6-10 years achieved the highest with 35% percentage.

7.5. Presentation and analysis of data

The researcher adopted to handle the data the arithmetic mean as a measure of the answers of the respondents, as well as the standard deviation to measure the extent of dispersion of the answers of the sample.

7.6. Data analysis

In order to analyze the results of the answer on the variables addressed in the questionnaire by the respondents, those answers were analyzed to describe the extent of adoption of the Jordanian banks within Aqaba special economic zone on the methods of financial analysis when granting loans as shown below.

7.8. Description of variables

Table 6. Description of independent factors

Rank	S.D	Arithmetic average	Variable
High	0.60430	4.3083	The role of commitment to financial analysis tools when making decisions of granting loans in banks operating in Aqaba Special Economic Zone
High	0.58561	4.2667	The role of financial ratios and indicators on the efficiency of making decisions of granting loans in banks operating in Aqaba Special Economic Zone
Moderate	0.49116	3.2667	The role of Bank's usage of financial analysis methods on reducing credit risks and loans repayments in due time

The first axis: The role of commitment to financial analysis tools when making decisions of granting loans. It is shown from table (6) that the arithmetic average of the variable "The role of commitment to financial analysis tools when making decisions of granting loans" was 4.3083 of the total Likert scale and a standard deviation of 0.60430 indicating that "role of commitment to financial analysis tools when making decisions of granting loans " is high compared with the standard average of 3 according the perspective of the individuals of the sample.

Table 7. Commitment to financial analysis tools when making decisions of granting loans

Level	S.D	Arithmetic average	Items	No.
High	0.70089	4.1833	The policy of granting of loans in the banks requiring employees to perform various financial analysis methods	1
High	0.62232	4.5500	The Bank does demand from the client to provide him with audited financial lists before granting the loan for use in the analysis process	2
High	1.18596	4.1833	The loan officer examine the financial statements of the client by analyzing the quality of earnings	3
High	0.84773	4.4000	The loan officer examine the financial statements of the client by analyzing the quality of earnings	4
High	0.95610	3.9667	The loan officer examine the financial statements of the client through the analysis of trends	5
High	0.84305	4.3667	The loan officer examine the financial statements of the client through the analysis of the quality of assets and liabilities	6
High	0.65613	4.1000	The financial statements of the client are being studied within certain time limits.	7
High	0.72174	4.4333	The Bank examines the policies pursued by the entity to finance its various activities	8
High	0.60430	4.3083	General Average	

From the table above it is indicated that item 2 "The Bank does demand from the client to provide him with audited financial lists before granting the loan for use in the analysis process" has got the highest arithmetic average of (4.5500) with a standard deviation of (0.62232) and item 5 "The loan officer examine the financial statements of the client through the analysis of trends" has got the lowest arithmetic average of (3.9667) with a standard deviation of (0.95610).

The second axis: The role of financial ratios and indicators on the efficiency of making decisions of granting loans. It is shown from table (8) that the arithmetic average of the variable "The role of financial

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ratios and indicators on the efficiency of making decisions of granting loans " was 4.2667of the total Likert scale and a standard deviation of 0.58561 indicating that" The role of financial ratios and indicators on the efficiency of making decisions of granting loans" is high compared with the standard average of 3 according the perspective of the individuals of the sample.

Table 8. The role of financial ratios and indicators on the efficiency of making decisions of granting loans

Level	S.D	Arithmetic average	Items	No.
High	0.65073	4.1833	Profitability ratios relating to the client project	9
High	0.50394	3.9833	Activity ratios relating to the client project	10
High	0.57833	4.0667	Circulation rates related to the client project	11
High	0.69115	4.2167	Market ratios relating to client's project	12
High	0.69115	4.6167	Solvency ratios relating to the client project	13
High	0.94046	4.3833	Client's market position compared with his competitors in the same field	14
High	0.69927	4.4500	Maintain a reserve of liquidity in the facilities to cope with unforeseen circumstances	15
High	0.56148	4.7000	The extent of the client's ability to cover the accrued interest through his net profit	16
High	0.77733	4.3500	Financial ratios relating to cash flow statement	17
High	0.58561	4.2667	General Average	

From the table 8 above it is indicated that 16 "The extent of the client's ability to cover the accrued interest through his net profit "has got the highest arithmetic average of (4.7000) with a standard deviation of (0.50394) and item 10" Activity ratios relating to the client project" has got the lowest arithmetic average of (3.9833) with a standard deviation of (0.50394).

The third Axis: The role of Bank's usage of financial analysis methods on reducing credit risks and loans repayments in due time. It is shown from table (9) that the arithmetic average of the variable "The role of Bank's usage of financial analysis methods on reducing credit risks and loans repayments in due time "was 3.2667of the total Likert scale and a standard deviation of 0.49116 indicating that" The role of Bank's usage of financial analysis methods on reducing credit risks and loans repayments in due time" is moderate compared with the standard average of 3 according the perspective of the individuals of the sample.

Table 9. The role of Bank's usage of financial analysis methods on reducing credit risks and loans repayments in due time

Level	S.D	Arithmetic average	Items	No.
High	0.50394	4.3167	The use of financial analysis methods affects the determination of the facilities granted to the client ratios	18
High	0.50394	4.6833	The use of financial analysis methods lead to increase the accuracy of decisions regarding to granting loans	19
High	0.58125	4.6333	The use of financial analysis methods contribute in minimizing the risk of non-payment by the client	20
High	0.55515	4.2167	Non-performing loans that rely on techniques of financial analysis ratios are little	21
High	0.69115	4.3833	Application of financial analysis methods provides important and accurate information to the credit department in the bank	22
Low	0.98849	1.8500	Bank of tolerates in the application of financial analysis methods with trusted customers	23
Low	0.88474	2.2167	Providing adequate safeguards by the Client lead to non-application of financial analysis methods on that client	24
Moderate	0.49116	3.2667	General Average	

From the table 9 above it is indicated that 19 " The use of financial analysis methods lead to increase the accuracy of decisions regarding to granting "has got the highest arithmetic average of (4.6833) with a standard deviation of (0.50394) and item 23 "Bank of tolerates in the application of financial analysis

methods with trusted customers" has got the lowest arithmetic average of (1.85003) with a standard deviation of (0.98849).

Statistical treatment and testing questions of the study:
Statistical treatments

This part of the study concerned with testing the hypotheses of the study as One Sample T was used to test the hypotheses up to the results associated with this test, the test results was as follows:
Hypotheses Testing

This paragraph is concerned with testing the main hypothesis where the value of T-test was used to test these hypotheses. The results summarized in table (10).

Table 10. T-Test results

Sig.	df	T value	Hypotheses
0.000	59	55.224	The role of commitment to financial analysis tools when making decisions of granting loans in banks operating in Aqaba Special Economic Zone
0.000	59	56.436	The role of financial ratios and indicators on the efficiency of making decisions of granting loans in banks operating in Aqaba Special Economic Zone
0.000	59	51.517	The role of Bank's usage of financial analysis methods on reducing credit risks and loans repayments in due time

8. Results

By reference to the study data analysis and testing of hypotheses one could got the following results:

1. There is a role for commitment to financial analysis tools when making decisions of granting loans in banks operating in Aqaba Special Economic Zone, as the results of the analysis has shown that here are high levels of the criteria related to that hypotheses at significance level α=0.05.

2. There is a role for financial ratios and indicators on the efficiency of making decisions of granting loans in banks operating in Aqaba Special Economic Zone, as the results of the analysis has shown that here are high levels of the criteria related to that hypotheses at significance level α=0.05.

3. The role of Bank's usage of financial analysis methods on reducing credit risks and loans repayments in due time, as the results of the analysis has shown that here are high levels of the criteria related to that hypotheses at significance level α=0.05.

9. Conclusions

This research shows the banks working within Aqaba special economic zone don't make trend analysis in their lending decisions; because the banks demanding from their borrowers or customers to provide them with audited financial statements, so that they don't concentrate on trend analysis where it used to ensure on the faithful representations to financial numbers included in it, so this result is agree with (Al-Shaikhly and Amin, 2012; Al-jaafreh and Hamad, 2012). In addition this research found the banks focus on profitability, activity and others ratios that presents the ability for customer or borrower interest rate coverage based on their net income, and this result is agree with (Alzerqan, 2010) which investigated financial Analysis and its role in credit risks and applied on a sample of Jordanian commercial banks. Lastly this research presents the extent of importance of using financial analysis tools for lending decisions, moreover its increasing decision precise related to granting loans, also its reducing repayment risks for customers and this result is agreed by (Al-Shaikhly and Amin, 2012; Al-jaafreh and Hamad, 2012; Alzerqan, 2010).

10. Recommendations

Based on the results obtained in this study, the researchers recommend the following:

(1) The need to hold training courses for the staff of bank credit departments to keep abreast of developments on the methods of financial research; (2) The need for giving bank credit departments at banks operating within the Aqaba Special Economic Zone the necessary powers to take decisions to grant loans to customers through their application of the methods of financial analysis; (3) The need to expand

the scope of the powers of the bank credit departments at branches of banks operating within the Aqaba Special Economic Zone through the granting of these branches credit ceilings within specific controls to make a decision to grant loans to customers without the need to resort to the main branches; (4) Enhance the confidence of the banks operating departments within the Aqaba Special Economic Zone work of the bank credit department's staff with respect to the results of the financial analysis that they are doing so this confidence embodied depending greater on their work to influence granting loans to customers; (5) Stimulate and encourage the bank credit department's staff in banks operating within the Aqaba Special Economic Zone by giving them bonuses and rewards to match their dedication to their work and their honesty which will enhance the assurance of mutual trust between district staff and managements of these banks.

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