Chapter 1

INTRODUCTION

Much of the economic development that had occurred at the national level in this century owes substantially to the existence and evolution of central banking Institutions.

Banks are intermediaries between savers and investors. Much saving would have remained idle without being invested but for the existence of banks. In the modern economy, investment is done on a large scale for the production of goods and services. Large scale investment requires savings in huge amounts. These savings can be acquired by companies through the issue of shares and debentures, and also through loans from banks. Banks provide other services also including helping companies in the issue of their shares and debentures.

In an organized money market, facilities for the expansion of credit are open to the commercial banks which have the use of funds belonging to the depositors. These banks are therefore able to charge relatively low rates of interest and yet make satisfactory profits for the shareholders. The successful history of the efficiently administered central banking system prevailing in the Kingdom of Jordan is the backbone of its economic growth in recent years. Increasing the supply of institutional credit is a difficult problem but the efforts of the governments have had a fair degree of success.
The well planned and effectively administered banking system in Jordan has helped the country to come out slowly but steadily from the clutches of financial dependence on friendly countries. In spite of this progress, frequent wars among neighbouring countries has resulted in migration of people in huge numbers into Jordan, increasing its population alarmingly without any substantial increase in infrastructural facilities. This forced the government to go for specialized planning where more infrastructure is needed urgently. Housing is a such an area. An acute shortage of housing is experienced with nearly 30% of the income going on rent only. Although the housing corporation and other financial institutions existed the need for establishing a housing bank to speed up the process was recognized.

Overview of Issues

Analyses of housing finance in developing countries are limited and fragmentary. As a first step to remedy this tendency toward partial treatment, this section presents an overview of the various issues that frequently arise during the development of the housing finance system. The housing finance problem is defined as the need to reconcile the three partially conflicting objectives of affordability for households, viability for financial institutions and resource mobilization for the expansion of the sector and the national economy.1

The underlying forces for change have been, on the one hand, the very process of economic growth and urbanization, and, on the other, the active presence of the World Bank in housing in such major cities as Calcutta, Madras and Bombay. The conditions under which urban housing and infrastructure are provided are at once both a causal and a consequential influence in the process of economic growth and urbanization. Economic growth alters the relationship between rural and urban activities, significantly raising the proportion of population which is urbanized. Clearly this places strong pressures and demands upon the supplies of housing, land and infrastructure in towns and cities. One consequence of this is the spontaneous generation of slum settlements and crowded living conditions. Additionally, as suggested, the various elements in urbanization, including housing conditions, set a framework which may either facilitate or retard economic growth. Facilitation arises when housing, land, and infrastructure are supplied smoothly. In this context the efficiency dimension has much to do with the affordability of land and housing among large sections of the urban population, including low-income households. Retardation will result when bottlenecks occur in the supplies of land, infrastructure, and housing because of inadequacies in the operation of markets, urban governments, and the state roles in urban development. In India either an optimistic or a pessimistic perspective on these issues has been taken.

In a pessimistic perspective it has been observed that various problems of India's present reality is increasing. Squatted
settlement in many cities. Infrastructure is undersupplied. For example, some 40 per cent of the urban population receive polluted water, and some 25 per cent are without convenient connections to electricity and sanitation networks. A plethora of regulations and restrictions hold back building construction, and the development of land. These include rent controls in housing, building standards which are unaffordable for the masses, and other severe impediments.

These impediments include the withholding of land under the 1976 Urban Land (Ceiling and Regulation) and 1894 Land Acquisition Acts, the inaccurate land registers in many cities, and failures in various state land policies. In Delhi, the Delhi Development Authority has used its monopoly power to trickle out low supplies of land to obtain high auction prices. Other cities have regulatory land use planning which restricts supply and pushes up the price of land in artificial ways. In addition, infrastructure faces a variety of problems. It is undersupplied, especially to low-income households. Often, infrastructure is caught up in the failure to set appropriate frameworks for the financial relationship between state level and local governments. Costs are not fully recovered from the provision of basic utility networks. More generally, in many cities there are no effective low-income housing programmes which follow the good example set by the sites and services and in slum upgrading projects in Madras. For these cities, the public sector tends to build unaffordable housing which is traded up-market by low-income households, while the private sector has not been able to create
volume supplies of sanitary housing. Finally, the present pattern of housing finance is undeveloped, though there is some limited availability of funds from HUDCO in public housing and HDFC in private sector housing.

On the optimistic side it would bring into account the following considerations which, again, are part of the present realities in India. The World Bank and the Tamil Nadu government have demonstrated some effectiveness in low-income housing in Madras. Experience has shown that improvement of sites and services and upgrading of slums are feasible approaches in housing policy reform. This experience has also indicated that various necessary additional reforms in such things as land policy, the resource and managerial capacity of local governments and town planning regulations can be addressed when the political will exists. In Madras, the policy-makers have commenced reforms in land supply under the new land pooling/readjustment methods. The World Bank has created a loan fund for local governments to upgrade infrastructure, but with strong conditions on improved financial management. In 1987, the Indian government created a National Housing Bank at the central level. The aims are to reform housing finance by mobilizing household savings, and to act as an apex intermediary between capital markets and new housing loan institutions. This is seen as a way of increasing housing supplies and developing housing markets. The National Housing Policy addresses the issues outlined in the previous paragraph - ineffectiveness resulting from inappropriate land policies, from generally ambiguous relationships between the
state and the market. The National Housing Policy demonstrated a heightened awareness of housing and urban issues in national policy. But the implementation of policies is, of course, mainly a responsibility of the state level of government. Nevertheless, in an optimistic outlook it can be assumed that some states will perceive that reform is necessary for economic growth and for reducing mass poverty and degradation.

The urban agenda continues to move away from sporadic traditional interventions to address broader policy and institutional issues of greater importance for national economies and the productivity of cities.

Housing has become an area of increasing significance in World Bank lending and policy formulation. In 1983 the urban lending component in the Bank's total lending was 3 per cent, but by 1988 it had grown to over 10 per cent. Housing accounts for over one-third of the funds expended on urban programmes. Nevertheless, in terms of the actual realities of India and other developing countries, the supply of formal sector housing continues to lag behind demand and needs. Accordingly, the issues related to housing development have to be attended to by drawing more deeply and closely into the saving, the investing, and the growth of capital markets in the developing countries.

More than this, the second phase approach widens possibilities for the internationalization of private sector capital in housing and urban investment in some developing countries. This is
significant in a world of rapid urbanization and modernization in many developing countries. Actually, in a small way, internationalization is already influencing housing in India. At the macro-economic level, housing in the developing countries accounts for some 3 to 5 per cent of GDP and some 25 to 50 per cent of fixed capital formation. These magnitudes could be increased if national and international systems of housing and developing finance were to be reformed. As indicated earlier, India is moving in this direction from its creation of the National Housing Bank in 1987, and the publication of its National Housing Policy in 1988. It is appropriate to take an overview of the sphere of international finance in order to obtain an idea of the future prospects for India and other developing countries.

International finance has grown in significance and sophistication since 1970. The historical aspects can be summarized briefly. First, in 1971 President Nixon broke the parity of the United States' dollar to monetary gold, thus moving from fixed exchange rates to more flexible exchange rates in international finance and payments. This impelled the need for change in the macro-economic management of national economies.

Hitherto, the general regulation of economies had entered around Keynesian economics with its emphasis on fiscal policy, government budgets, and periodic stop-go approaches to economic growth. The new conditions, however, brought forward the need to have wider ranging policy targets. In due time, policy-makers
had to learn to formulate related policies on productivity, inflation, exchange rates, wages, and monetary conditions. Second, the first OPEC crisis quadrupled the price of oil in 1973-74 and led to further necessities for economic adjustment. Many western economies experienced slow growth rates, escalating price inflation, and higher levels of unemployment. This signalled the need for a longer-term perspective, involving the re-structuring of some Western economies. One consequence of this was greater competitiveness in economic theory and policy. With strong contentions among the monetarists and their antagonists, the post-Keynesians, who began to revise the earlier versions of Keynesian policy-making. Hence, governments had to encompass two changes, one emanating from fundamental revisions in international finance, and the other in OPEC heightened needs to restructure.

As one might expect, some countries accommodated to the requirements of change better than others. Among other things this had a volatile impact on housing and property investment. Another consequence of the OPEC crisis was that in the late 1970s oil exporting countries had massive surplus funds which they channelled into the European money and capital markets. The Eurocurrency and Eurobond markets were becoming dominant in international finance, and in turn were rapidly adding economic and political power to the internationalization of money and capital. The rapidly increasing flow of 'petro' funds from OPEC countries led to the third major historical change. Banks sought investment outlets for their increased funds and their
enlarged capacities to lend. They tended to overlend, especially to a few developing countries where there were major economic and political risks.

The risks materialized in the 1982 debt repayment crisis in Mexico, with the clear recognition that Brazil, Argentina, and other countries had also overborrowed and had subsequently been caught in a world-wide economic recession. Some private banks became dependent upon the International Monetary Fund (IMF) to place restrictive conditions on debtor countries in order to improve national economic management and to secure the repayment of loans. This brought an interdependence between governmental institutions such as the IMF and international private banks. It also led to greater caution on the part of the private banks in their attitude to developing countries. But by 1989, the context had changed again. Some developed countries had experienced economic recovery, and investment funds were growing in a world where the demand for capital investment including that in urban and housing development were increasing.

We will now examine the general implications of these historical changes in the sphere of international finance. Intermediation is a process of reconciling the 'space' between willing savers who act independently of willing investors. Banks, pension funds, insurance companies, and other institutions close the space by offering intermediation services. International intermediation is growing relative to national intermediation. This arises because in the new order of economic management risks
and opportunities arise in the form of volatile changes in exchange rates, interest rates, and other indicators of comparative economic performance. In the developing countries, higher economic achievers are poised to increase the levels and the sophistication of their capital and finance markets. Inevitably this will link to global internationalization in finance and capital. Global scope has been made relevant by computer technology, by increased competition, and by the more volatile markets. The major international centres are Tokyo, New York, and London. Progressive internationalisation has occurred since the mid-1970s, and nation states now have less opportunity to organize and manage their economies independently of foreign competition and the internationalization of capital and finance.

Changes are occurring in the nature of capital and finance, and their relationships to housing and commercial property. Finance for investment was once usually raised either by floating share capital on stock exchanges or by issuing bonds and debentures. Share capital gave owners an equity stake in the investment, whereas bonds and debentures increased the debt liability of firms. Real estate property, including housing, commercial and industrial property competed in the market for capital, having some differences compared with equity and debt. The major difference in housing was that credit and finance were needed for long periods because the repayment of credit could be made affordable only over periods of fifteen years or more.
However, it has now become possible to 'securitize' and 'unitize' debt and real estate property. 'Securitization' occurs in packaging and marketing debt with its obligations and time stream of payments. It ensures that savers can have access to flexibility and liquidity (i.e. the ability to secure cash quickly and cheaply) in their holdings of bonds and debentures. From the perspective of banks, securitization spreads and shifts the risk, taking some away from their balance sheets and placing them on the balance sheets of savers and purchasers. In effect, banks intermediate to reconcile the wish of savers for short-term flexibilities and those of investors for long-term capital investment projects to be sold in smaller lots. Consequently, they enable risks to be spread and pooled. It increases the volume and efficiency of selling investment and equity to savers who want flexibility and the option of access to easy liquidity.

The banking and financial system in India is likely to become increasingly interdependent with global systems of finance, debt, equity, securitization, and unitization. It is a context which the National Housing Bank will face in its early phases of evolution and development of policies, though it will also have to relate to the inherited characteristics of housing finance in India. International banks and financial intermediaries have become adept at innovations in reconciling the different wants of savers and investors, and also at heeding the risks they carry. The innovations have spawned a whole new vocabulary in international finance. 'Note issuance facilities' enable investors to sell a series of short-term securities, assisted and
mediated by banks acting in groups and giving guarantees to fund investors at the precise times that finance is required. 'Forward rate agreements' are means whereby the real value of present exchange rates, interest rates and monetarized debt are brought into relationships with speculatively assessed future rates and values. The forward rate agreements inevitably carry risks of capital losses, and the possibility of gains. Risks can be reduced by arranging 'swaps' where counterparts to the agreement exchange streams of payment over time, in accordance with predetermined procedures. The 'swaps' can hedge risks in exchange rates and interest rates separately or in both together. This facilities specialization, comparative advantages in trading, and efficiency in the intermediation of international finance. 'Options' form another innovation in hedging risks on future price movements. They specify a right to buy a designated financial instrument at an agreed price before a specified date. International bankers seem to have few limits on these sorts of innovations, but the process itself creates risks. Debt finance has tended to grow at the expense of equity, and for some years at the expense of real property.²

There is no set of government regulations more extensive than that of financial institutions. The Central Bank exercises close control over banks and non-bank financial intermediaries. In addition there are special regulations of housing finance with

several objectives and often "special circuits" to isolate the housing sector through "preferential" measures. This regulatory environment is replete with conflicting objectives; on the one hand housing is expected to be encouraged but resources should not be drawn away from other priority investments; low-income needs should be the government's priority concern but badly needed middle-class savings should be encouraged; depositors should be encouraged but interest rate should not be too high to push up the entire rate structure; low-income households should be given affordable mortgages but they should pay the opportunity cost of capital.

When giving a low priority to housing finance, governments overlook two important aspects of housing. One is the high proportion of tertiary and secondary urban infrastructure investments in housing needed at low-income levels and the difficulty of financing it privately because of their many "public goods" dimensions. Financial intermediation to increase the scale of projects and facilitate the provision of this infrastructure is very important.

Traditionally the central banks of LDCs have taken a very strict regulatory attitude rather than stressed their developmental role and they have tended to be quite wary of financial innovations. One of the difficulties in changing a financial structure is that because money is fungible, a comprehensive framework to appraise the joint effects of specific policies on the financial system— or on housing finance in particular— needs to be established.
There is abundant evidence that the actions of one policy can be unintentionally blocked by another policy. Even in the absence of a systematic framework, country specific evaluations of trade-offs between policies and interactions between institutions within a housing finance system are nonexistent.

Quite clearly, in countries at low levels of income, especially in sub-Saharan Africa, the level of demand for financial services is not very high and the effective demand for housing is not very strong. This explains the frequent emphasis on government housing institutions which function de facto as pass-through agencies for government or even international funds. The extent to which government housing banks could function as apex lending institutions encouraging the growth of credit unions or other forms of financial association better suited to the need of the self-employed majority has not been well explored. The quality of management as well the lack of clarity of housing policy have also delayed such a form of public support to financial innovation.

A full examination of the role of apex housing finance institutions, their potential strength and current limitation is high priority because country after country has found it necessary to create such organizations. What should be their role in housing sector development? How can they advance sectoral objectives? What kind of impact should they have through the use of their funds? On the types of projects financed? On their geographical distribution? How can they
promote the deepening of the financial structure? By establishing links with other types of institutions? By institutionalization functions performed by the informal kerb market? Could they enter into cooperative agreements with regional banks to improve the geographical spread of housing finance services? Could they influence positively long-term debentures? Should they take equity participation in other institutions? Are they financially viable?3

Mobilizing financial resources for housing forms part of the overall endeavour of increasing savings and improving their allocation through financial intermediation. The World Bank has a particular role to play in responding to member countries' requests for assistance in building financial institutions. However, the Bank's experience with institutions providing housing mortgages is very limited, and it is clear from the record of other international assistance agencies that such assistance is fraught with many dangers. In the past, the failure to evaluate housing finance institutions in the context of housing markets and the financial environment has led to heavy public and sometimes foreign subsidies for housing for middle- and upper-income groups. Such subsidies are certainly not unique. Outdated financial polices frequently result in implicit or explicit subsidies to middle- and upper-income groups through assistance to the formal financial sector, but they are

particularly unfortunate in housing. The external benefits in the form of employment during construction are secured for only a relatively short period, while the long-term housing bias in favour of the relatively rich is exacerbated. The Bank's contribution to housing finance, therefore, has to be carefully formulated and executed if it is to avoid such pitfalls.

Finance for middle-income groups: The improved functioning of capital markets is an important condition for overall development. The lack of appropriate long-term financial institutions tends to inhibit savings and distorts the allocation of such investment funds as are available in many developing countries. The lack of mortgage institutions which could provide funds for middle-income housing is often a serious market imperfection, which unnecessarily limits housing construction with its employment and multiplier effects and causes middle-income groups to "raid" lower-income housing when it is provided. The provision of "seed capital" for housing and mortgage institutions can thus play an important developmental role. Moreover, as such lending institutions mature, they will be able to develop lending instruments and practices to meet the needs of the poor. In providing such "seed capital", the strong pressures for implicit or explicit subsidies in housing loans cannot be ignored. Housing institutions which do not lend at subsidized rates will be given preference in the World Bank's operations; in other cases, the provision of "seed capital" should lead to the elimination of interest subsidy over time.
Mortgage insurance: Mortgage insurance is an additional instrument for stimulating housing finance. Such schemes decrease the downpayment required for individual home purchases by ensuring them to extend loans covering a higher proportion of the cost of the dwelling, and thus to reach lower-income groups.

Finance for low-income groups: Given the experience of earlier attempts to provide housing finance for low-income groups, the Bank Group proposes that its endeavours to provide loans to the poor will be limited to cases in which a supply of suitable low-cost housing is being expanded. The continuation and extension of housing finance for project beneficiaries directly through a housing project organization is an efficient way of financing housing for the poor. Where appropriate housing finance institutions already exist in countries in which the Bank Group is supporting projects for the poor, loans to such institutions could assist them to lend the very small amounts needed for plot mortgages and for purchases of building materials for the project beneficiaries. It is recognized that this is a difficult area and a substantial volume of lending cannot be expected until the supply of housing the poor can afford has been increased.  

Conventional analyses of the housing problem in India have, however, been limited to estimating housing needs, shortages and the corresponding financial requirements. In the wake of the

government's gradual shift towards housing support policies, it becomes imperative that the nature of housing analysis should also move away from examining just the magnitude of swelling units required towards a more comprehensive analysis of the processes of housing supply and demand. Such systemic studies will not only aid the evolution of rational housing policies at the central and local levels but also help in the formulation of housing programmes and project design. Part of the efforts within these housing support policies will undoubtedly be in the urban areas of the country where the housing problem has reached alarming proportions. Given the fact that the urban population of India is estimated to double by the turn of this century, it is necessary to evolve meaningful housing policies which would both alleviate the existing housing situation and effectively deal with the problems that will result from the increased population in urban areas.5

"No aspect of public policy causes more frustration than housing", writes a development economist; "almost everywhere the gap between intention and achievement is wide". Another statement ranks housing high among the problems classed as 'wicked', or slippery of definition and nearly impossible of resolution.

While most of the poor countries have increased the volume of house building in the course of economic development, their share of resources allocated to housing is still small in comparison to other nations. Yet it is in this group of countries, comprising the greater share of the world's inhabitants, that additions to total and urban populations, the major components of housing need, are growing most rapidly.

In the early days of intervention, the provision of improved dwellings for the underhoused was a matter of private initiative motivated by philanthropy or employers' interest. Those days are gone. In developing and developed countries alike, private resources for this purpose have been replaced almost entirely by public programmes aimed at stimulating housing as well as other social overhead and industrial investments. But are there valid grounds for public intervention in a market which has been characterized as catering to private consumption? Should governments redistribute private and public resources in such a way as to narrow the gap between need and housing supply?6

The formal financial sector in most developing countries finances only a small share of housing investment. Mortgage credit from the formal sector was 28 per cent of all housing investment in a sample of eleven developing countries, compared with more than 60 per cent in OECD countries. The difference partly reflects

the shallowness of financial systems in developing countries. Years of financial repression not only have minimized the role of the formal sector in housing finance, but have raised housing prices because negative real interest rates favoured investments in real assets. In another sample of eleven developing countries the average ratio of house value to annual household income was 5.5, compared with 3.0 in five high-income countries.

Several other factors explain the lack of smoothly functioning markets for housing finance in developing countries. Countries have often given little priority to housing finance. Because housing is a large investment, it requires long-term finance, and in many countries inflation, interest rate controls, and the instability of financial markets have deterred long-term lending of any kind. Inadequate legal systems diminish the value of housing as collateral and hence also diminish lender's willingness to provide mortgage finance. And policy makers have been concerned that increased finance for housing might drive the cost of housing even higher.

Shelter is a basic human need. Secure ownership of a house can raise the welfare of the household that lives in it. Moreover, when a house is purchased through a mortgage, the buyer becomes, in effect, a contractual saver: the buyer is paying the lender for the right to live in the house while saving for its purchase. And when the title to a house can be easily transferred, the household gains a relatively riskless form of collateral. Furthermore, a housing loan, which is fungible with
other household resources, may provide the funds that would permit the household to undertake a productive investment.7

The first Housing Bank was established in Jordan in 1974. There is a general agreement that, in all countries, the process of economic growth and capital accumulation are closely interconnected. It was in terms of this interconnection that the earlier theories of economic developments were formulated. A high rate of capital formation usually accompanies rapid growth of productivity and income. Based on this theory we want to analyse the impact of development in the housing sector, a sector which directly influences the infrastructural facilities and indirectly influences the manufacturing sector in the Jordan economy in greater detail. About a hundred branches of the Housing Bank are operating in Jordan since its establishment in 1974.

Soundly operating branches of the Housing Bank in Jordan have become significantly instrumental in increasing saving and investment and generation of employment and development of construction activity in the country.

This study has the following objectives:

1. To discuss the structure of the Jordanian economy.

2. To know the main features, characteristics and functions of the banking system in Jordan with special reference to the Housing Bank.

3. To find out the role of the Housing Bank in the economic development of Jordan.

4. To provide suggestions for improving the performance of this bank and thereby enabling it to contribute more to the economic development of Jordan.

Data and Methodology

We have used the data given in the yearly statistical series published by the Department of Statistics, Central Bank of Jordan, annual reports of the Central Bank, and the annual reports of the Housing Bank. The database analysed consists of time series information on variables like gross national product (GNP), deposits and savings, loans and credit facilities, financial investments, gross fixed capital formation on factors contributing to GNP, etc. Although data for most of the variables are available for the period 1964 to 1990, data for certain variables are available only from 1974 onwards.
Data Sources

The time period covered for this study is from 1974 to 1990. The main sources of data are:

1. The Housing Bank Annual Reports from 1974 to 1990.

Now as far as the verification of hypothesis is concerned, it has to pass through two stages successfully.

1. The first stage is that of development theory which it has to get through and it should be found relevant and plausible at least.

2. The second stage is that of empirical verification. In this stage with the help of regression analysis we try to find out whether the data supports the hypothesis or not. At least data should not go against the hypothesis. Only data or econometric methods cannot clinch the issue and prove the hypothesis.

Empirically one can reject a hypothesis, but one cannot prove it.
Comparative analysis is done (i) for the plan periods (ii) for the period before 1974 and (iii) for the period from 1974 onwards.

For statistical analysis, annual growth rates of the variables are used rather than absolute values. This will solve magnitudinal and unit of measurement problems. Two methods are used for analysing the data:

(i) The average annual growth rate is calculated by fitting a semi-log trend to the time series variables for explaining the overall growth of these variables over the time period concerned.

(ii) An attempt is made to give theoretical interpretation to the empirical observations by using the method of linear regression analysis. Due to the non-availability of sufficient information on crucial variables like price, interest rate, labour force, etc., the inclusion of explanatory variables is restricted. The impact of variation in the dependent variable due to the presence of these omitted variables in the error term may cause serious autocorrelation problems, i.e. the interdependence of the error term which violates the assumptions of the estimation procedure. Keeping this possibility in view a two stage least square procedure is adopted in estimating the regression equation.
Chapter Scheme

In the second chapter, we narrate the recent history of Jordan and its efforts to plan and develop, and describe its geographical features and some salient features of the Jordanian economy.

In the third chapter, we discuss the history of the financial structure of Jordan as well as its future. The role of banks in the economic development, the Central Bank of Jordan, and the history of commercial banks with special reference to the Housing Bank are also discussed in this chapter.

We also discuss the main and other activities and objectives of the bank.

Branch expansion and number of branches of the Housing Bank in each governorate is probed.

In the fourth chapter, we calculate the growth rate of total deposits of the Housing Bank and compare it with the growth rate of total deposits of the banking system. We calculate the growth rate of saving deposits of the Housing Bank and compare it with the growth rate of saving deposits of the banking system. We also calculate the Housing Bank's total deposits as percentage of the banking system's total deposits.
We have shown the relative share of different productive sectors in GDP at factor cost in the Jordanian economy, with focus on the role of construction activity. Yearly percentage growth of credit facilities, real estate investments and financial investment of the bank have been calculated. Loan amounts distributed proportionately by governorate are calculated. The bank has been successful by its policy of encouraging savings by Jordanians and mobilizing deposits of the people and investing them especially in the housing sector.

The total and saving deposits of the Housing Bank kept increasing every year because the bank continued mobilizing individual and institutional savings in spite of the acute competition with other banks and financial institutions and other reasons which have been discussed in this chapter. The bank managed to achieve higher rates of growth than the banking system which enabled it to increase its share of the local deposit market. The graph clearly shows the high rates of growth of the Housing Bank, comparing it with the banking system. To find out the growth rate of each period for the Housing Bank and the banking system according to the plans for economic and social development of the Jordan economy, we have used a semi-log trend equation for each period depending upon the data which we took from the annual reports of the Housing Bank.

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