

## **What were the Central Bank of Jordan set of procedures which aimed to contain the repercussions of the emerging Corona virus impact on the national economy?**

In light of the rapid global developments resulting from the impact of the emerging corona virus and the challenges it poses to the national economy. The Central Bank decided to take a set of precautionary procedures aimed to contain the negative repercussions of the COVID-19 virus on the local economy. These measures could be summarized into: allowing banks to restructure the loans of individuals and companies, especially medium and small ones, which have been affected by the repercussions of this virus. Inject more than 550 million dinars to the national economy by reducing the compulsory reserve. Reducing financing costs and increasing the maturity of the existing and future advances to the economic sectors extended through the Central Bank program to finance and support economic sectors. Support the procedures of the Jordan Loan Guarantee Corporation by reducing the company's program commissions and raising the insurance coverage rate for the local sales guarantee program, as follows:

### **First: Postponing the credit facilities installments granted to the economic sectors clients (companies and individuals) affected by the spread of the Corona virus:**

1. Allowing banks to postpone the due installments on the affected companies, this procedure should not be considered a loan restructuring, and should not affect the credit rating of these companies with CRIF. In addition, banks should not charge these companies any commission or delay interest as a result of this procedure.
2. Allowing banks to conduct scheduling of clients' debts to whom the scheduling conditions applies without any down payment and without charging them any delay interests.

3. Postponing the retail customers' installments including credit card payments, housing loans and personal loans without charging them any commissions or delay interests.
4. The above procedures will be implemented until the end of the current year 2020.

**Second: Inject additional liquidity to the banks with an amount of 550 million dinars:**

The Central Bank has decided to reduce the compulsory reserve ratio on deposits with banks from 7% to 5%, this measure will provide additional liquidity to banks in the amount of 550 million Jordanian dinars. This will enable banks to reduce the interest rates they charge on the facilities granted by them to all economic sectors, including individuals and companies. It should be noted that this is the first time that the Central Bank has reduced compulsory reserves since 2009.

**Third: Reducing the financing costs of the Central Bank's refinancing program, that targets small and medium size projects, as follows:**

1. Reducing the program's interest rates to 1.00% instead of 1.75% for projects inside Amman Governorate and 0.5% instead of 1% for projects in the other governorates.
2. Banks should reduce interests' rate on existing loans at the same rate.
3. Increase the maximum maturity available for advances for all the targeted sectors in the program within the capital and unify them with the other governorates to become 10 years, including two years as a waiver period for those who wish.
4. Increasing the advances limit for all sectors to 3 million dinars, while maintaining the limit for the renewable energy and transportation sectors at 4 million dinars.
5. Expand the coverage of the program to target export sector (noting that the sectors currently covered by program are industry, tourism, agriculture, renewable energy, information technology,

transportation, health, technical and vocational education and engineering consulting).

**Fourth: Support the procedures of the Jordan Loan Guarantee Corporation by reducing loan guarantee commissions and increasing the coverage of the local sales guarantee program:**

1. Reducing the guarantee commissions of the industrial and services finance program from 1.50% to 0.75% for all loans that will be granted from this date until the end of the current year 2020.
2. Reducing the start-up loans guarantee commission from 1% to 0.75% for loans to be granted from this date until the end of the current year 2020.
3. Increasing the insurance coverage percentage of the local sales guarantee program from 80% to 90%.

**Fifth: Updating procedures and guidelines for dealing in cash:**

The Central Bank issued a guide to citizens and guests of Jordan who are on the land of the Hashemite Kingdom of Jordan to maintain their safety when dealing with cash. Binding instructions have been issued to licensed banks and exchange companies to keep the cash clean, sterilize cash containers, bags, counting and sorting machines, and places for its preservation, and provide the necessary protection for employees dealing with cash and citizens.

**Sixth: Continuity procedures for the ATMs and points of sale operation:**

The Central Bank issued a circular in which it emphasized that banks and payment services and electronic transfer of funds should continue to provide basic financial services to customers without interruption. These companies should be certain of their information technology infrastructure readiness through the availability of business continuity sites, and ensuring the continuity of providing payment services, especially ATMs and points of

sale (POS) for merchants, and the maintenance of these devices and feeding them with sufficient cash after they were duly processed to meet the needs of the public without any interruption.

The CBJ will continue to monitor the latest economic and financial developments to maintain its role in maintaining monetary and financial stability through using monetary and banking tools, and will take all appropriate measures to ensure the continuity of economic activity. Furthermore, the CBJ will continue to provide any additional liquidity to the banks through his monetary policy tools including the repurchase agreements (REPO), and the CBJ will reflect the changes in his interest rates on the REPO agreements.