

Legal Frameworks for Implementing Basel Principles III in the Banking Sector in Jordan

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ABSTRACT: *The research dealt with the legal frameworks for applying Basel III principles in the banking sector in Jordan, where the focus was on clarifying the principles established by the Basel III Committee and the extent of Jordanian banks' commitment to implementing them through the corporate governance instructions for Jordanian banks issued by the Central Bank of Jordan and amended in 2023. The importance of the research lies in determining the extent of compatibility of these instructions with the principles of Basel III, the result we reached was that corporate governance instructions were issued to be consistent with the principles of Basel III. Thus, the Central Bank of Jordan contributed effectively to applying international standards to the Jordanian banking sector, and the study recommended modernizing the banking system completely to reach To the highest level of application of Basel III principles, by supporting all principles related to corporate governance within banks by activating their constituent elements, and issuing a special law for corporate governance in addition to the instructions of the Central Bank.*

KEYWORDS: Basel III principles, corporate governance instructions for banks, banking sector, compliance, disclosure and transparency, stakeholder trust.

INTRODUCTION

The principles of the Basel Committee III in the banking sector is a lively and interesting topic in the field stability Economics and Finance, Basel Committee III represents an important development in the regulatory structure of the global banking sector, as it aims to enhance the stability and efficiency of this vital sector, and in light of the rapid transformations taking place in the global financial markets, the importance of understanding and analyzing the principles of the Basel III Committee in the banking sector is highlighted. This new regulatory framework

constitutes a turning point. Crucial in enhancing financial stability and enhancing confidence in the international banking system, the importance of the Basel III principles stems from the urgent need to enhance the endurance of banking institutions and enhance their ability to face increasing financial challenges. This regulatory framework comes as part of an international response to the global financial crisis in 2008, and it reflects the desire of the international community to enhance the strength of the global banking system.

Substantial amendments have been made to the Basel Principles II by the Basel Committee, the most important of which is the amendments to the three basic pillars, which led to the emergence of new banking standards and rules that regulate the work of banks. They were called the Basel III principles and were issued on September 26, 2010. They are also reviewed periodically and the application of its rules is monitored, as the document describing the scope of Basel's application is considered the last document issued. From the Basel Committee on Banking Supervision to describe the scope of application of the Basel Framework.

The goal of Basel III is to strengthen and increase the minimum banking capital requirements, as two additional capital reserve pillars have been introduced; a mandatory reserve to maintain capital and a discretionary buffer during a period of high credit growth.¹

It also amended the Basel Convention III Liquidity coverage ratio requirements by obliging banks to maintain sufficient assets to cover unknown external cash flows, in addition to regulating and monitoring derivative financial instruments.

Moreover, in line with that, corporate governance principles for banks have been issued Jordanian, Corporate governance is considered the control rules for operational operations in banks, and the Central Bank has an important role in strengthening it because it supervises the banks' implementation of the rules of corporate governance.²

To clarify the principles of the Basel Committee III in the banking sector and the suitability of corporate governance instructions for Jordanian banks³with it, this research was divided into four Detectives Chaired to explore and analyze the most important principles established by the committee, and the expected impacts on banks and national economies, and these aspects are as follows:

The first topic: Capital requirements

¹ Bank for International Settlements 2009. www.bis.org

²Al-Samarrai, Ammar Essam and Al-Sharida, Nadia Abdel-Jabbar. (2019).The impact of applying corporate governance concepts and principles on the efficiency of internal control systems. Research Journal. P. 30. Pages 109-138, p. 113

³Corporate Governance Instructions for Banks No. 2 of 2023

The second topic: Liquidity ratio requirements

The third topic: Leverage ratio requirements.

Section 4: Principles Al-Hakimiya Institutional For banks Jordanian.

The study problem and its questions.

The problem of the study appears in identifying the challenges faced by the banking sector in implementing the Basel principles III, through the instructions issued by the Central Bank of Jordan, and exploring the potential risks and economic impacts of the changes imposed on banks by analyzing how challenges can be overcome and problems associated with the application of these principles and the extent of Jordanian banks' compliance with the corporate governance instructions of Jordanian banks.

Based on the above, the problem is determined by answering the following questions:

1. To what extent are the corporate governance instructions for Jordanian banks issued by the Central Bank of Jordan compatible with the Basel Principles III?
2. How does the implementation of the Basel Principles affect...III on the efficiency of the banking sector?
3. What are the main challenges facing banks in applying Basel principles III?
4. Do you provide Basel principles III New opportunities for innovation in banking?
5. How can a balance be achieved between compliance with the Basel Principles III and achieve profitability in the banking sector?

The importance of studying.

The importance of the study is to enhance understanding of the impact of the Basel Principles III on the stability of the banking sector, and this knowledge can contribute to developing policies and procedures that enhance financial stability and protect the banking system from potential risks, and by understanding the principles of Basel III and their impact on banks,

The study also determines the extent to which corporate governance instructions for Jordanian banks are compatible with Basel principles. III The current study can contribute to enhancing investor and customer confidence in the banking system, and this can lead to attracting more investments and enhancing financial stability. The study also provides a deep understanding of the challenges of implementing Basel III principles and can help achieve an effective balance between compliance with standards and maintaining... Profitability in the banking sector and this contributes to enhancing the role of banks as sustainable and effective institutions.

Objectives of the study.

This study seeks to achieve a number of goals, perhaps the most important of which.

1. Study the principles of the Basel Committee III and analyze its impact on the banking sector.

2. Evaluating the extent to which the corporate governance instructions for Jordanian banks are consistent with the Basel Principles III.
3. Understand how to enhance the efficiency and stability of the banking system by implementing the Basel Principles III.
4. Evaluate the challenges and opportunities that arise for banks because of implementing these principles.

The first topic: Capital requirements

Seeking Basel III to improve the structure, quality and transparency of capital in banks, narrowing the scope of capital and becoming limited to basic capital and supplementary capital, and defining tools for each of them.⁴

The Basel Committee III by restructuring and organizing capital; It became based on two tranches instead of three tranches, as in the Basel II principles, and the third tranche was cancelled.⁵

The principle of capital depends on three pillars:

Firstly: Improving the bank's capital base in terms of quality and transparency, so that the capital consists of two tranches; The first limited the capital to the bank's subscribed capital and undistributed profits with no specified maturity date, such as unlimited-term bonds and preferred shares.⁶The second is the bank is supporting capital, such as subordinated bonds, with a fixed maturity date, and thus the Basel principles were dropped except for the components of capital, so the third tranche of capital was cancelled.⁷

The first tranche now contains ordinary shares, which include the shares issued by the bank, retained earnings, issue premium, and reserves. A fully paid subordinated loan is also added to this tranche under certain conditions.

The second tranche includes general reserves allocated to confront losses that may occur in the future, and a supporting loan to support the capital, fully paid under specific conditions.⁸

⁴Prestige, marabout. (2011).The impact of applying governance in the banking sector in accordance with the principles of the Basel Committee. A magister message that is not published. Kasdi Merbah University. Algeria. p. 39

⁵Sayed, Majid. (2017). Basel supervisory oversight requirements III and conduct its investigation into the Algerian banking system. Journal of Ammar Theliji University Studies. Algeria. No. 50. Pages: 262-280. p. 268

⁶Sayed, Majid. Previous reference. p. 269

⁷Mansour, Rana Hani and Wahba, Muhammad Salim. (2011), Basel III and Solvency II, a new challenge for the banking sector. Beirut: Bioline Printing and Publishing House. p. 14

⁸Habash, Muhammad. (2012). Basel III its provisions, effects, and application in Jordan. Journal of Banking and Financial Studies: Volume 20, Issue 1. Pages 11-13. p. 11

Thus, the Basel Convention III It gradually raised the minimum capital from 2% to 3.5% until 2013, then 4% in 2014, then to 4.5% in 2015 of risk-weighted assets. The minimum basic capital was also gradually increased from 4%. It reached 6% in 2015, and a conservative margin of protection was cut to 7% in 2019.⁹

Therefore, the Basel Convention worked to raise the quality of capital by making the following amendments:¹⁰

1. Increase the minimum level of high-quality capital gradually over specific periods.
2. Gradually increase the minimum ratio of basic capital to the risk-weighted ratio.
3. Deduct regulatory capital exceptions from high-quality capital.
4. Adding a 2.5 percent of risk-weighted assets, as a conservative margin of protection.
5. Cancellation of supporting capital.
6. Add a margin related to the stage of the business cycle.

We find that the Basel Committee aims by adding these amendments to increase capital adequacy and focus on its quality to meet any challenges that may arise in the future, as in the following table.

Table No. 1: represents Comparison of capital requirements between Basel II and Basel III

Capital requirements							
Total capital		Core capital		Ordinary shares			
Required percentage	Minimum percentage	Required percentage	Minimum percentage	Required percentage	The additional percentage	Minimum percentage	
	8%		4%			2%	Basel II
10.5%	8%	8.5%	6%	7%	2.5%	4.5%	Basel III

The Central Bank of Jordan sought to implement the principles of the Basel Committee regarding regulatory capital, and issued regulatory capital instructions in accordance with the Basel standard. No. 67/2016, the Central Bank of Jordan obligated banks and financial companies to divide regulatory capital into two tranches as follows:

⁹Qali, Muhammad and Ismaili, Nabila. (2020). Basel decisions III and its applications in Arab countries as an approach to achieving financial stability and managing banking crises. Al-Makar Journal for Economic Studies. Number 4. Pages 20-35. p. 22

¹⁰Qali, Muhammad and Ismaili, Nabila. Previous reference. p. 23

The first tranche: This is the capital that aims to ensure the continuation of the bank's work, and it consists of two categories::

The first category: rights of ordinary shareholders

The second category: additional capital.

Here we find that the elements of the first tranche that the Central Bank of Jordan obligated Jordanian banks to comply with the principles of the Committee

The second tranche: This is the capital used in the event of liquidation and discontinuation.

The instructions set the ratio of the total regulatory capital to be no less than 12% of the assets weighted for credit, market and operational risks. If the bank is classified in the first category, its capital adequacy ratio must be no less than 14. %.

The regulatory capital instructions, when applied on September 30, 2016, also required banks to meet the minimum capital requirements relative to risk-weighted assets, if the minimum basic capital is not less than 7.5%, and the minimum regulatory capital is not less than 12%.

We note that this percentage exceeds the percentage specified by the Basel Principles III, thus the Central Bank of Jordan has increased the hedging ratio to confront future risks.

Second: Precautionary capital requirements:

Precautionary capital aims to preserve core capital, so banks can resort to it in cases of future losses in economic and financial crises.¹¹

It includes additional capital to face risks; Additional capital for hedging purposes, and additional capital to confront crises, is deducted in periods of significant credit increase.¹²

Third: High-quality basic capital reserve:

Its aim is to protect banks from fluctuations in economic and financial cycles, and it is used during the period of economic recession, where banks reserve a certain percentage of their profits when high-quality basic capital decreases.¹³

The Central Bank has required Jordanian banks to maintain additional capital requirements in addition to regulatory capital requirements. The Central Bank has classified the types of additional capital requirements into several types as follows:¹⁴

¹¹Abdel-Ghani, Sharif Mohamed Mohamed. (2022). Compliance with the requirements of the Basel Convention III in Egyptian commercial banks. Scientific Journal of Financial and Administrative Studies and Research. Folder 13. Pages 206-241. p. 212

¹²Habash, Muhammad. (2012). Previous reference. p. 12

¹³Abdel-Ghani, Sharif Mohamed Mohamed. (2022). Previous reference. p. 212

¹⁴Regulatory capital instructions according to the Basel standard III No. 67/2016. Issued by the Central Bank of Jordan. Chapter III

The first type: conservative capital margin, for hedging purposes, amounting to 2.5% of risk-weighted assets.

The second type: capital margin to confront cyclical fluctuations, at a rate not exceeding 2.5% of risk-weighted assets.

It is noted that the Central Bank of Jordan imposed on banks to maintain additional capital requirements in line with the principles of the Basel Accord , which included deducting additional capital to confront risks, including: Additional capital for hedging purposes, and additional capital to confront crises, which is deducted in periods of significant credit increase., And The corporate governance instructions for Jordanian banks focused on the following principles:¹⁵

1. The principle of separation between ownership and management of the bank.
2. The principle of appointing non-executive and independent members to the bank's board of directors
3. The principle of capital adequacy and transparency.

The second topic: Liquidity ratio requirements

Seeking Basel Convention III to improve and increase the liquidity ratio to overcome financial crises and enhance risk management, governance and transparency of banks. It also seeks to ensure a minimum level of liquidity and has created standards to ensure this.¹⁶

It includes the Basel principles III the short-term liquidity coverage ratio standard within 30 days, which has been applied since 1/1/2015. It also includes the stable financing ratio standard for a longer period (one year) and has been applied since 1/1/2018.¹⁷

The Basel Committee allocated part of the capital to cover potential losses arising from market risks by linking this to adjusting the credit assessment if there was a decrease in the financial solvency of the counterparty. This part of the capital also covers transferred commercial risks.¹⁸ Which leads to banks maintaining medium- and long-term assets to cover banking transactions and bank activities for a full year, and provides flexibility in calculating the banks' liquidity ratio.

¹⁵Ababneh, Mahmoud. (2012). The adequacy of the provisions of the Jordanian Companies Law No. 22 of 1997 and its amendments in achieving the governance of public joint-stock companies in Jordan in light of international governance principles. *Journal of Sharia and Law Studies*. Volume 39, Issue 1, p. 3

¹⁶Al-Ali, Ali Hamid Hindi and Mohsen, Awatef Globe. (2018). Decisions of the Basel III Committee and their effects on the Iraqi banking system: an analytical study, *Al-Kout Journal of Economic and Administrative Sciences*, No. 28, Part Two, p. 177-178

¹⁷Habash, Muhammad. (2012). Previous reference. p. 12

¹⁸Sayed, Majid. Previous reference. p. 270

This ratio is measured by measuring the bank's funding sources to the uses of these sources, provided that it is not less than 100.¹⁹

Thus, we find that the Basel Convention III touched on the liquidity ratio due to its importance in the functioning of the banking system in light of the global financial crises, so it established unified global rules for it by establishing two types of liquidity ratio as follows:

1. Liquidity Coverage Ratio: Determined for the short term and its goal is for the bank to be able to cover its liquidity needs in the event of a self-inflicted crisis. It is calculated (the ratio of liquid assets held by the bank) based on the bank's 30-day volume of cash flows.²⁰
2. The liquidity ratio for the long and medium term, which seeks for the bank to have stable financing sources to finance the bank, is various activities.²¹ It is called the net stable financing ratio, and its aim is to motivate banks to set a priority, which is financing assets from long-term and medium-term financing.²²

In line with the principles established by the Basel Committee in the Basel Convention III to achieve the liquidity ratio, the Central Bank of Jordan issued instructions for the liquidity coverage ratio, which clarified the rules and provisions of the liquidity ratio in terms of explaining the components of the liquidity ratio and the method of calculating it.²³

The third topic: Leverage ratio requirements

Introduced by the Basel Committee III The financial advantage ratio requirement to set a maximum limit for the debt ratio in the banking system as an additional guarantee to confront risks, as it must not be less than 3%, which is a simple ratio that serves as an additional reliable standard for bridging financial crises and basic risks.²⁴

¹⁹Bahousi, Majdoub. (2017). The status of the Basel decisions III of banking system reforms after the 2008 financial crisis compared to the Dodd-Frank Act. *Journal of Economic and Financial Studies*. University of Shahid Hama Lakhdar - Algeria, Issue 10, Part 20. Pages 113-123. p. 114

²⁰Prestige, marabout. (2011). The impact of applying governance in the banking sector in accordance with the principles of the Basel Committee. A magister message that is not published, Kasdi Merbah University. Algeria. p. 40

²¹Arab Monetary Fund electronic publications. <http://www.amf.org.ae/ar/content/high-level-meeting-emerging-framework-strengthen>

²²Shelly, Wissam and Qaddi, Abdul Majeed. (2018). The experience of the Lebanese banking sector in implementing the Basel Accord III. *Journal of Strategy and Development*. Volume 8. Issue 15. Pages 209-231. p. 213

²³Liquidity coverage ratio instructions No. (5/2020). Issued by the Central Bank of Jordan

²⁴Al-Sharayri, Haitham Muhammad. (2018). The impact of the basic requirements of the Basel III Committee on the quality of internal auditing in commercial banks operating in Jordan. Master's thesis - Al-Bayt University

The Basel Committee conducts studies on the impact of applying the advantage ratio periodically to determine the appropriate ratio for it. The goal of raising the advantage ratio is to help build excess financial solvency in the system. Banking advantage is used as a requirement that supports the internal framework and supports the first tranche of capital requirements and integrates with it. It is also used as a method for measuring the risk ratio.²⁵

The advantage ratio is calculated according to the amendment introduced by the Basel Committee III according to the following equation

"=LR first explanation of capital / total assets on and off the balance sheet ≤ 3 "²⁶

This ratio, its accounting treatments and the details of this flexible indicator must be internationally approved, which helps establish the process of building excess financial solvency in the banking system and strengthening the first pillar of capital requirements.²⁷

The instructions set the advantage ratio as a minimum of 4%, which is greater than the ratio set by the Basel Committee III, which was specified as not less than 3%.²⁸

Thus, it is noted that the Central Bank issued instructions to Jordanian banks that are consistent with the principles of the Basel Committee III, where he obligated Jordanian banks to adhere to it and contributes to supervising and controlling its implementation.

The fourth topic: Principles of corporate governance for Jordanian banks.

The principles of corporate governance for banks were issued based on the texts of Articles (2, 21,22,25,33, 85, 59, 69, and 99) of the Banking Law No. 28 of 2000 and its amendments and Articles (4.65) of the Central Bank of Jordan Law No. 23 of the year 1971 and its amendments.

²⁵Makhtar, Bodali. (2017).The impact of Basel III decisions on the decision-making process to set the Bank of Algeria's precautionary standards. Al-Bashaer Economic Journal. Volume 3. Issue 2. Pages 32-45. p. 35

²⁶Shelly, Wissam and Qaddi, Abdul Majeed. (2018).The experience of the Lebanese banking sector in implementing the Basel Accord III. Journal of Strategy and Development. Volume 8. Issue 15. Pages 209-231. p. 213

²⁷Breish, Abdelkader. (2015). Basel III decisions and their role in achieving governance principles and enhancing global financial and banking stability. Journal of Financial Economics. Pages 97-118. p. 112

²⁸Regulatory capital instructions according to the Basel standard III No. 67/2016. Issued by the Central Bank of Jordan. Chapter III

Corporate governance is considered the control rules for operational operations in banks, and the Central Bank has an important role in strengthening it because it supervises the banks' implementation of the rules of corporate governance.

The corporate governance rules seek to provide the best international standards in governance by stipulating the principles of disclosure, transparency, responsibility and accountability and obliging Jordanian banks to adhere to these minimum requirements.

And Many commentators on the law believe that there is a positive relationship between the application of the rules of corporate governance for banks and the quality of disclosure and transparency in Jordanian banks.,²⁹So the corporate governance instructions for Jordanian banks focused on the following principles:³⁰

1. The principle of separation between ownership and management of the bank.
2. The principle of appointing non-executive and independent members to the bank's board of directors
3. The principle of capital adequacy and transparency.

as The principles of corporate governance have established basic foundations for banks to regulate the work of Jordanian banks in a way that ensures the safety of banking procedures and practices, which are as follows:³¹:

1. Defining the functions of the Board of Directors: The instructions exclusively defined the functions and tasks of the Board, stipulating "general principles:
 - a- The Board bears all responsibilities related to the bank's operations and financial soundness, ensuring that the requirements of the Central Bank and the interests of shareholders, depositors, creditors, employees, and other relevant parties are met, and ensuring that the bank's

²⁹Zuraiqat, Qasim Muhammad. (2011).The impact of the Corporate Governance Guide issued by the Central Bank of Jordan in improving the quality of internal auditing in Jordanian banks. Jordanian Journal of Business Administration. Volume 7, Issue 2. Pages 209-227. p. 210 See also Hoitash, U., Hoitash, R. and Bedard, JC 2009. Corporate Governance and Internal Affairs. Control over Financial.Reporting: A Comparison of Regulatory Regimes, The Accounting Review, 84(3): 839–867. P

Krishnan, J. 2005. Audit Committee Quality and Internal Affairs. Control: An Empirical Analysis, The Accounting Review,80(2): 649–678.

³⁰Ababneh, Mahmoud. (2012). The adequacy of the provisions of the Jordanian Companies Law No. 22 of 1997 and its amendments in achieving the governance of public joint-stock companies in Jordan in light of international governance principles. Journal of Sharia and Law Studies. Volume 39, Issue 1, p. 3

³¹Corporate governance guide for banks in Jordan. Issued by the Central Bank

management is carried out in a prudent manner and within the framework of applicable laws and instructions and the bank's internal policies.

B- The Board establishes the principle of each Board member's commitment to the Bank and all its shareholders and not to a specific shareholder.

C- The Board sets the strategic objectives of the bank in addition to supervising its executive management, which is responsible for daily operations. The Board also approves the internal control and oversight systems and verifies their effectiveness and the extent of the bank's compliance with the strategic plan, policies and procedures approved or required by the laws and instructions issued pursuant thereto, in addition to ensuring that the entire bank's risks have been properly managed."³²

2. Determine the board committees: Audit Committee, Nominations and Remuneration Committee, Risk Management Committee.

3. Organization of internal control: The human cadres in the internal audit department are qualified, provided with all the information they need, and have the right to communicate with any employee in the bank.

The bank must also submit to external audit, and the external auditor provides a copy of his report to the Internal Audit Committee and meets with it at least once a year.

4. Compliance: The bank must form an independent compliance department whose mission is to ensure the bank's compliance with the laws, regulations and instructions issued.

5. Risk Management: The bank's risk management department analyzes risks, whether operational risks, market risks, or liquidity risks.

6. Regulating the relationship with shareholders: The Central Bank encourages shareholders to attend annual meetings, vote, make decisions, and answer their inquiries, either personally or by appointing someone to represent them.

7. Disclosure and transparency: The bank must disclose within the scope of transparency applied globally, and adhere to the requirements of the Central Bank of Jordan in this regard. "The annual report must also include, as part of the commitment to transparency and full disclosure, the bank's corporate governance guide and the annual details of its commitment to its terms," according to what was stated in the instructions. Transparency is a right for customers, financiers and shareholders.³³

Transparency is linked to accountability, which includes assessing and evaluating the work of the Board of Directors and Executive Management. If errors are found or the lack of availability and provision of data is held accountable, in terms of inaccuracy of information or failure to make it

³²Corporate governance guide for banks in Jordan. Issued by the Central Bank

³³Barbarian, Saleh. (2001). Illegal practices in the stock exchange: a comparative legal and economic study. Legal Support Center. p. 18

available to the public in a timely manner, or concealment of information that affects the financial market and leads to economic instability.³⁴

Thus, the dimensions of corporate governance are protecting the rights of shareholders, equal treatment of shareholders, protecting stakeholders, commitment to disclosure and transparency, and defining the responsibilities of boards of directors for their administrative and financial decisions.³⁵

CONCLUSION

From what was previously mentioned about the topic the extent of application of the Basel Committee principles III on the Jordanian banking sector

We reached the following results.

Results:

1. Seeking Basel principles III To strengthen the banking sector's ability to address potential future risks by strengthening laws to develop procedures for banking supervision, risk management, transparency and governance in the banking sector.
2. The lack of liquidity is considered the most important cause of the global financial crises, which were the result of non-payment of mortgage debt and loans, and this was addressed by the Basel Committee III through two criteria; The liquidity coverage ratio standard, which came into effect on 1/1/2015, and the net stable financing ratio standard, which came into effect on 1/1/2018.
3. Corporate governance instructions have been issued to be consistent with Basel principles III The Central Bank of Jordan has effectively contributed to implementing the global standards stipulated in Basel III.
4. The Basel Committee gave III A period of five years for banks to implement their principles gradually. This period is considered sufficient for Jordanian banks to increase their capital ratio and increase liquidity ratios, as this was included in the corporate governance instructions for Jordanian banks.

³⁴Khudairat, Omar. (2015).The impact of good governance indicators on foreign direct investment in Arab countries. Al-Manara Journal for Research and Studies. Volume 21. Issue 3. Pages 273-314. p. 280

³⁵Al-Muasher, Amer Ibrahim Yousef. (2016).The impact of applying corporate governance principles in commercial banks on investors' decisions in the Amman Stock Exchange. Unpublished research. College of Business Administration. International Islamic Sciences University

5. The Central Bank of Jordan plays an important and effective role in monitoring the implementation of the Basel principles III and corporate governance instructions issued by Jordanian banks.
6. There is great importance for the cooperation of legislative and supervisory authorities in enacting laws and instructions related to institutional governance, emphasizing the necessity of their implementation, and providing methods for monitoring their implementation by specialists.

Recommendations

Based on the deep understanding provided by the study, practical recommendations are proposed to strengthen the banking sector:

1. **Strengthening international cooperation:** The recommendation stresses the importance of strengthening international cooperation between banks and supervisors to ensure the consistent and effective implementation of the Basel III principles.
2. **Improving technological capacity:** It is recommended that banks develop their technological capabilities to improve risk management and compliance, through investment in financial technology and the development of advanced information systems.
3. **Enhancing transparency:** The recommendation indicates the importance of enhancing banks' transparency with regard to applying Basel III principles, in order to build investor confidence and enhance financial transparency.
4. **Improving the skills of banking staff:** It is desirable to develop the skills of banking personnel to ensure accurate understanding of the requirements of Basel III principles and their effective implementation.
5. **Modernizing the banking system:** challenge The system is fully integrated to reach the highest level of application of Basel principles III, by supporting all principles related to corporate governance within banks by activating their constituent elements

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