

ANALYZING THE STRUCTURE OF THE BANKING INDUSTRY IN JORDAN

Rami Mohammad Abu Wadi* and Nahil Ismail Saqfalhait**

Abstract: *This paper aims to analyze the structure of the banking industry in Jordan during the period 2000–2013. Additionally, some important determinants for the banking industry in Jordan are examined.*

According to the Jordanian banking industry structure, there was a noticeable decline in the market share of the three largest banks, which improved the level of competition between the operating banks in the Jordanian market. However, the level of concentration in the banking sector in Jordan is still high.

This paper shows that the concentration ratio by total assets have not experienced large or sudden changes during the study period, where Arab Bank acquires the largest market share, while the second and the third places were alternately occupied by the Housing Bank, the Islamic Bank and Ahli Bank. Furthermore, the Rosse Panzar index reveals that the banking industry in Jordan can be considered as oligopoly market.

Keywords: *Banking industry, market share, market structure, concentration, Rosse Panzar*