

Governance and its legal mentoring role on commercial banks in Jordanian legislation

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Abstract

This study aimed to investigate the nature of governance and its legal supervisory role over commercial banks in Jordanian legislation, as it showed that banking governance is the rules for leading and directing the bank, which imposes mechanisms to regulate the relationship between the board of directors, executive management, shareholders and stakeholders. The study also showed that the rules of governance for commercial banks It has a binding nature, which required legislators to stipulate some legal penalties that result in the event of violation and non-compliance with the application of its rules. Commercial banks in Jordan are also obligated to implement the instructions of the amended instruction manual for corporate governance of banks issued in accordance with the Central Bank Law and the Jordanian Banking Law. The study followed both the descriptive approach and the inductive and analytical approach due to their suitability to the nature of the study. The study concluded that the corporate governance instructions for banks came as an independent system that works to manage and direct the bank. It also works to define and achieve the bank's objectives, manage the bank's work safely and seek to protect the interests of depositors, and the bank's commitment to all legislation and internal policies of the bank. Jordanian commercial banks comply with a set of internal mechanisms. And external and international standards for the quality of application of governance strategies. The study recommended keeping up with modern standards that continuously serve the governance components of commercial banks, which seek to improve the efficiency of performance in Jordanian commercial banks and support management in making rational decisions.

Keywords: governance, compliance management, disclosure, risk management, transparency, central bank oversight.