**No. 27/1/4872**

**Date: 27/4/2020**

**Circular to banks operating in the Kingdom**

**After Greetings,**

Pursuant to the Central Bank of Jordan’s keenness to deal with all clients of the banking sector fairly, transparently, and in a manner that takes into account the rights of all parties, especially regarding the impact of interest rate movements on the facilities granted to them , and to ensure the smooth flow of the impact of changes in interest rates on monetary policy tools on the cost of credit in the economy, and according to the statement issued by the Association of Banks which included reducing interest rates on facilities granted to individuals and retail customers by a total of (1.5%) at the end of April 2020, regardless of when these facilities are re-priced, and based on the provisions of Article (4 / B / 13) and Article (65 / B) of the Central Bank Law No. (23) of 1971 and its amendments, and the provisions of Article (99 / B) of the Banking Law No. (28) of 2000 and its amendments, the following has been decided:

 First: The periodicity of the interest rate adjustment shall be quarterly on all existing credit facilities which include a variable interest rate (whether granted before or after the Instructions on Dealing with Customers Fairly and Transparently ) and which will be granted in the future. Banks are free to determine the quarterly periodicity from the date of the contract signed with the customer or on specific dates based on the bank's policy

Second: With regard to the banks' response to reduce the interest rate for customers based on the statement issued by the Association of Banks, the banks should not raise the interest rate for customers when the periodical adjustments subsequent to the date of reducing the interest rate are due and until the end of the current year 2020, unless the Central Bank changes the interest rates, in which case the banks should reflect these changes according to the instructions in effect.

Third: With regard to existing loans which were priced based on JODIBOR, banks, when making the periodic adjustment of the interest rate, must reflect the change in the monthly rate of the actual interest rate in the overnight interbank lending market (interbank) instead of the change in the value of the JODIBOR.

Fourth: Banks must notify all customers (whether granted facilities before or after the Instructions on Dealing with Customers Fairly and Transparently), through a text message (SMS), with the new interest rate and monthly installment, as well as with the new periodicity for interest rate adjustment.

Fifth: The provisions of the above clauses shall apply as of its date, and the provisions of any previous instructions and / or circulars that conflict with them shall be canceled.

**Respectfully,,**

**Governor**

**Dr. Ziad Fariz**