Press Release

December 23, 2018

The open market operations committee at the Central Bank of Jordan decided to raise the interest rates on all monetary policy instruments by 25 bps, effective Monday 24/12/2018. The decision comes in response to the recent developments of the interest rates in the regional and international markets and to maintain the competitiveness of the financial instruments denominated in Jordanian dinar, as well as to protect the financial and monetary stability in the Kingdom.

In consistent with its underlying objective to sustain economic activities, the committee has also decided to maintain the interest rates on CBJ's refinancing program, that targets small and medium size projects, unchanged at 1.75% for projects located in Amman governorate and 1.00% for projects located in otherwise governorates. It is worth mentioning that the CBJ's refinancing program has provided funds for 900 projects in a total amount of JD 600 million, the total size of the program is currently nears JD 1.2 billion.

As a protection for borrowers who could suffer due to the recent increases in the interest rates, the CBJ issued on 27/8/2018 new instructions to the licensed banks that allow them to extend the maximum maturities of their existing and new retail loans to 10 years instead of 8 years. The CBJ instructions allow welling borrowers to extend the maturities of their housing loans in consistent with their cash flows. The instructions sought to reduce the burden of mortgages and protect the domestic demand. It also help companies of various sizes, who faces financial distress, to recover their normal economic activities by allowing them to extend the maturities of their debt and reducing their regular debt burden. The CBJ's instructions meant to coordinate between the cash flows of borrowers and their debt repayment burden. In all cases, this should not negatively affect the quality of the licensed banks portfolios of credit facilities.

The CBJ will continue to monitor local, regional and global economic developments and stand ready to act proactively to support monetary and financial stability.