The Impact of Global Financial Crisis on Presented and Returned Checks in Jordan

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Abstract
The aim of this paper is to investigate the impact of global financial crises on the presented and returned checks in Jordan. For this purpose we collected imperial data from central bank, New York stock exchange and Jordanian department of statistics. We collected the data of 15 years to run the analysis. We used bivariate pearson correlation and multiple regression techniques to check the relationship between GFC and presented and returned checks and what is effect of GFC on the both presented and return checks. According to bivariate pearson correlation results there is positive relationship between presented checks and returned checks. This result has also shown there is strong relationship between Dow Jones market drop and increasing presented checks. The multiple regressions have shown that there is significant effect for GFC on the presented checks in Jordan and negative relationship between GFC on return checks in Jordan. In this study also analysis of other Arab countries.

Keywords: bivariate Pearson, DowJones, GFC, Arabcountries, Jordan, central bank

Introduction
The global financial crisis was spread in 2007 very quickly in different countries like Europe and other countries. Financial crises have impact on the financial system and all the economic performance of the country. According to IMF report (2008) financial crisis have very bad impact on the global economy. Financial crisis is such storm that no country can save from it. According to Malik et al. (2008) global financial crises started from US and spread till many industrial countries like Japan and these countries economy have badly affected due to these financial crisis. According to Yeremeyeva (2008) the effect of global financial crisis not only till developed counties but also effect on the whole world. According to IOSCO (2007) global financial crisis have very worst impact on the emerging markets. According to Didier et al. (2012) due to financial crisis emerging market are suffering growth collapse. According to Chowdhury (2010) concluded that financial crisis cut the boundaries of all the developing and under developing country. According to Ali and Afzal (2013) financial crisis have spread in real sectors and financial sector. According to Li and Li (2013) revealed that the economy has hurt from different extents. At the end, (2014) have mentioned that global financial crisis have negative impact on business and economic development of different countries. According to (Tinio, 2009) financial crisis have impact of different countries and it dependent on that country that how they face all these problems. Due to these financial markets have badly affected. According to (Abreu, et al. 2008) due to financial crises reduced import export and foreign investment of any developing and under developing country. According to (Masood, et al. 2010) Financial crisis is main threat for financial market. Due to financial crises the unemployment rates is increasing very huge level. In most of the OECD countries the financial crises is the result of global recession. According to Kenawy and Abdel Ghany (2013) the impact of global financial crisis on the Egyptian is different. It varies from sector to sector and effect of European countries have badly affected. According to Gijbbers et al. (2012) global financial crises is caused of decline in house prices. According to Banenraoufi (2012) due to financial crises the prices of real and financial crises fell. According to (Armeanuetal, 2012) the financial crises have impact on the stock exchange. According to (Kondawar and Jadhav, 2012) due to financial crises the people have reduced their consumption habits. Many researchers have tried to find out the reason of global financial crises and their impact on economy and other are trying to find out what is impact of these crisis on economy. Different practitioners have various policies have impact on the prices on oil. According to Gherghel (2009) financial crises are due to increase or decrease oil prices. Main reason of global financial crises are failure in global imbalance 2) the absent of transparency in financial market 3) due to poor national regulatory 4) and lack of good international regulatory coordination. According to (Gros and Alcidi, 2011) combination of asset price bubbles is reason of global financial crises. According to (Chowdhury 2012) inefficiency of banking system is due to reason of global financial crisis. According to (Yildiran and Uzun, 2014) global financial crisis due to failure in banking system and uncertainty of business condition. According to Jayasree (2012) financial crisis is such a situation in which by the demand of money the supply of money is increase. Different studies have approved that financial markets are not able for more productive investment. Another practitioners have review the government decision making about related to global financial crisis. According to Gros and Alcidi (2010) the cost about the impact of financial crises to the economy growth has very far. According to Hemen (2013) global financial crisis is long way to revalidate the theory about the business cycle. Another group is doing working for evaluation of current financial systems. The worldwide authorities have underestimated the magnitude of global financial crises. Global financial crisis is big challenge for export to view what the reason of
these problems. In this paper, we also study what is the effect of financial crisis on Jordan. It tells about what is impact of presented and returns checks in Jordan. With the evolution of GDP, we can measure its impact on the Jordanian economy. For this purpose, we can evaluate current situation variables with pre-bubble period. The main theme is to investigate the effect of global financial crisis on Jordan.

**Research question**

1) Relationship of global financial crisis with presented and returns checks in Jordan.
2) How much financial crisis have affected returned checks in Jordan.
3) How much financial crisis has affected presented checks in Jordan.

**Objectives**

The purpose of this study is to check the effect of financial crisis on the presented and returns checks. The main purpose of this research is to give recommendations about the GFC and different variables of the economy. This paper also gives advice on organization and government dealing with such types of crisis.

**Research importance and scope**

In this paper, we have discussed about the different economic variables and global financial crisis impact on them. This content also tells properly about the global financial impact on different countries.

**Literature review**

Addabbo, T., Aziz, F. and Readron (2010) has shown in their paper that financial crisis has significantly increased unemployment rates. In this paper, they compare effects on different inequality income in USA and Italian labor market. In this paper, they have constructed a microsimulation analysis. In the first sector of the paper, they have described the economic parameters in the US and Italian labor market.

Aham and Augustine (2012) has explained that impact of global financial crisis on the GDP of the economy of Jordan. For this purpose, they have used 8 years data. In this paper, they have described the economic parameters in the US and Jordanian labor market. The main purpose of this research is to give recommendations about the GFC and different variables of the economy. This paper also gives advice on organization and government dealing with such types of crisis.

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Results have shown that investors are not always rational. IOSCO (2009) has explained the impact of financial crisis on the emerging markets. The consultation report has provided results about the financial crisis impact. Alzoubi, T. (2013) has explained in his paper the impact of financial crisis on the non-listed firm of Jordan. He has used the data from periods 2001 to 2011. According to his results, cash holding has a positive relationship with the firm value.

Manta, A. and Nanu, R. (2010) has described the impact of the global financial crisis on the management of the banking system. For this purpose, they have taken banks of Romania and used the VAR model. They have found a negative relationship between global financial crisis and Roman banking system.

Methodology
The aim of the study is to investigate the effect between Jordan economy and financial crisis of the world. It is not possible that we evaluate the effect of GFC on all variables we have taken few variables for this purpose. For example, return and presented checks. The study is started from literature review and discussion of different experts which tell about the effect of GFC on the Jordanian economy. We have taken imperial data from Jordanian department of statistics and New York stock exchange. The data is analyzed with the help of SPSS. We have used bivariate Pearson correlation and multiregression for the purpose of checking GFC effect on the presented and returned checks.

Data analysis
Table (1) shows very clearly presented checks were increases in 2009 compared with 2008. On the other side, return checks increased during 2008 and increased during in 2009 compared to 2007.

<table>
<thead>
<tr>
<th>Year</th>
<th>Dow Jones 30</th>
<th>Presented Checks</th>
<th>Returned Checks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>11246.37</td>
<td>11055.40</td>
<td>508.60</td>
</tr>
<tr>
<td>2001</td>
<td>10440.97</td>
<td>11622.70</td>
<td>495.00</td>
</tr>
<tr>
<td>2002</td>
<td>9979.89</td>
<td>12584.70</td>
<td>516.50</td>
</tr>
<tr>
<td>2003</td>
<td>8526.67</td>
<td>12904.80</td>
<td>487.60</td>
</tr>
<tr>
<td>2004</td>
<td>10124.67</td>
<td>14269.30</td>
<td>498.10</td>
</tr>
<tr>
<td>2005</td>
<td>10673.39</td>
<td>17494.20</td>
<td>467.30</td>
</tr>
<tr>
<td>2006</td>
<td>10827.78</td>
<td>22732.30</td>
<td>623.80</td>
</tr>
<tr>
<td>2007</td>
<td>12377.63</td>
<td>26521.70</td>
<td>798.10</td>
</tr>
<tr>
<td>2008</td>
<td>13407.03</td>
<td>30233.80</td>
<td>1405.60</td>
</tr>
<tr>
<td>2009</td>
<td>8595.57</td>
<td>40175.90</td>
<td>2125.50</td>
</tr>
<tr>
<td>2010</td>
<td>10433.45</td>
<td>34830.70</td>
<td>2129.40</td>
</tr>
<tr>
<td>2011</td>
<td>11465.27</td>
<td>34305.40</td>
<td>1878.80</td>
</tr>
<tr>
<td>2012</td>
<td>12075.69</td>
<td>37448.80</td>
<td>1567.80</td>
</tr>
<tr>
<td>2013</td>
<td>13380.66</td>
<td>39807.00</td>
<td>1558.50</td>
</tr>
<tr>
<td>2014</td>
<td>15471.71</td>
<td>42852.10</td>
<td>1525.00</td>
</tr>
</tbody>
</table>

Bivariate Pearson correlation and analysis
Before running the technique multiple regression technique, we shall answer the question that if there is any correlation between selected variable of the Jordanian economy. And Table no 2 shows that there is strong correlation between presented checks and return checks. Matrix also shows that there is strong relationship between presented checks and return checks where are equal 0.902. Matrix also shows that there is strong relationship BETWEEN DOW Jones market and presented checks, no at 0.05 nor at 0.01.

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<table>
<thead>
<tr>
<th>No.</th>
<th>Variables</th>
<th>r</th>
<th>R²</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Presented Checks</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Returned Checks</td>
<td>0.902**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>General Index (NYSE)</td>
<td>0.522*</td>
<td>0.260</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed). * Correlation is significant at the 0.05 level (2tailed).

Table no 3 shows that there is effect for GFC on both present and return checks.

1)it is clear from data there is positive effect for GFC on the Jordan where beta=1.569,.1 T=-3.426,sig.0.005 therefore we can say that first null hypothesis is rejected and other is accepted.

2)there is negative relationship between Jordan and GFC ,where beta=-1.164,t-2.540,.2

**Conclusion**

These results have shown that there is sudden increase of presented checks in 2009 as compared with 2008.this indicate that there is direct effect GFC on the presented and returns checks in Jordan .A bivariate pearson correlation analysis that there is strong relationship between presented checks and return checks .also shows that there is significant relationship between Dow jones market drop and presented checks .the multiple regressions show that there is strong relationship between presented and return checks .the multiple regressions shows very clearly that there is significant relation between presented and return checks with NYSE .this paper has shown that GFC show the 52.7% variation in the presented and return checks .results have shown that there is a positive effect for GFC on the presented checks and negative effect fpr GFC on the return checks.

**Limitations**

The different variables of Jordan are not present the full picture of Jordanian economy .therefore take other variables for future studies .this is questionable Jordanian results to other country .my further testing is on the other country economies.
Practical implications
This study highlights the relationship between GFC and Jordan’s economy. This paper shows the significant relationship between GFC and Jordan’s economy. This paper is very helpful for the practitioners to understand the effect of GFC on other countries and also help them to design to make latest strategies to stay away such type of the challenges.

Research added value
There is a lot of studies which investigate about the relationship between GFC and other variables but in this study discuses about the effect of GFC on the presented and returns checks. Therefore this in initiative study which describes all the aspects of GFC.

The learnt lessons
The global crisis is giving lesson that if anything will happen in one country then it will affect in another country. in the world people are affected very badly due to financial crisis. for example 11th September financial crisis is example that its consequences spread all over the world. we have learnt more that how we can prevent from these types of disaster and how we can reduce its impact.

Reference