

# The Impact of Financial Determinants On Bank Deposits Using ARDL Model

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**Abstract:** The purpose of this research is to quantify the impact of macroeconomic factors on Jordanian bank deposits in the context of the CoVD-19 epidemic. The annual data are collected between 1980 and 2020. The novel Autoregressive distributed lag (ARDL) model is suggested to evaluate the link between bank deposits and macroeconomic factors. The findings of Granger's causality test indicate that there is a one-way causal link between deposits and macroeconomic factors. Moreover, the study shows no causal link between financial shocks and bank deposits. In addition, the border test investigates the existence of a long-term equilibrium between variables. To attain long-term equilibrium, the imbalance in the short-term equilibrium is adjusted at a rate of 11.6%. Based on the Theil test, the new model is suitable for econometric difficulties and predictability.

**Keywords:** Autoregressive distributed lag, bank deposits, financial shocks, causality test, impulse response function

## 1. Introduction

Financial Banks in Jordan are regarded as one of the most important types of financial institutions because they operate as public shareholding companies, carry out their various activities in accordance with their stated objectives, accept deposits from individuals and businesses, and then operate savings and invest them, thereby contributing to the country's economic development [1]. Banks engage in their various activities by extending credit to individuals and businesses for the financing of various projects, as they work to attract investors in the most efficient and profitable fields, thereby contributing to the attraction of local and foreign investments and the creation of employment opportunities aimed at achieving the greatest profits and the highest level of local and global competitiveness [2, 3].

Banks compete to attract the biggest number of clients and the highest amount of deposits by offering a range of high-quality financial services that match the desires of different groups of society [4]. In addition to some investors' reluctance to borrow from commercial banks to reduce investment costs, high inflation rates, a low index of stock prices in the financial market, and other economic financial variables, some investors made direct investments of their deposits outside of banks with various investment instruments as a result of the increasing intensity of competition between banks to attract deposits. In addition to the impact of the various shocks that Jordan has experienced over time on bank deposits, such as the depreciation of the Jordanian dinar at the end of the 1980s, the return of Jordanian labor from the Gulf countries in the early 1990s, the global financial crisis of 2008 and the years that followed, and the pandemic crisis Corona in 2020. It is anticipated that banks would face a reduction in profitability, a challenge to their work efficiency, and a danger to their competitiveness [5, 6].

The significance of the study lies in demonstrating the role of economic and finance variables in influencing bank deposits and examining the effect of determinants on bank deposits by employing econometric models with time series based on the Auto regressive distributed Lag Model (ARDL) approach to determine whether there is a long-term relationship between

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deposits and their determinants of the total variables. This research investigated the economic and financial factors influencing Jordanian bank deposits over the study period (1980-2020) and examined the likelihood of a long-run link between bank deposits and their causes.

This research is comprised of five parts, an introduction, and a problem statement as follows: First, a literature review, then the study's data and methods, then the theoretical framework, then an econometric analysis using the ARDL approach, and finally, results and recommendations.

### Statement of the Problem

The research topic is connected to Jordanian banks' rising rivalry to attract deposits and subsequently transform savings into investments that help to enhancing bank profitability and competitiveness. As a result, the following questions are addressed in this study:

- 1- What are the determinants elements influencing Jordanian bank deposits?
- 2- Do interest rate fluctuations and the re-discount rate have an effect on Jordanian bank deposits?
- 3- Do the different shocks have an impact on Jordanian bank deposits over time?
- 4- Do bank deposits and their determinants have a statistically meaningful long-term relationship?

## 2. Literature Review

Many research has been undertaken across the globe to examine the variables influencing bank deposits. These studies were distinguished by a wide range of explanatory factors as well as the quantitative approaches used in the research. Some studies have concentrated on macroeconomic factors based on the economic context in which banks operate and employ time series, whilst others use Panel Data to focus on variables intimately relevant to the bank's operations.

Many research has been undertaken in both emerging and developed nations to discover the determinants that influence bank deposits. Previous research on the determinants of bank deposits employed various methodologies, such as the ordinary least squares approach, the Panel Data approach, which focused on finding the fixed and random effects, Co-integration Analysis, and auto regressive distributed lag (ARDL). One of the Ugandan research to explain the determinants of bank deposits, in which macroeconomic factors were employed as a predictor of bank deposits using the Autoregressive Distributed Lag Model (ARDL). The research found that GDP growth rate, FDI, and broad money (M2) have positive and statistically significant impacts on GDS over the long run, but Current Account Balance (CAB) and Gross National Expenditure (GNE) had negative effects on saves. In Uganda, the Deposit Interest Rate (DIR) was shown to be a statistically insignificant driver of Gross Domestic Savings (GDS). In the short run, CAB has a positive and statistically significant impact on GDS, but GDPg and DIR have a negative and statistically significant impact. [7] investigated the determinants of bank deposits in Ethiopia using an error correction model technique. The research discovered that population and economic growth factors had a long-term positive association with bank deposits. Other econometric models utilized in Ethiopian research were the ordinary least squares approach and Panel Data. The panel data random effect approach was utilized in [8].

Other research, such as [9], Long-term and short-term data suggested that interest rates had no influence on bank deposits in Islamic countries. In contrast, interest rates have a positive and significant influence on bank deposits in non-Islamic countries. [10] Demonstrated that several macroeconomic factors influence bank deposits in Nigeria and discovered a long-term link between bank deposits and their determinants using the Johansen co-integration technique. The ECM result demonstrated a good adjustment speed between short-term aberrations to achieve long-term equilibrium. [11] shown using the (V A R) model that average per capita income is a key driver of drawing domestic savings. [12] investigated the determinants of bank savings in Nigeria using the error-correction model and the Auto Regressive Distributed Lag (ARDL). The researchers therefore found that average GDP per capita income had a positive influence on the amount of domestic deposits and a negative effect on the Real Interest Rate (RIR). The impact of the Inflation Rate (INFR) on the amount of private domestic savings.

[13] investigated the determinants of deposit saving in India using the autoregressive distributed lag approach. They discovered that GDP, inflation rate, and interest rate all impact deposits and savings in the short and long term. [14] used a co-integration technique in time series analysis and an error correction model to demonstrate the relevance of variety between the rural and urban sectors in determining the variables impacting deposits in Bangladesh.

[15] shown that there are no substantial impacts of interest on deposits and that inflation has a negative effect on the total

deposits of Islamic banks during the recession. [16] investigated the impact of macroeconomic factors on Malaysian speculative deposits. According to the findings, GDP and the rate of inflation have no substantial impact on speculative deposit investment. [17] used autoregressive nonlinear distributed lags to explore the influence of macroeconomic factors on commercial bank deposits in the Maldives, and the findings revealed that most macroeconomic variables had a linear symmetric connection with commercial deposits in the Maldives. Short-term interest rates for commercial deposits, on the other hand, shown an uneven connection. a certain amount of money.

[19] examined the structure of deposit level determinants in Malaysian commercial banks using a co-integration model. The data indicated that Islamic bank profit rates, money supply, interest on deposits, basic lending rate, GDP, Kuala Lumpur Composite Index, and Consumer Price Index determinants had a substantial influence on deposits. [20] studied the variables affecting deposits in private commercial banks in Ethiopia. The findings revealed that disposable income, real GDP, growth, and branch expansion all have a positive and statistically significant effect on bank deposit growth, whereas the loan-to-deposit ratio (bank liquidity) and the capital-to-loan ratio (capital adequacy) both have a negative and statistically significant effect. [21] investigated the impact of macroeconomic factors on the level of deposits in the banking sector of the Western Balkans and concluded that interest rates play an important role in banking because they determine the interest rate on the difference between the interest rate on loans and the interest rate on deposits. Because banks make long-term loans backed by short-term deposits, there is a risk of exposure known as interest rate risk. According to [22], GDP has no influence on deposits in Albania, however inflation and deposit interest rates have a negative effect since the research was done during these nations' financial crises.

[23] investigated the effects of macroeconomic and financial factors on Ghanaian bank deposits. They accomplished a considerable negative impact in the near term of inflation and money supply growth in Ghanaian bank deposits, in addition to the dynamic influence of interest rates on deposits, inflation, money supply growth, and stock prices (all share index) on deposit levels.

[24] utilized a co-integration model to evaluate the variables that impact the amount of deposits at Sudanese commercial banks from 1970 to 2012. (ARDL). According to the results, inflation and money supply have a negative long-run influence on total deposits. Total deposits, on the other hand, are positively affected by credit, interest rates (profit margin), and real GDP per capita. [25] Investigated the determinants impacting commercial bank deposits in Nigeria from 2000 to 2019 using the panel data approach. The research found that branch network and bank size have positive and substantial impacts on deposit, whereas financial intermediation ratio and economic growth have positive but negligible effects on deposit, and money supply has a negative but significant influence on deposit. From 2009 to 2018, [26] explored the major causes causing structural changes in the Ukrainian household bank deposit sector. Based on the analysis of variation indicators dynamics, the market is characterized by regional asymmetries in terms of currency kinds and placement of household deposits.

The review of the literature and previous studies revealed a scarcity of studies applied in Jordan that use the Autoregressive Distributed Lag (ARDL) model to demonstrate the impact of determinants and financial variables on Jordanian bank deposits, which distinguishes and scientifically unique this study in this regard.

### 3. Method

Our data set began with time series data from 1980 to 2020. The dependent variable in this research was the total value of bank deposits in Jordan throughout the study period, while the independent explanatory factors were the re-discount rate, real GDP domestic product, interest rate, and Indicator variable (financial shocks). The statistics were acquired from a number of sources, including yearly bulletins produced by the Central Bank of Jordan, the Amman Stock Exchange / Financial Market, the Securities Commission, the Association of Banks in Jordan, and the Department of Statistics. The yearly data series for the study period were analyzed using the E-Views 9 program.

The research covered information on Jordanian banks, which comprised 13 commercial banks and four Islamic banks. The Autoregressive Distributed Lag (ARDL) model was used in this study to explore the influence of variable determinants on total Jordanian bank deposits. Several tests will be used to assess the time series of the variables under consideration: root unit, cointegration tests, and causality tests. These tests seek to find short and long-term correlations between total Jordanian bank deposits and their determinants, as well as to examine the causal link between the variables. a lot more a lot more. Because of the variation in the degree of cointegration of the researched variables in terms of the stability of some at the level and others at the first difference, the Autoregressive Distributed Lag technique was employed to establish the long-term linkages between the variables.

Theoretical framework:

**First: Types of Bank Deposits:**

- 1- Demand deposits: A deposit that the customer can withdraw from at any time he wants without any restrictions
- 2- Savings deposits: cash sums that individuals deduct from their income and pay them to the bank to open a savings account, which they are entitled to withdraw or part of it at any time with less interest.
- 3- Time deposits are defined as the sums of money that are placed with banks for a predetermined length of time, during which the depositor does not have the right to withdraw the value of the deposit prior to the end of the predetermined period and the banks pay interest on the deposits.

**Second: Deposits with Licensed Banks:**

At the end of 2020, the total balance of deposits with regulated banks was 36.79 billion Jordanian dinars. Deposits consist of demand deposits, saving deposits and time deposits. Time deposits stood foremost among other forms of deposits, accounting for 54.5 percent of total deposits by the end of 2020, followed by demand deposits at 28.6% and savings deposits at 16.9%.

Deposits are concentrated in a considerable proportion in three financial institutions represented by the Arab Bank, the Housing Bank, and the Jordan Islamic Bank, accounting for around 50% of the amount of bank deposits, with other banks competing for the remaining percentage.

**Table No. (1)** Distribution of deposits according to their types in 2020

Relative importance	value	The type of deposit
28.56	10508.5	Demand deposits
16.93	6226.8	Savings deposits
54.51	20053.8	Time deposits
<b>100</b>	36789.1	Total deposits

Source: (Jordan's Central Bank, monthly statistics bulletin)

**Third: Impact the financial shocks on bank deposits in Jordan**

The Jordanian economy was subjected to an internal shock in the form of the devaluation of the Jordanian dinar exchange rate at the end of the twentieth century, which resulted in a rise in prices, a decrease in demand for deposits, and the conversion of individuals from saving in the form of cash deposits to saving by owning fixed assets in their various forms. The repatriation of more than 300,000 Jordanian employees from the Arab Gulf nations raised demand for deposits in the early 1990s and following the conclusion of the second Gulf War, and this reflected favourably on the performance of Jordanian banks.

The Jordanian banking industry was negatively impacted by the global financial crisis at the end of 2008, as deposit interest rates fell from 5.2% at the end of 2001 to 3.46% at the end of 2011. Despite this, deposits were unaffected by the drop since the Central Bank took measures to mitigate the effects of the crisis, such as guaranteeing all savings for citizens of the Kingdom without a limit in 2009 and 2010. The banking industry, as one of the most significant financial sectors, was hit by the shock of the new Coronavirus pandemic, which presented issues for Jordanian banks and resulted in a decrease in profitability levels as the Central Bank cut interest rates by 150 basis points. Banks' financing issues have also risen, since banks depend on deposits to fund loans and deposit growth is weak in Jordan owing to low rates of economic development and income. This implies tighter liquidity, and a decline in the number of credit facilities offered to people, which significantly impacted the performance and competitiveness of the sector. The Central Bank has implemented a set of measures targeted at minimizing the negative impacts of the Coronavirus pandemic on the banking industry, including lowering the obligatory legal reserve ratio in order to ensure enough liquidity and encourage banks to generate money.

**4. Analysis**

**Econometric Analysis of the Determinants of Jordanian Bank Deposits Using Autoregressive Distributed Lag (ARDL) Model**

**Time-Series Stability Test (Unit root-test):**

The Dickie Fuller test is used to determine the stability of a time series using the probability value. If the probability value is larger than 5%, the variable is unstable, as is comparing the computed absolute value to the absolute tabular value. Appendix (1) displays the estimated ADF values as well as the probability of the analyzed variables in order to assess the dormancy of the time series at the first and difference levels. The difference in the stability degrees of the researched variables is evident from the results of the stability tests according to the extended Dickie Fuller test, which are presented in Appendix No. 1. As a result, the ARDL model will be employed, which does not need that the data be stable to the same degree and that one of the variables' degree of stability is not at the second difference. [27]. in a nutshell. In a nutshell (1,4,4,3,3) [28]. The results of the co-integration test between variables will be obtained. The study used annual data for the dependent variable, total bank deposits in Jordan from 1980 to 2020, and the independent explanatory variables, interest rate on deposits, rediscount rate, real GDP, and the indicative variable to express financial shocks, inflation rate, and bank stock price index. It should be mentioned that the variables of inflation rate and bank stock price index have been deleted owing to their lack of statistical relevance.

The cointegration test is based on (ARDL Bounds), with the null hypothesis stating that there is no cointegration (long-term link between variables), b1, b2 model parameters.

The results of the cointegration test utilizing the ARDL Bound Test are shown in Table No. (2), as can be seen by comparing the computed F value with the upper and lower critical values of [27]. We discover that the rejected calculated F value (7.313) is greater than the upper and lower critical values, indicating that the null hypothesis is and the alternative hypothesis is accepted at the 1% level, and thus we conclude that there is cointegration between the variables, implying that the variables have a long-term equilibrium relationship.

**Table No. (2)** Boundary Tests - Joint Integration Test using (ARDL –Bound test)

Result	Probability	F-Statistics
There is cointegration	0.0000	<b>7.313</b>
Critical value	F-Statistics	K=4
I(1) Upper value	I(0) Lower value	Significant level
3.52	2.45	10%
4.01	2.86	5%
4.49	3.25	2.5%
5.06	3.74	1%

Source: Calculation of the researchers using E-views 9 software.

**Table No. (3)** Results of estimating the model Parameters in the long term for the (ARDL) model ( 1,4,4,3,3).

Probability	T-Statistic	S.E	coefficient	Variable
0.000	8.47	0.28	2.388	RGDP

0.0125	2.7	1236.9	3351.25	Interest rate
0.000	-5.88	1163.7	-6846.12	Re-discount
0.0034	3.26	2610.7	8521.03	Dummy
0.6412	-0.47	8651.5	-4085	C
0.004	3.59	F-Statistics	0.63	R <sup>2</sup>

Source: Calculation of the researchers using E-views 9 software.

### Long-term Equilibrium Relationship:

The long-term connection will be assessed using the ARDL model after confirming the presence of a co-integration association in between researched variables. The lag times were determined using the (AIC) Akaike information criteria and the (SI) Standard Information [28].

The following results were found:

1- There is a strong, positive, and statistically significant, positive relationship between the interest rates on deposits. The higher the interest rate was granted on deposits, the higher the demand for deposits becomes by individuals. The savers who resort to saving their deposits with banks are described as averse to risk, with the absence of profitable investment opportunities associated with other forms of investment such as investing in stocks, bonds, derivatives, investment certificates, currencies, industrial investment, and others.

2- There is a strong direct relationship between the long-term relationship between real GDP and total bank deposits, and it has a high statistical significance, as shown by the t-test. This is consistent with the economic theory, which indicates that with the increase in income, savings increase, hence bank deposits increase.

3- In the long term, there is a strong direct and statistically relevant association between the indicator variable represented by financial shocks over time and bank total deposits. With the existence of financial shocks, the rate of return on investment lowers, negatively affecting bank performance, profitability, and competitiveness.

4- The rediscount rate and total bank deposits have a strong and statistically significant inverse connection. The higher the rediscount rate, the lower the bank deposits become. This is consistent with the economic logic, as raising the re-discount rate by the Central Bank would reduce the ability of banks to expand the granting of credit, because banks are lending from savers' deposits.

5-The overall explanatory power of the model was high, as evidenced by the coefficient of determination reaching 0.63 and the modified coefficient of determination reaching 0.58. The F test accepted the general significance of the model, while the exact probability value of the test was low.

6- Results of the ARDL test showed that the adjustment speed coefficient was significant at the level of 1%, and it appeared with the expected negative sign, which confirms the existence of a long-term equilibrium relationship between the total deposits and the explanatory variables used. This coefficient indicates that approximately 11.6 % of the short-term deviations or errors can be corrected per unit year to return to the long-term equilibrium position.

### Causality Test:

In order to determine the direction of causality between the value of total deposits and variables such as interest rates, real GDP, rediscount rate, and the indicative variable, a Granger Causality test was carried out (financial shocks). The findings of the Granger Causality test indicated that unidirectional causation typically runs in the other manner, with deposits typically leading to increases in interest rate, rediscount rate, and RGDP. In addition to the unidirectional causality that runs from the rediscount rate and real gross domestic product to the interest rate on deposits, there is also bidirectional causality. On the other hand, there is no evidence of a causal relationship between financial shocks and any of the variables that were



investigated for this research.

**Table (4) Pairwise Granger Causality Tests**

**Sample: 1980 2020**

**Lags: 2**

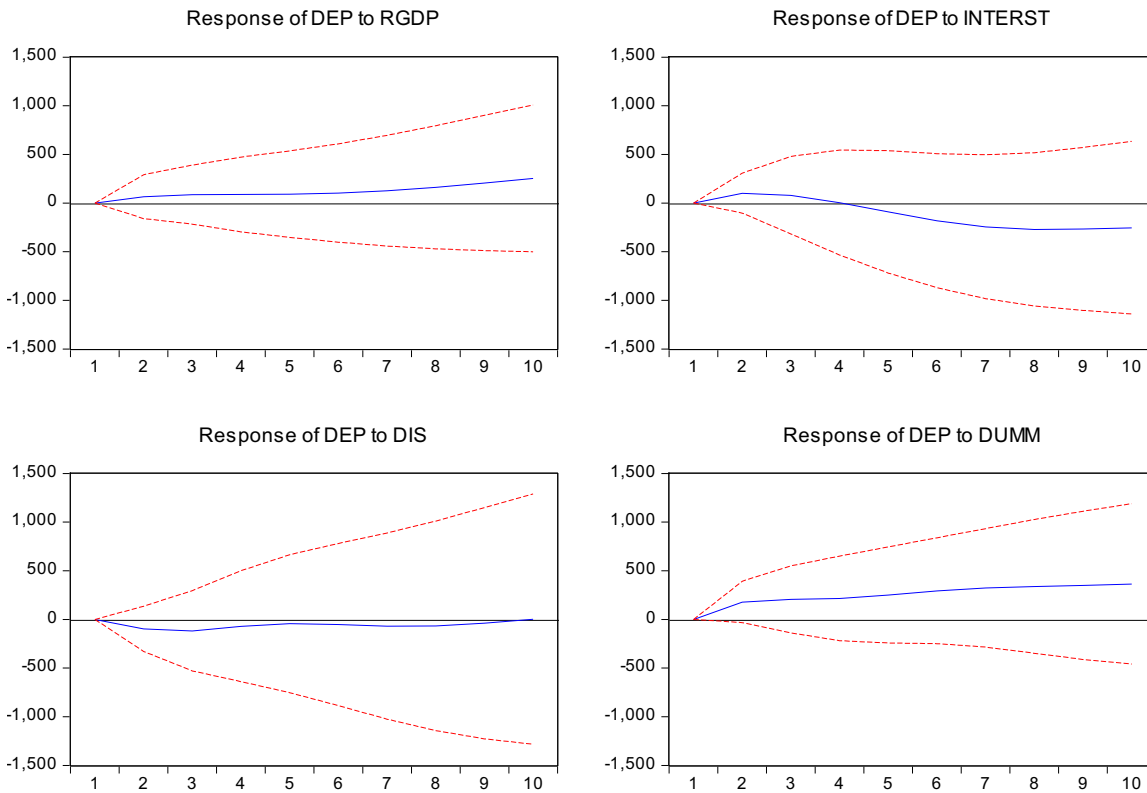
Null Hypothesis:	F-Statistic	Prob.
INTERST does not Granger Cause DEP	0.97399	0.3888
DEP does not Granger Cause INTERST	6.99526	0.0031
DIS does not Granger Cause DEP	0.06308	0.9390
DEP does not Granger Cause DIS	3.05387	0.0603
DUMM does not Granger Cause DEP	0.40492	0.6702
DEP does not Granger Cause DUMM	0.16810	0.8460
RGDP does not Granger Cause DEP	0.88969	0.4201
DEP does not Granger Cause RGDP	5.38455	0.0093
DIS does not Granger Cause INTERST	4.09642	0.0264
INTERST does not Granger Cause DIS	0.07213	0.9306
DUMM does not Granger Cause INTERST	2.01075	0.1510
INTERST does not Granger Cause DUMM	0.00583	0.9942
RGDP does not Granger Cause INTERST	4.48980	0.0194
INTERST does not Granger Cause RGDP	0.09605	0.9087
DUMM does not Granger Cause DIS	0.47860	0.6238
DIS does not Granger Cause DUMM	0.18685	0.8304
RGDP does not Granger Cause DIS	2.25169	0.1207
DIS does not Granger Cause RGDP	0.76302	0.4741
RGDP does not Granger Cause DUMM	0.02612	0.9742

**Impulse Response Function:**

This function charts the progression of different sudden shocks to which the various study variables are exposed over time and shows how each of these variables reacts to any shock or sudden shock in any variable over time.

Figure (1) below shows the response of the reaction of bank deposits to a sudden change of one standard deviation in each of the real GDP, interest rate, rediscount rate, and financial shocks. It is clear from the figure that the real GDP has a steady positive impact on bank deposits because any sudden change in real GDP is one standard deviation that positively affects bank deposits.

As for the interest rate variable, it has a positive effect on bank deposits until the fourth year, then its impact becomes negative, as any sudden change of the amount of one standard deviation in the interest rate negatively affects bank deposits. Moreover, the increase of the rediscount rate leads to a decrease in bank deposits and this effect continues for a long period. These results are consistent with the results obtained through the approach of co-integration and the long-term relationship.

Response to Cholesky One S.D. Innovations  $\pm 2$  S.E.

**Fig (1). Impulse Response Function**

## 5. Findings

Several diagnostic tests were carried out to guarantee the quality of the model utilized in the analysis:

1- Breusch-Godfrey LM test: The F-statistic value of the serial correlation test between random errors was 0.26, and the exact probability value of the test was 0.77. As a result, we accept the null hypothesis that there is no serial autocorrelation issue for the regression equation residuals.

2- Ramsey Rest test, which aims to determine the extent to which the model is defined in terms of the type of functional shape of this model, as the F-statistic reached 1.82 at the probabilistic value of the test 0.19, indicating that the model does not suffer from the problem of inappropriateness of the functional shape.

3- Jarque - Bera test for normalcy In terms of assuring that the distribution is normal for the regression equation's residuals, the value of Normality Jarque - Bera achieved 2.877 at the exact probability value of the test 0.23, indicating that the distribution is normal for the regression equation's residuals.

4- Testing the variance error homogeneity hypothesis (ARCH Heteroscedasticity) The test of the instability of the error term rejects the null hypothesis that the error term is not stable according to the F test, where the value of F was 0.24 and the probability value of the test was 0.99, confirming the homogeneity of error variance.

5- Estimated model structural stability test

Cusum (cumulative sum of residuals) test: It demonstrates the degree to which long-term parameters are stable and in harmony with short-term parameters. Cusum is represented by the model stability test. It is worth noting that the regression line crosses between the two critical area border lines, demonstrating the model's stability at 5% significance.

The figure clearly shows that the estimated coefficients of the ARDL model utilized are structurally stable across the research period, confirming the presence of stability between the study variables as well as consistency in the model



between the outcomes of error correction in the short and long periods.

**Evaluate the prediction ability of the calculated unconstrained error correction model:**

The robustness of the unconstrained error correction model's predictive performance determines the quality of the predicted outcomes. One of the most significant predictive performance indicators established by Theil is the uneven coefficient, which demonstrates that when the value of the (Theil) parameter is equal to zero, the model has a high capacity to forecast. If the parameter value is one, the dependent variable will remain constant throughout time. If the parameter value is larger than one, the model's predictive power is reduced.

Calculating the Thiel parameter value based on the research data reveals that the parameter value is less than one and near to zero, indicating that the model has a good predictability.

**Table No. (5): Correlation Test**

Variables	Prob	t-statistics	Standard error	Coefficient
D(RGDP)	0.000	4.52	0.06	0.279
D(Interest)	0.63	0.47	205.08	97.684
D(DIS)	0.43	-0.79	143.65	-113.536
D(DIS(-1))	0.52	0.65	206.55	134.364
D(DIS(-2))	0.68	-0.41	186.95	-77.44
D(DIS(-3))	0.007	2.91	126.56	368.787
D(Dummy)	0.31	1.02	298.68	305.44
ECT	0.0005	-4.02	0.029	-0.116

**Table No. (6): Study variables Dicky-Fuller tests.**

Variable	One Difference				Level			
	Intercept+trend		Intercept		Intercept+trend		Intercept	
	Sig t	t-test	Sig t	t-test	Sig t	t-test	Sig t	t-test
Deposit	0.04	-3.62**	0.09	-2.66***	0.86	-1.34	0.99	1.47
Discount	0.012	-4.11**	0.02	-4.13*	0.08	-3.30***	0.16	-2.34
Interest rate	0.072	-3.41***	0.017	-4.32*	0.008	-4.32*	0.81	-3.64
RGDP	0.000	-6.01*	0.000	-5.64*	0.977	-0.54	0.43	-1.68

Dum my	0. 00 0	- 6.98 *	0.0 00	- 7.05 *	0. 10	- 3.18	0. 02 6	- 3. 21 **
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## 6. Conclusions and Recommendations:

The purpose of this research was to discover the determinants impacting Jordanian bank deposits from 1980 to 2020 using the autoregressive model with distributed delays. For the ARDL model, it was discovered that there is a direct and statistically significant long-term relationship between real GDP, deposit interest rates, and financial shocks with bank deposits, as well as an inverse relationship between the rediscount rate and deposits in the long term, and the adjustment speed factor indicates that the deviation of total deposits during the period. The prior (t-1) for its long-term equilibrium value necessitates correcting the equivalent of 11.6% of this imbalance in period (t) until it achieves the long-term equilibrium. that there is a connection between the two. There is a link between the two.

Economic development via real GDP has a consistent influence on bank deposits, so policymakers must target it and concentrate on the interest rate and the re-discount rate as significant instruments for monetary policy in attracting deposits and funding loans. As a result, Jordanian bank managers must work hard to acquire deposits, operate, and invest customers' savings and deposits, which demand optimum exploitation and investment. It should be emphasized that the value of bank deposits is concentrated in three banks, with the remainder of Jordan's banks fighting for individual deposits.

The occurrence of economic and financial shocks over time frequently necessitates decision makers hedging against these shocks through the ability to absorb and mitigate their effects on the financial sector in general and the banking sector in particular, as the banking sector must create a hedge fund against financial shocks to protect bank deposits and provide adequate liquidity. As a result, it is critical to increase bank performance efficiency and competitiveness, particularly in extraordinary situations and throughout recurring crises.

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