THE IMPACT OF ISLAMIC BANKS' PROFITABILITY INDEX ON THE PERFORMANCE OF THE AMMAN STOCK EXCHANGE DURING 2011-2021

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Abstract

In the evolving global economic landscape marked by technological advancements, liberalized markets, and the ascent of multinational corporations, Islamic banks have emerged as pivotal entities within the new economic paradigm, addressing the financial needs of societies eschewing Riba (interest) transactions. This study investigates the impact of Islamic banks' profitability indices on the performance of the Amman Stock Exchange (ASE) through the lens of the Stock Price Index (PIX) over the period 2011-2021, with Jordan serving as the focal point due to its significant financial sector development, particularly in Islamic banking. Employing a quantitative analysis approach, the study leverages financial data from three major Jordanian Islamic banks and the ASE, applying statistical tools within the EViews software for analysis. The findings indicate a positive and significant relationship between the profitability indices of Islamic banks and the PIX, affirming the hypothesis that Islamic banks' profitability indices significantly influence the ASE's performance. This relationship underscores the integral role of Islamic banking in enhancing financial market performance, particularly in economies with a substantial Islamic banking sector. The study highlights the resilience and success of Islamic banks amidst global economic challenges and their ability to positively impact the financial market's performance, recommending further research on the multifaceted effects of Islamic banking on market dynamics and advocating for liquidity management to bolster economic activity and market performance.

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Keywords: Jordan economy, financial institutions, financial market, COVID-19

JEL Classification: G21; O16

1. Introduction

In the twenty-first century, the global economic fabric has undergone transformative changes, spurred by the technological revolution, the liberalization of markets, and the dismantling of trade barriers, fostering a climate of increased competitiveness and economic integration. This era has heralded the ascendancy of Islamic banks as crucial players within the financial domain, adapting to cater to societies that eschew interest-based transactions. Despite the formidable challenges wrought by these global shifts, Islamic banks have not only thrived but also secured a robust foothold in both local and international banking arenas. They have adeptly navigated the capitalist milieu, which prioritizes interest rates as a central banking tool, by offering an array of Sharia-compliant financial products, services, and investment avenues (Hussien et. al., 2019). This investigation seeks to delineate the influence of Islamic banks' profitability ratios—specifically, the Return on equity (ROE)—on the performance of the Amman Stock Exchange (ASE), as measured by the Stock price index (PIX) over the period 2011 to 2021. Jordan serves as an exemplary context for this study due to its significant strides in financial sector development, particularly within Islamic banking, hosting four operational Islamic banks (Kieso et al., 2011; Malkiel, 2015).

The paper is structured as follows: Section 1 defines the problem statement, shedding light on the challenges and opportunities presented by global economic openness for Islamic banks and their consequential impact on the performance of economic sectors, notably the ASE. Section 2 establishes the theoretical foundation, elucidating the economic significance of Islamic banking and the financial performance indicators critical for this study. Section 3 describes the methodology employed, a quantitative analysis leveraging statistical tools to examine the relationship between the profitability of Islamic banks and the performance of the ASE. Section 4 analyses and tests the hypothesis, applying statistical methodologies to assess the data collected. The conclusion in Section 5 encapsulates the study's findings, affirming the pronounced impact of Islamic banks' profitability

on the ASE's performance, and underscores the need for further exploration into this dynamic interplay, with a particular emphasis on non-financial determinants such as regulatory changes and economic policies.

Hence the idea of this study was chosen as a model for the study because of the great development witnessed by its economy, especially in the financial sector in general and the Islamic banking sector in particular, as there are currently four operating Islamic banks in Jordan, namely: Jordan Islamic Bank, Islamic International Arab Bank, Safwa Islamic Bank, and Al Rajhi Bank. Al Rajhi Bank was excluded as it is a bank of Saudi origin, while the period from 2011 to 2021 was chosen because this period witnessed the presence of the three main Islamic banks, as before this date the Jordan Islamic Bank and the Arab Islamic Bank were operating in the Jordanian banking market, while the Safwa Islamic Bank was launched in 2011 under its old name, Jordan Dubai Islamic Bank, and later in 2018 it became Safwa Islamic Bank.

Through this meticulous examination, the study not only contributes to the existing body of knowledge on Islamic banking and financial markets but also offers insights for policymakers and financial strategists aiming to enhance the synergy between Islamic banking operations and market performance, thereby fostering a more resilient and inclusive economic environment.

The problem of the study is represented in those global economic challenges based on economic openness, market liberalization and removal of obstacles to the flow of goods, services and elements of production across borders, which created a wide level of competitiveness, and posed a challenge to achieving the desired levels of performance by banks in general and Islamic banks in particular, and this constituted a clear impact on the performance of all economic sectors and their institutions, due to the nature of the complementary relationship between the different sectors and the close relationship between the banking sector and the financial markets, including the Amman Stock Exchange, which It is expected that the improvement in the level of performance of banks will have a positive impact on the performance of the ASE in it, therefore, the main question that follows from the problem of the study and revolves in the mind of the researcher is: What is the impact of the profitability index of Islamic banks on the performance of the Amman Stock Exchange for the period 2011-2021?

This study aims to measure the impact of the profitability index of Islamic banks on the performance of the Amman Stock Exchange for the period 2011-2021, and accordingly, the hypothesis of the study can be formulated as follows:

H0: *There is no statistically significant impact of the profitability index of Islamic banks on the performance of the Amman Stock Exchange for 2011-2021.*

The importance of this study stems from the reality of the complementary relationship, which links the economic sectors to each other, and imposes a mutual impact on their overall performance, in addition to that the methodology used in this study contributes to the formation of a set of research knowledge, and the results of this study will also contribute to providing recommendations on how to address the challenges facing Islamic banks, and reduce their negative impact on the economic aspect in the region, and this study will provide some factors to improve the strategy of Islamic banks to attract and encourage more investors.

2. Theoretical Framework

Islamic banks are one of the important economic financial institutions, especially their role in financing commercial and investment activities and providing financial services to individuals and companies, which contributes to achieving economic and social growth, on the other hand, evaluating the performance of Islamic banks is important for investment decision-making by current and future dealers and investors (Kotz, 2017), and accordingly, the financial performance indicators associated with this study will be presented in this part.

Financial performance can be defined as maximizing the return per share, and its profitability in terms of financial data and indicators for analysis, and making various comparisons (Sahara et. al., 2018), or it is a measure to determine the luxury of companies' efficiency and effectiveness in employing their available resources, and the extent to which profits are achieved for them, and their reflection on the market prices of the share, and accordingly; There are many financial indicators that can be used to analyze the financial performance of companies, and one of the main indicators that will be used in this study is the profitability index, as this indicator reflects the basic ability The company is committed to achieving profits, followed by several sub-indicators through which the financial performance of the profitability

index is measured, including (net profit ratio, gross profit ratio, return on assets ratio, return on investment ratio, and return on equity ratio).

There are many financial indicators that can be used to measure the performance of the financial market, and each indicator differs from the other based on the factors on which it is based, in light of the above, the Amman Stock Exchange has provided many performance indicators that help investors and researchers to evaluate performance and establish confidence in the mechanisms of evaluating and trading securities, and these indicators include (Main Market Index, Liquidity Index, Return Index, Asset Debt Index, General Market Index, Capital Return Index, Volume Index, Stock Price Index).

Many studies, including Alaagam (2019), Bayrakdaroglu et al. (2017), Hutasoit et al. (2022), and Al Maani et al. (2021) have confirmed the existence of a positive relationship between the profitability index and the stock price index by market value.

The development of Jordanian Islamic banks

Jordan Islamic Bank is the oldest Islamic bank in Jordan, as it was established in 1978 and began operating in 1979 its capital reached (200) million Jordanian dinars, and its geographical spread increased through the establishment of branches in all governorates of the Kingdom, reaching (105), and the number of ATMs through which the bank provides its various services (withdrawal, deposit, account statement, transfers, and other services) to citizens to reach (78) ATMs (Jordan Islamic Bank Annual Report, 2022). While the Islamic International Arab Bank was established as a public shareholding company under the Companies Law in 1989 and began its work in 1997 its capital reached (100) million Jordanian dinars. Its geographical spread increased through the establishment of branches in all governorates of the Kingdom, where its number reached (46), as well as the number of ATMs through which the bank provides its various services it (withdrawal, deposit, account statement, transfers, and other services) to citizens to reach (168) ATMs (Islamic International Arab Bank Annual Report, 2022). Safwa Islamic Bank was established in 2010 under the name of Jordan Dubai Islamic Bank, and in 2017, Union Investments Company acquired 51% of the bank's shares and took a decision to change its name to become Safwa Islamic Bank, and its capital reached (100) million Jordanian dinars, and its geographical spread increased. The bank's branches expanded to become (42) branches spread in all governorates of the Kingdom,

as well as the number of ATMs through which the bank provides its various services (withdrawal, deposit, account statement, transfers). And other services) for citizens to reach (233) ATMs (Safwa Islamic Bank Annual Report, 2022).

The following is an explanation of the reality of the development of the profitability index for Jordanian Islamic banks. The profitability index is one of the important and necessary indicators that give a strong impression of the financial position of Islamic banks and their performance, so the researcher adopted this indicator in this study and collected data from the audited and approved annual reports of Islamic banks for the period 2011-2021 (Table 1).

Table 1

Profitability Index for Islamic Banks (2011-2021)

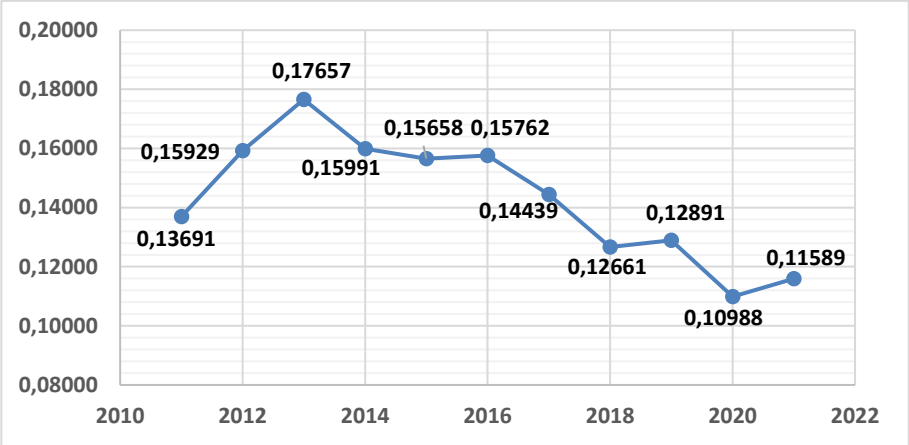
Year	Profitability Index based on (Return on Equity Ratio)		
	Jordan Islamic Bank	Islamic International Arab Bank	Safwa Islamic Bank
2011	0.137	0.118	0.047
2012	0.159	0.114	0.017
2013	0.177	0.135	0.011
2014	0.160	0.102	0.015
2015	0.157	0.119	0.025
2016	0.158	0.148	0.043
2017	0.144	0.165	0.041
2018	0.127	0.164	0.038
2019	0.129	0.160	0.070
2020	0.110	0.124	0.066
2021	0.116	0.127	0.086

Source: prepared by authors, based on the annual reports of Islamic banks, 2011-2022

According to Table 1, the profitability of Islamic banks was upward from 2011 to 2013 and then began to decline, with a downward trend from 2017 to 2020, following a slight improvement in 2021. This indicates that the company is facing challenges, which are mostly due to the conditions of the COVID-19 pandemic and the deepening of the economic recession. The following figure shows the profitability of the Jordan Islamic Bank for 2011-2021 (Figure 1).

Figure 1

Jordan Islamic Bank Profitability Index 2011-2021

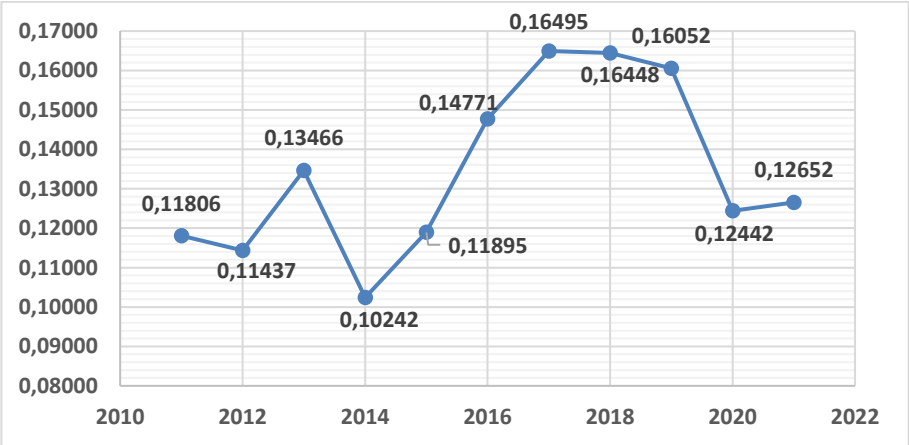


Source: Prepared by authors, based on the data extracted from annual reports of Jordan Islamic Bank

Regarding the Islamic International Arab Bank (see Figure 2), the profitability index appears to have had an upward trend from 2011 to 2017, followed by a period of almost constant fluctuation, which indicates a strong and stable performance.

Figure 2

Islamic International Arab Bank Profitability Index 2011-2021

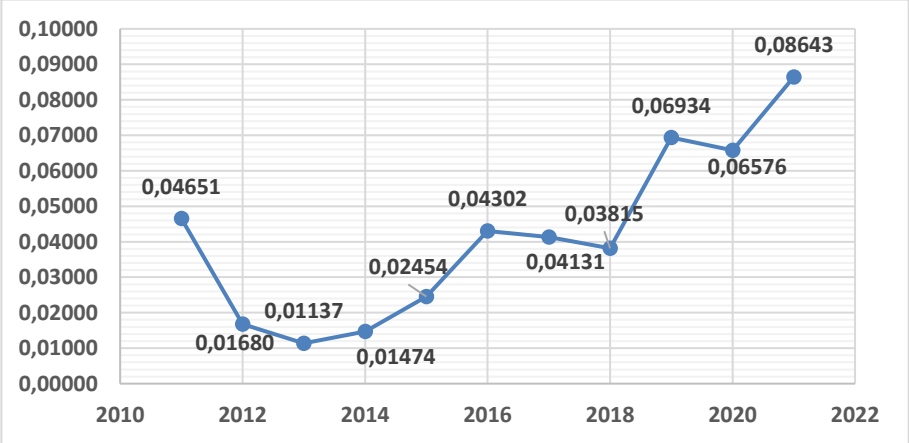


Source: Prepared by authors, based on the data extracted from annual reports of the Islamic International Arab Bank

Table 1 shows that the profitability index for Safwa Islamic Bank showed clear fluctuations from 2011 to 2018. However, it began to stabilize and grow from 2019 to 2021, with an upward trend from 2017 to 2021. The following figure illustrates the development of profitability for Safwa Islamic Bank from 2011 to 2021 (see Figure 3).

Figure 3

Safwa Islamic Bank Profitability Index 2011-2021



Source: Prepared by authors, based on the data extracted from annual reports of the Safwa Islamic Bank

The development of the Amman Stock Exchange (ASE)

Amman Stock Exchange was established on March 11, 1999, as an independent non-profit institution, and obtained the necessary licenses to operate as a regulated market for securities trading within the Kingdom on February 20, 2017, the Amman Stock Exchange was transformed into a public shareholding company with full government ownership, and it became considered the legal and actual form followed by the ASE, and the management of the Amman Stock Exchange Company is carried out through a board of directors consisting of seven members appointed by the General Assembly, in addition to a full-time executive director concerned with Managing the day-to-day business of the ASE. The Articles of Association of the Amman Stock Exchange Company stipulate the main tasks, and these tasks include the practice, operation, management and development of all the work of the securities and derivatives markets, whether inside or outside the Kingdom, and the ASE also aims to provide an

appropriate environment for interaction between the forces of supply and demand, in accordance with sound, clear and fair trading standards, and to spread the culture of investment and increase knowledge related to financial markets, and the Amman Stock Exchange seeks to enhance the transparency of financial markets and enhance confidence among investors, through the development of legislation to protect the rights of Investors and ensuring that there are no illegal or unethical practices in the financial market, the Amman Stock Exchange works to provide the necessary information for investors to make appropriate decisions regarding financial investments, by publishing periodic financial reports and providing important economic and financial data for companies listed on the market. The Jordan Securities Commission monitors and regulates trading operations in the Amman Stock Exchange and ensures the application of specific regulations and rules of the market, with the aim of providing a sound and favourable trading environment for investment. The Amman Stock Exchange (ASE) is one of the active financial markets in the region, enjoying a high level of stability, transparency, and trust among investors. The Jordanian government is working in cooperation with the Jordan Securities Commission to develop the market and improve the investment environment in the country, by improving legislation and regulations and enhancing the transparency of financial markets (Amman Stock Exchange, 2022).

The index of Stock Price Index by market value is one of the important and necessary indicators that give a strong impression of the financial performance of the Amman Stock Exchange, so the researcher adopted this indicator in this study as a dependent variable, and collected data through the statistical reports of the Amman Stock Exchange for the period (2011-2021), and the data collected were as follows:

Table 2

The Stock Price Index of the Amman Stock Exchange (2011-2021)

Year	Stock Price Index
2011	4,65
2012	4,59
2013	4,34
2014	4,24
2015	4,23

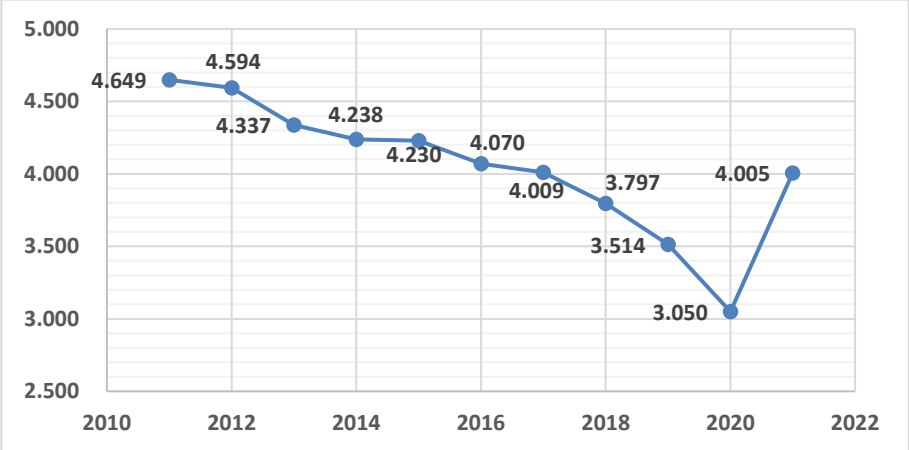
Year	Stock Price Index
2016	4,07
2017	4,01
2018	3,80
2019	3,51
2020	3,05
2021	4,01

Source: Prepared by authors, based on the Amman Stock Exchange (2022)

Table (2) displays the stock price index with the market value of the Amman Stock Exchange during the period from 2011 to 2021, this index provides a general understanding of the performance of the capital market Amman Stock Exchange and can be used for comparative analysis with the performance of banks that were previously analysed, during the period 2011-2015 relative stability can be observed in the index with slight fluctuations, then the period 2016-2020 witnessed a clear decline, which may be and to some extent due to the conditions of global economic crises, and the conditions of the pandemic Corona, but in the post-2020 period there is an increase in the index this year, indicating a market recovery or an improvement in economic conditions. The following figure shows the index of the stock price index of the Amman Stock Exchange for the period (2011-2021):

Figure 4

The Stock Price Index of the Amman Stock Exchange (2011-2021)



Source: Prepared by authors, based on the Amman Stock Exchange (2022)

3. Study Methodology

According to Galliers and Land (1987), the choice of methods and strategies to be adopted in the study is of great importance, and this study will adopt a quantitative analysis strategy, which works to review the natural sciences of a phenomenon and quantitative strategies include surveys, laboratory experiments, formal techniques and numerical strategies (for example, mathematical modelling), and in the field of financial and banking sciences, researchers noted that the quantitative approach is one of the most adopted methods in such studies.

3.1. Study Design

The quantitative approach has been widely used in the social sciences, this approach is considered appropriate for using financial data extracted from financial reports as a basic tool for data collection, and then the data is collected and analyzed using statistical tools, according to Lawrence (2006) the research methodology must be specific because it includes the methods by which the researcher determines the information, as the basic premise behind quantitative studies is the study of structures and relationships through formulated hypotheses, and therefore the current study relied on Specifically, the quantitative analysis approach, using the EViews program in the field of statistical science.

3.2. Study Population and Sample

The study population consisted of all Islamic banks working in the Hashemite Kingdom of Jordan until the end of 2022 and numbered (3), while the study sample consisted of all these banks (Jordan Islamic Bank, Islamic International Arab Bank, Safwa Islamic Bank), while Al-Rajhi Bank was excluded for being a foreign bank working in Jordan (Saudi dependency), and the following table shows the study sample:

Table 3

Study Sample

	Bank Name	Bank Code
1	Islamic International Arab Bank	IIAB
2	Jordan Islamic Bank	JIBA
3	Safwa Islamic Bank	SIB

Source: authors'

3.3. Data Collection

The researcher collected data through the financial statements of Islamic banks listed on the Amman Stock Exchange and through the financial statements of the Amman Stock Exchange for the period 2011-2021. In addition to other sources such as books specialized in the field of financial accounting and financial analysis, articles specialized in this field, refereed research in specialized courses, scientific journals, reports and publications of the Amman Stock Exchange, educational and professional sites specialized in the field of financial analysis, stocks, and related articles on the Internet.

3.4. Statistical Methods

The hypotheses were tested using the following statistical procedures: descriptive statistics analysis, Pearson correlation analysis, Panel Unit Root tests, Panel Co-integration tests, Breusch and Pagan Lagrange Multiplier tests, Hausman tests, and Fixed Effect Model test.

In order to study the impact of the financial performance of Jordanian Islamic banks (Profitability Index), and on the Stock Price index (PIX) for the period 2011-2021, the following standard model (1) was built:

$$PIX_{it} = \beta_0 + \beta_1 PR_{it} + \varepsilon_{it} \quad (1)$$

Where: i - Islamic bank; t -year; β_0 - constant term; β_1 – coefficient of the independent variables; ε_{it} = random errors; PIX = stock price index; PR = profitability index.

4. Analysis and Testing of Hypotheses

4.1. Descriptive Statistics Analysis

In this section, the descriptive statistical analysis of the data was carried out by calculating the arithmetic mean, standard deviation, and normal distribution of variables as shown in Table 4.

Table 4

Descriptive Statistical Analysis Results

Variable	PIX	PR
Mean	4.045	10.629
Median	4.070	11.895
Maximum	4.649	17.657
Minimum	3.050	1.137

Variable	PIX	PR
Std. Dev.	0.450	5.140
Skewness	-0.758	-0.556
Kurtosis	3.059	1.968
Jarque-Bera	3.167	3.165
Probability	0.205	0.205
Sum	133.475	350.762
Sum Sq. Dev.	6.481	845.384

Source: Prepared by authors, based on EViews

Table 4 shows that the value of the arithmetic means of the dependent variable The return on the stock price index (PIX) is 4.045, the standard deviation is 0.450, the lowest value is 3.050 and the highest value is 4.649, while the arithmetic mean value of the independent variable Profitability Index (PR) is 10.629, the standard deviation is 5.140, the lowest value is 1.137 and the highest value was 17.657. As shown by the results of Jarque-Bera, all variables are distributed normally which means that there is no dispersion in the data that later reduces Significant results.

4.2. Pearson Correlation Analysis

The results in Table 5 show that all variables are within the acceptable range of the correlation coefficient, which means that multiple linear correlation is not a problem.

Table 5

Pearson Correlation Analysis Results

Variable	PIX	PR
PIX	1	
PR	-0.357	1

Source: Prepared by authors, based on EViews

Table 5 shows Pearson's correlation coefficients between different variables, as Pearson's correlation coefficient ranges from -1 to +1. The coefficient of +1 means a strong direct correlation, -1 means a strong inverse correlation, and a value of 0 means no correlation. The relationship between the profitability index (PR) and the market capitalization-weighted stock price index (PIX) shows that the correlation coefficient is -0.357, which indicates a negative average correlation between the two variables.

4.3. Panel Unit Root Tests

The stability of the data in time series in general and for financial and economic data in particular is one of the important topics in the analysis because unstable data gives incorrect results or misleading results, and this is called Spurious Regression (Gujarati and Porter, 2008) and there are statistical methods through which stability is tested, the most important and most accurate is the Unit Roots test, which aims to examine the properties of the time series for each variable.

Table 6

Results of Unit Root Tests

Variables	I (0)	I (1)
PIX	-1.945	-2.843**
PR	1.496	-5.217*

Source: Prepared by authors, based on EViews

Table 6 in which the unit root was tested for variables, where the results show that all variables for this study are stable at the level of 1% and 5%, which indicates that the data used in the study are stable and therefore correct and non-misleading results were obtained.

4.4. Panel Co-integration Test

In this study, the Kao Residual Co-integration Test was used to examine the joint integration of the variables. This ensured that the statistical relationship between all the variables of the study was constant and that there was joint integration in the long term and short term.

Table 7

Panel Co-integration Test Results

	T-Statistics	Probability
ADF	6.346	0.001*
Series: PIX, PR		
Sample: 2011 – 2021		

Source: Prepared by authors, based on EViews

As it is shown in Table 7, the cointegration between the study variables was tested using the Kao test, where the symbol * indicates significance at the significance level of 1%. The results of the Kao Residual Co-integration Test show that the value of t-statistics = 6.346 is significant at the significance level of 1%, which indicates that the

statistical relationship between all study variables is constant and there is a common integration in the long-term and short-term.

4.5. Breusch and Pagan Lagrange Multiplier Test

The Breusch and Pagan Lagrange Multiplier Test was performed to compare the Panel Data models, including the Pooled Ordinary Least Square (OLS) Model and the Generalized Least Square Models.

Table 8

Lagrange Multiplier Test Results

Chi-Square Statistics	Probability
0.510**	0.043
Series: PIX, PR Sample: 2011 – 2021	

Source: Prepared by authors, based on EViews

In Table 8, the Lagrange multiplier was tested using the Breusch and Pagan test, where the symbol ** indicates significance at the significance level of 5%. The results of the Lagrange multiplier test show that the Chi-Square Statistics value = 0.510 is significant at the significance level of 5%, so the ideal is to use Generalized Least Square Models, including the Random Effect Model and the Fixed Effect Model.

4.6. Hausman Test

The Hausman Test was conducted to compare the Random Effect Model and the Fixed Effect Model.

Table 9

Hausman Model Test Results

	T-Statistics	Probability
ADF	5.526**	0.137
Series: PIX, PR Sample: 2011 – 2021		

Source: Prepared by authors, based on EViews

In Table 9, the cointegration between the study variables was tested using the Hausman Test. The results of the Hausman test show that the value of t-statistics = 5.526 is significant at the significance level of 5%, and therefore, the optimal approach is to use the Fixed Effect Model.

4.7. Hypothesis testing with the Fixed Effect Model

The results for the estimation of the parameters of the Fixed Effect Model for the PIX variable are shown in the table below (Table 10).

Table 10

Fixed Effect Model Test Results

Variable	Coefficient	t-Statistic	Prob.
PIX	4.976	2.668	0.015
PR	4.044	1.151	0.000

Source: Prepared by authors, based on EViews

It is noticed that there is a positive and significant relationship between the profitability index (PR) and the stock price index (PIX) at the level 1%, where the value of the coefficient was 4.976, while the value of t-statistic was 2.668, and this means that the higher the profitability index (PR), this will necessarily lead to a rise in the stock price index (PIX) for Jordanian Islamic banks listed on the Amman Stock Exchange, and this is supported by the results of previous studies (Alaagam, 2019; Bayrakdaroglu et al., 2017; Hutasoit et. al., 2022) show a positive correlation between the profitability index and the stock price index.

5. Conclusion

This study makes a significant contribution to the existing body of knowledge by meticulously examining the impact of Islamic banks' profitability on the performance of the Amman Stock Exchange (ASE), specifically through the lens of the Stock Price Index (PIX) from 2011 to 2021. By focusing on Jordan—an economy that has seen considerable growth in its financial sector, especially in Islamic banking—this research provides a nuanced understanding of how Islamic financial institutions influence broader market dynamics in a predominantly interest-based global financial system.

The study enhances existing academic literature in several ways. First, it offers empirical evidence on the relationship between the profitability of Islamic banks and stock market performance, an area that has seen limited exploration, especially in Jordan. Using a comprehensive dataset and robust statistical analysis, this research provides conclusive insights that contribute to a deeper understanding of Islamic banking's role in financial markets.

This research advances the previous state of knowledge by employing a more extensive dataset covering a significant period (2011-2021), which includes various economic cycles and the effects of global events such as the COVID-19 pandemic. The inclusion of this period allows for a more detailed analysis of the resilience and impact of Islamic banking in both stable and volatile economic conditions. Additionally, by focusing on Jordan, the study illuminates the specific dynamics of Islamic banking in an emerging market, contributing to a more global perspective on Islamic finance.

The authors contribute to the development of the field by providing a framework for understanding the intricate relationship between Islamic banking profitability and stock market performance. This framework can be used by policymakers, financial analysts, and scholars to further explore and leverage the potential of Islamic finance in enhancing economic stability and growth. Furthermore, the study's findings underscore the importance of adopting and promoting Sharia-compliant financial instruments as viable alternatives to conventional banking products, thereby broadening the scope of financial inclusion and sustainability.

In summary, this research significantly enhances our understanding of the contribution of Islamic banks to the performance of financial markets. By offering new insights into the mechanisms through which Islamic banking influences stock market dynamics, the study paves the way for future research in Islamic finance and its role in global economic development. The findings also have practical implications for investors, financial regulators, and Islamic banks themselves, providing evidence-based recommendations for strategies that can harness the potential of Islamic finance to foster more inclusive and resilient financial systems.

Finally, the data results of the analysis in the previous sections showed a statistically significant impact of the profitability index of Islamic banks on the performance of the Amman Stock Exchange for the period 2011–2021. It is a positive relationship in the long and short term, and therefore the hypothesis was accepted, which states that “there is a statistically significant impact of the profitability index of Islamic banks on the performance of the Amman Stock Exchange for the period 2011-2021.” Through the results of this study and the review of previous literature, the researcher recommends conducting more research on the direct and indirect impact of the performance of Jordanian Islamic banks on the performance of the Amman Stock

Exchange, with a focus on non-financial factors such as regulatory developments and economic policies, in addition to the need for Islamic banks to maintain liquidity at a level that achieves the possibility of meeting the demand for financing and in a way that reflects positively on their performance, specifically on their profitability indicators, which will achieve a number of benefits at the level of macroeconomic activity and its institutions, including. Amman Stock Exchange.

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