

The Role of Direct Credit Facilities in Financing Small and Medium Enterprises in Jordan Case Study (Islamic International Arab Bank)

دورالتسهيلات الائتمانية المباشرة في تمويل المشاريع الصغيرة والمتوسطة في الأردن دراسة حالة
(البنك العربي الإسلامي الدولي)

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دور التسهيلات الائتمانية المباشرة في تمويل المشاريع الصغيرة والمتوسطة في الأردن دراسة حالة (البنك العربي الإسلامي الدولي)

Abstract:

Objectives: The study aimed to identify the role of Islamic banks operating in Jordan (Islamic International Arab Bank) in providing appropriate financing for small and medium-sized enterprises, and on the effectiveness of the financing methods adopted in the Jordanian Islamic banks to finance small and medium-sized projects, and on the most important obstacles and difficulties facing Islamic banks (Islamic International Arab Bank) when providing appropriate financing to small and medium-sized enterprises.

Methods: The study relied on the descriptive approach in order to describe and explain the role of Islamic banks in financing small and medium enterprises and to identify the most important obstacles faced by Islamic banks.

Results: The study concluded that there is a role for Islamic banks in financing small and medium enterprises, which is a strong relationship, since the correlation coefficient is 99.8, and there is an effectiveness of Islamic financing formulas in financing small and medium enterprises. There are some obstacles that Islamic banks (International Arab Islamic Bank) face when providing financing to small and medium enterprises.

Conclusion: The study recommended the need for the competent authorities such as the Central Bank to work to provide the elements of success for Islamic banks because of their important role in providing financing for small and medium enterprises. And that Islamic banks should provide feasibility studies for the projects that provide financing to them.

Keywords: small and medium enterprises; financing; Islamic banks; gross domestic product; unemployment; economic development.

المخلص:

الأهداف: هدفت الدراسة إلى التعرف على دور المصارف الإسلامية العاملة في الأردن (البنك العربي الإسلامي الدولي) في تقديم التمويل الملائم للمؤسسات الصغيرة والمتوسطة الحجم، والتعرف أيضاً على مدى فاعلية أساليب التمويل المعتمدة في البنوك الإسلامية الأردنية لتمويل المشروعات الصغيرة والمتوسطة الحجم وعلى أهم المعوقات والصعوبات التي تواجه المصارف الإسلامية (البنك العربي الإسلامي الدولي) عند تقديم التمويل الملائم للمؤسسات الصغيرة والمتوسطة الحجم.

المنهجية: اعتمدت الدراسة على المنهج الوصفي لوصف وتوضيح دور البنوك الإسلامية في تمويل المشروعات الصغيرة والمتوسطة وتحديد أهم المعوقات التي تواجهها البنوك الإسلامية.

النتائج: توصلت الدراسة إلى أن هنالك دور للبنوك الإسلامية في تمويل المشاريع الصغيرة والمتوسطة وهي علاقة قوية كون معامل الارتباط 99.8 وهنالك فاعلية لصيغ التمويل الإسلامي في تمويل المشروعات الصغيرة والمتوسطة، وهنالك بعض المعوقات التي تواجهها المصارف الإسلامية (البنك العربي الإسلامي الدولي) عند تقديم التمويل للمشروعات الصغيرة والمتوسطة.

الخلاصة: أوصت الدراسة بضرورة قيام الجهات المختصة مثل البنك المركزي بالعمل على توفير مقومات النجاح للبنوك الإسلامية لما لها من دور هام في تقديم التمويل للمشروعات الصغيرة والمتوسطة. وأن تقوم إدارات البنوك الإسلامية بتوفير دراسات الجدوى للمشاريع التي تقوم بتقديم التمويل لها.

الكلمات المفتاحية: المشروعات الصغيرة والمتوسطة؛ تمويل؛ البنوك الإسلامية؛ الناتج المحلي الإجمالي؛ البطالة؛ التنمية الاقتصادية.

1 Introduction

Banks are the backbone of economic life and its artery that provides it with the necessary funds to sustain economic development and push the economy towards high rates of economic growth and the accompanying impact on the rest of the other economic variables in a positive way.

In view of the importance of small and medium-sized enterprises in Jordan and the pioneering role they play in stimulating economic activity and then advancing the course of the economy and thus bringing about remarkable economic development by contributing to investment, reducing unemployment rates and increasing production capacity, it can be said that small and medium-sized enterprises represent the pillar The backbone of the local economy (Afaneh, et al., 2004) as it helps to increase the gross domestic product. With its spread and expansion in various regions in the Jordanian cities, it has contributed to the consolidation of the culture of the possibility of establishing such projects, the main objective of which is to perpetuate the idea of social national security and limit the idea of labor movement from remote areas to major cities because it provides a fair distribution of economic activities in many cases, which It is effectively reflected in the fair distribution of income, in addition to qualifying manpower capable of completing tasks in a correct technical manner, and thus increasing the productivity of these important projects for all economies of countries in the world (Abass, 2020), and with the great role that Islamic banks play in financing and the tools and methods provided by this financing, and since small and medium enterprises are development projects, they will obtain the necessary financing from these banks in accordance with their desires, and serve the requirements of economic development (Al-Daas, et al., 2014).

Therefore, this study came to clarify the role played by banks through financing small and medium enterprises in Jordan by providing direct facilities to them.

1.1 The problem of the study and its questions

Small and medium-sized enterprises face a problem in providing the necessary financing and the available sources through which they can carry out the activities for which they will be carried out. Therefore, the research problem is to answer the following questions:

- What is the role of Islamic banks operating in Jordan (Islamic International Arab Bank) in providing appropriate financing for small and medium-sized enterprises?
- What is the extent of the effectiveness of the financing methods adopted in the Jordanian Islamic banks (Islamic International Arab Bank) for financing small and medium-sized projects?
- What are the obstacles and difficulties faced by Islamic banks (Islamic International Arab Bank) when providing appropriate financing to small and medium-sized enterprises?

1.2 Objectives of the study

The study aims to achieve the following:

- Identifying the role of Islamic banks operating in Jordan (Islamic International Arab Bank) in providing appropriate financing for small and medium-sized enterprises.
- Identifying the effectiveness of the financing methods approved by the Jordanian Islamic Banks (Islamic International Arab Bank) for financing small and medium-sized projects.
- Identifying the most important obstacles and difficulties facing Islamic banks (Islamic International Arab Bank) when providing appropriate financing to small and medium-sized enterprises.

1.3 The importance of the study

The study derives its importance from the results that will be reached with regard to the role of Islamic banks in providing financing through direct credit facilities, especially since there is an increasing interest by the governments of countries, especially developing countries, with regard to supporting small and medium enterprises, and because of their effective role in reducing levels of Unemployment suffered by the economies of many countries, especially since these projects play an important role in achieving growth and sustainable economic development, especially as they constitute the largest weight of the components of the national economy and also contribute to high rates of gross domestic product and work to absorb the largest number of workers.

1.4 Study hypotheses

In light of the study problem and its questions, the study seeks to test the following hypotheses:

- **H01:** There is no role for Islamic banks operating in Jordan (Islamic International Arab Bank) in financing small and medium enterprises in Jordan.
- **H02:** There is no effectiveness of the financing methods adopted in the Jordanian Islamic banks (Islamic International Arab Bank) for financing small and medium-sized projects.
- **H03:** There are no difficulties and obstacles facing Islamic banks (Islamic International Arab Bank) for financing small and medium-sized projects.

1.5 Previous studies

- **Abbas (2020) "The role of commercial banks in financing small and medium-enterprises in the Hashemite kingdom of Jordan"**. The study aimed to see the reality of small and medium enterprises in Jordan in terms of defining the concept of this type of projects in addition to their legal status and human resources. And knowing the role of commercial banks in financing small and medium enterprises. In addition to proposing some innovative solutions that may help in addressing the problem financing this type of project, especially in developing countries. And I concluded that there is an important role for commercial banks in financing operations, and that there are many obstacles that do not allow easy access to appropriate financing, such as the inability of the project to provide adequate guarantees, the projects' lack of accounting records, and the lack of a clear database for its activities. And that there is a government role to support financing such as these projects through the establishment of loan guarantors such as the Jordanian loan guarantee and others. The study recommended encouraging banks to increase the volume of financing for the small and medium enterprises sector, especially since this sector is of great importance in the employment process and increasing the gross domestic product. And encourage the owners of small projects to follow the scientific foundations in Manage their projects so that the financing process becomes more flexible due to the legal necessities of this matter.
- **Jassim's study (2020) entitled "The Role of Islamic Banks in Financing Small and Medium Enterprises"**. The study aimed to explain the concept of small and medium enterprises and to explain their role in economic development and to explain the methods of Islamic banks in financing, in addition to explaining the most important financing obstacles for small and medium enterprises. And it concluded that Islamic banks are institutions that do not only seek to achieve profits, but also seek to achieve economic development and contribute to reducing unemployment rates by supporting and financing small projects. Moving away from the use of traditional financial instruments and the use of financial instruments based on participation in accordance with the principle of profiteering. The study recommended that Islamic banks take constructive steps in order to win the largest possible number of those wishing to establish small and medium enterprises by moving away from the use of traditional financial instruments and using financial instruments based on participation in accordance with the principle of profit and loss.
- **The study of Al-Jaroushi & Turki (2019) entitled "The Role of Islamic Banks in Financing Small and Medium Enterprises"**. The study aimed to identify the extent to which financing methods are compatible with the teachings of Islamic law, which Islamic banks can provide, with the financing requirements of small and medium enterprises, with reference to the Libyan Islamic Bank, through a study of financing activities during the year 2018, and the study concluded that it is possible to rely on Islamic banks, despite their modernity, have several types of legitimate financing that are appropriate to the nature and size of the various economic activities in Libya, and therefore other types of financing provided by traditional banks based on usury can be dispensed with.
- **The study of Al-Joefel (2013) entitled "The Role of Islamic Banks in Financing Jordanian Small and Medium-Sized Enterprises" A Field Study"**. The study aimed to identify the methods of Islamic banks in financing small and medium enterprises and to study and evaluate these methods on the basis of their efficiency and suitability to the reality of small and medium enterprises. The role of Islamic banks in financing small and medium enterprises, and that there is an effectiveness in Islamic financing formulas in financing such projects. Small and medium, The study recommended the need for the competent authorities, represented by the Central Bank and the Jordanian Banks Association, to contribute to the success of Islamic

banks because of their major role in accumulating savings and finding a local alternative to support small and medium enterprises.

2 Theoretical Framework

2.1 The concept of small and medium enterprises

It can be said that there is not yet a specific definition of small and medium enterprises, as the word small and medium are words that have relative concepts that differ from one country to another and from one sector to another. Some define small and medium enterprises depending on a set of criteria, including the number of workers, the size of Capital, or a mixture of the two criteria together, the level of technology used and the economic system in the country, and there are other definitions based on the use of sales volume or other criteria (Al-Hamouri, 1999).

It can be said that there are two main trends when talking about the concept of small projects, they are (Farhan, 2003):

- The first trend: It is represented by relying on quantitative criteria in defining small projects.
- The second trend: It is represented by relying on the descriptive aspect in defining small projects.

In the first direction (quantitative criteria), the researchers reviewed the following criteria:

- The criterion of the number of employees: It varies according to the criterion of definitions related to small projects due to the multiplicity of countries and bodies that define small projects according to this criterion. For example, in America and France, a small project is defined that employs up to 499 workers, while in Denmark, Ireland and Belgium it is the small project that uses 49 workers, also in Germany.
- Capital criterion (net equity): Equity is the difference between the total assets and the total liabilities of an enterprise. There are also definitions based on this criterion in different countries, for example in Japan a small project whose capital does not exceed 10 million yen, and in Arab countries, including Jordan knows the small project whose capital is less than 50,000 dinars.
- The criterion of the level of technology used: This criterion is more effective in developed countries with high technological levels, but in developing countries it is ineffective due to the low level of technological progress.
- Sales criterion: This criterion is not common in Arab countries due to its fluctuation, but it may be more suitable for service and commercial projects than for industrial projects.

In the second direction (the descriptive trend), there are many definitions, including (Al-Joefel, 2013) the definition of the American Economic Development Committee that the small project is "that which meets at least two of the following conditions: that the owner is the manager, that the capital is provided by the owner whether It was a federation or a group, for the owners and workers to live in one community, for the size of the project to be small compared to the size of the sector to which it belongs.

The small project is also defined as "that industry that accepts development and improvement in line with production techniques and consumer desires with a medium level of capital intensity (Al-Joefel, 2013).

2.2 The reality of small and medium enterprises in Jordan

Small and medium enterprises represent one of the most prominent pillars of the Jordanian economy, and they represent the largest and most important percentage of the number of existing projects, reaching about (90%), so that their contribution to the gross domestic product at current prices is about (40%). It also contributes to the value of exports and the total investments executed by about (30%). As for financing for these projects, specifically for micro-enterprises, local funding, according to the latest estimates, amounted to (2.6) billion Jordanian dinars, and foreign financing amounted to (170.2) million dinars. With regard to the number of these projects, there was a growth rate of (17%) for the period between (2011-2015), as the number in 2015 reached (187,645) projects, compared to (156,728) projects in the year (2011). As for small and medium enterprises, their growth rates were much higher, reaching (56%) in the year (2015) compared to (38%) in the year (2011). In addition, the total sectoral distribution of micro, small and medium enterprises is distributed according to the industrial sector. And service in the year (2015) amounted to about (26717) in the industrial sector and (52038) in the service sector. (Arab Monetary Fund, 2019, pp. 38-39).

2.3 Characteristics of small projects

Small projects are distinguished by the ease and simplicity of their establishment procedures, as they do not need complex systems to manage the work, and there is no separation between ownership and management, so the entrepreneur has a desire to take risks. The form of ownership of the project is either individual or a company of persons, so we find that the owner of the small project enjoys complete freedom to work, and this advantage is important for women in particular, because the freedom to work - in terms of not being committed to a specific time - pushes women to establish such projects.

Also, the establishment of small projects does not require huge capital, and the owner of the project gets the entire return in particular, which motivates him to make every effort to make the business a success. It also has the ability to spread widely and has high flexibility. If the project fails, the owner can close it and start another activity.

There are some negative characteristics of small projects; they are highly vulnerable to failure, as studies in developed countries indicate that 50% of these businesses do not remain for more than a year and a half, and only 20% of them remain for ten years. The projects also suffer from financial weakness due to the high costs of production, management and financing, as their ability to absorb financial risks is limited. In addition, the ability of a small project to influence legislation and to know the attacks against it is weak. If the project achieves success and its trade name becomes famous and it is used by others, then it may not be able to sue the one who attacked it, either because he is not aware of his rights, or because of his weak financial position (Allam, 1993).

2.4 Methods of financing in Islamic banks

Islamic banks are trying to find the best ways to invest the funds they have in order to achieve the best possible profit for shareholders and holders of various investment accounts. Among the most important investment methods in Islamic banks:

- **Mudaraba:** It is a "contract between two parties, one of whom provides the money and is called the owner of the money to another party who is called the mudarib to work with it for the purpose of profit, provided that this profit is distributed between them in proportions agreed upon from the outset (Samhan, 2013).
- **Musharakah:** It means that "two or more share a certain share in the capital, with which they both trade, and the profit is distributed according to their money or according to a percentage agreed upon at the time of the contract" (Erekat & Akl, 2010).
- **Murabaha:** It is about "selling something at its original price, plus a known increase for the buyer, which represents the profit margin for the seller, and it is a type of trust sale, which is one of the sales contracts" (Al-Ajlouni, 2010).
- **Sale of Salam:** it expresses a "contract on a person described in the responsibility deferred at a price received in the contract council" or it is the payment of the price and the appraiser's delay, and because the buyer pays the price and takes goods after a period, in most cases these goods are cheaper than their value now (Samhan, 2013).
- **Istisna'a contract:** It is a "contract between two parties, under which one of them (the manufacturer) manufactures a thing of specific gender and characteristics for the other party (the manufacturer), provided that the materials needed for manufacturing (raw materials) are provided by the manufacturer, in exchange for a certain price paid by the manufacturer. The maker has it either immediately, in installments, or deferred (Samhan, 2013).
- **Ijarah contract:** which is about: owning a benefit or selling a benefit for a known consideration, and it is stipulated that the benefit is legally permissible, known at the time of the contract, and able to be delivered (Erekat & Akl, 2010).

3 Method and procedures

3.1 Study Approach

Based on the problem of the study and its questions, objectives and hypotheses, the study relied on the descriptive approach in order to describe and explain the role of Islamic banks in financing small and medium enterprises and to identify the most important obstacles faced by Islamic banks.

3.2 The study population and its sample

The study population consists of all the employees of the Islamic International Arab Bank in Jordan, and due to the large size of the study population, the researcher resorted to selecting an appropriate sample, consisting of (130) employees.

3.3 Study tool

It is a tool that was prepared and developed to cover all the axes that dealt with the problem of the study, its questions and hypotheses, with the aim of clarifying the role of the Islamic International Arab Bank in financing small and medium enterprises. The researcher prepared the questionnaire to cover all the questions, objectives and hypotheses of the study. The number of paragraphs of the questionnaire after its final formulation was (23) paragraphs.

3.4 The validity and reliability of the tool

To verify the validity of the tool, it was presented to a group of specialized arbitrators from professors in Jordanian universities in order to judge the validity of the tool. The questionnaire was modified in accordance with the opinions of the arbitrators, as some paragraphs of the questionnaire were deleted and modified in the light of their suggestions and observations.

3.5 Study procedures

After confirming the validity and reliability of the tool, it was distributed to the employees included in the study. (130) questionnaires were distributed, and the distribution and collection period took about one month. (120) questionnaires were retrieved, i.e. (92.5%). And (5) questionnaires that were not valid for analysis were excluded, as (115) questionnaires were adopted as a sample for the study, constituting (95.9%) of the total questionnaires retrieved, which is a very good percentage from a statistical point of view.

3.6 Statistical treatment

For the purposes of processing the data of the study and testing its hypotheses, the researcher used the methods of descriptive statistics and analytical statistics available in the Statistical Packages for Social Sciences (SPSS) program, for the purpose of describing customer responses and selecting hypotheses.

3.7 Statistical analysis of the data

Results related to testing the hypotheses of the study:

First: Description and diagnosis of the variables of the role of Islamic banks in financing small and medium enterprises.

The mean and standard deviation were extracted as shown in the following table:

Table 1: The arithmetic mean and standard deviation of the variable role of Islamic banks in financing small and medium enterprises

The role of Islamic banks in financing small and medium enterprises.	Arithmetic mean	standard deviation	relative weight	approval level
The services provided by Islamic banks are compatible with the needs of small and medium enterprises.	4.06	0.986	81%	High
Non-interference of nepotism and nepotism allows small projects to obtain appropriate financing with ease.	3.98	0.830	79%	High
When preparing the bank's plan, the funds granted to small and medium enterprises are taken into consideration.	3.88	0.855	80%	High
The bank selects the projects that deal with it without regard to the size of the project.	3.54	0.992	65%	Medium
The bank takes into consideration when granting financing the program of personnel development and training in small and medium enterprises.	3.54	0.906	60%	Medium
The knowledge and experience of the owners of small and medium enterprises encourage the bank and its management to grant financing to the owners of the projects.	4.14	1.212	85%	High
Financing small and medium enterprises exhausts the bank's management in following up financing and methods of collecting it.	3.98	0.850	80%	High
The bank's preference for financing industrial and agricultural projects deprives small and medium enterprises from obtaining financing.	4.17	0.870	85%	High
The incompetence of the owners of small and medium enterprises in managing projects and marketing their products prevents them from obtaining the required financing from the bank.	4.33	0.800	78%	High
The bank's requirement to finance highly feasible projects deprives small and medium enterprises from obtaining the required financing.	4.33	0.800	82%	High
General index.	3.95	0.910	78%	High

Source: prepared by the researcher based on the SPSS program.

From the previous table, we notice that the arithmetic means and standard deviations for the role of the Islamic International Arab Bank in financing small and medium enterprises reached 78% of the general index, and this means that there is agreement and positively by the respondents towards the paragraphs that indicate the role of the bank in financing small projects. The average was 3.95 with a standard deviation of 0.910, and this reflects the high level of approval.

Second: Describe and diagnose the variables of the effectiveness of financing formulas in the bank in financing small and medium enterprises.

The mean and standard deviation were extracted as shown in the following table:

Table 2: The arithmetic mean and standard deviation of the variables of the effectiveness of financing formulas in the bank in financing small and medium enterprises

The effectiveness of financing formulas in Islamic banks in financing small and medium enterprises.	Arithmetic mean	standard deviation	relative weight	approval level
The provision of financing by Islamic banks in various forms (Murabaha, Musharaka) prevents small and medium enterprises from obtaining appropriate financing.	3.81	0.98	%82	High
Methods for calculating the profits of Islamic financing formulas prevent small projects from obtaining the required financing.	4.08	0.91	%75	High
There is a lack of response to the fatwas issued by the Sharia Supervision Department in Islamic banks by the owners of small and medium enterprises.	3.97	0.92	%82	High
There is a lack of approval by the owners of small and medium enterprises to monitor the bank's disposal of funds obtained as financing.	4.05	0.78	%80	High
There is no incentive for the owners of small and medium enterprises to obtain financing from Islamic banks due to the fact that Islamic banks book an investment risk allowance and dispose of it.	4.02	0.80	%85	High
Owners of small and medium enterprises refuse to enter the Islamic Bank as a partner with them as a result of granting financing.	4.21	0.83	%80	High
There is a lack of conviction by the owners of small and medium enterprises in the methods of calculating the average participation of funds in investments and profits in projects in which the bank may enter as a partner.	4.12	0.93	%77	High
General index	4.01	0.87	80.01 %	High

Source: prepared by the researcher based on the SPSS program.

From the previous table, we note that the arithmetic means and standard deviations of the effectiveness of financing formulas in the Islamic International Arab Bank in financing small and medium enterprises reached 80.01% of the general index, and this means that there is positive agreement by the respondents towards the paragraphs that indicate the effectiveness of financing formulas In the Islamic International Arab Bank in financing small and medium enterprises, where the general average was 4.01 with a standard deviation of 0.87, and this reflects the high level of approval.

Third: Description and diagnosis of the variables of difficulties and obstacles facing Islamic banks (Islamic International Arab Bank) for financing small and medium-sized projects.

The mean and standard deviation were extracted as shown in the following table:

Table 3: The arithmetic mean and standard deviation of the variables of difficulties and obstacles facing Islamic banks (Islamic International Arab Bank) for financing small and medium-sized projects

Difficulties and obstacles facing Islamic banks in financing small and medium enterprises.	Arithmetic mean	standard deviation	relative weight	approval level
Islamic banks accept financing small and medium enterprises in all types of agricultural, industrial projects....etc.	4.04	0.92	%0.82	High
The amount of financing required from some projects takes them out of the circle of small and medium enterprises.	4.11	0.62	%0.85	High
The length of the loan period prevents small and medium enterprises from obtaining financing from Islamic banks.	4.06	0.76	%0.80	High
Weak administrative competence and experience of owners of small and medium enterprises limit the bank's ability to provide financing for these projects.	4.32	0.66	%0.75	High
The condition of Islamic banks and the presence of small and medium enterprises in some areas deprives these projects of obtaining financing.	4.24	0.91	%0.88	High
Not requiring small and medium enterprises to have their accounts audited by an external auditor deprives these enterprises of obtaining financing.	4.33	0.91	%0.82	High
General index	4.18	0.79	%0.82	High

Source: prepared by the researcher based on the SPSS program.

From the previous table, we notice that the arithmetic means and standard deviations for the variables of difficulties and obstacles to financing small and medium enterprises in the Islamic International Arab Bank reached 0.82% of the general index, and this means that there is positive agreement by the respondents towards the paragraphs that indicate difficulties and obstacles in the bank The Arab Islamic International in financing small and medium enterprises in the Islamic International Arab Bank, where the general average was 4.18 with a standard deviation of 0.79, and this reflects the high level of approval.

3.8 Hypothesis testing and results analysis

Testing the first hypothesis: There is no role for Islamic banks operating in Jordan (Islamic International Arab Bank) in financing small and medium enterprises in Jordan.

A simple regression analysis was performed, and the results of the analysis are as shown in Table 4.

Table 4: Testing the first hypothesis

variable	R coefficient of determination	R correlation coefficient	The calculated (F) value	Calculated (T) value	significance level (sig)	Hypothesis result.
The role of Islamic banks in financing small and medium enterprises.	0.966	0.998	15762.739	125.550	0.000	Rejecting the hypothesis that there is no role for Islamic banks operating in Jordan (Islamic International Arab Bank) in financing small and medium enterprises in Jordan.

Source: prepared by the researcher based on the SPSS program.

From the previous table, we notice that the value of (F) calculated is (15762.739), which is greater than its value extracted from the statistical tables and amounting to (4.08) at the level of significance (0.05) and degrees of freedom (48.1), which means rejecting the hypothesis and taking that for Islamic banks (Islamic Arab Bank International) has a role in financing small and medium enterprises, and this is confirmed by the level of significance (F) of (0.000), as it is less than (0.05) the level adopted for this research, and the relationship is very strong because the correlation coefficient is 99.8%, and the change in the independent variable 96.6% of the change in the dependent variable is confirmed by the value of t estimated at (125.552) at the level of significance (0.000), which is statistically significant for the respondents' opinions in favor of the role of Islamic banks in financing small and medium enterprises.

Testing the second hypothesis: There is no effectiveness of the financing methods adopted in Jordanian Islamic banks (Islamic International Arab Bank) for financing small and medium-sized enterprises.

A simple regression analysis was performed, and the results of the analysis are as shown in Table (5).

Table 5: Testing the Second Hypothesis

Variable	R coefficient of determination	R correlation coefficient	The calculated (F) value	Tabular (F) value	significance level (sig)	Hypothesis result.
The effectiveness of the financing methods adopted in the Jordanian Islamic banks (Islamic International Arab Bank) for financing small and medium-sized projects.	0.913	0.834	745.345	2.423	0.000	Rejecting the hypothesis that there is no effectiveness of the financing methods adopted in the Jordanian Islamic banks (Islamic International Arab Bank) for financing small and medium-sized projects.

Source: prepared by the researcher based on the SPSS program.

From the previous table, we note that the calculated value of (F) is (745.345), which is greater than the value extracted from the statistical tables, amounting to (2.423) at the level of significance (0.05) and degrees of freedom (48.1), which means rejecting the hypothesis and taking into account that there is an effectiveness of the financing methods adopted in Jordanian Islamic banks (Islamic International Arab Bank) to finance small and medium-sized projects.

This is confirmed by the level of significance (F) of (0.000), as it is less than (0.05) the level approved for this research, and the relationship is very strong because the correlation coefficient is 83.4%, and the change in the independent variable is 91.4% of the change in the dependent variable and what This confirms the value of t estimated at (125.552) and the level of significance (0.000), which is statistically significant in relation to the opinions of the respondents in favor of the role of Islamic banks in financing small and medium enterprises.

Testing the third hypothesis: There are no difficulties and obstacles facing Islamic banks (Islamic International Arab Bank) for financing small and medium-sized enterprises.

A simple regression analysis was performed, and the results of the analysis are as shown in Table 6.

Table 6: Testing the Third Hypothesis

variable	R coefficient of determination	R correlation coefficient	The calculated (F) value	Tabular (F) value	significance level (sig)	Hypothesis result.
There are no difficulties and obstacles facing Islamic banks (Islamic International Arab Bank) for financing small and medium-sized projects.	0.975	0.998	3893.503	62.398	0.000	Rejecting the hypothesis that there is no effectiveness of the financing methods adopted in the Jordanian Islamic banks (Islamic International Arab Bank) for financing small and medium-sized projects.

Source: prepared by the researcher based on the SPSS program.

From the previous table, we notice that the value of (F) calculated is (3893.503), which is greater than its value extracted from the statistical tables, amounting to (4.08) at the level of significance (0.05) and degrees of freedom (48.1), which means rejecting the hypothesis and taking into account that there are difficulties and obstacles facing banks Islamic (International Islamic Arab Bank) to finance small and medium-sized projects.

This is confirmed by the level of significance (F) of (0.000), as it is less than (0.05) the approved level for this research, and the relationship is very strong because the correlation coefficient is 99.8%, and the change in the independent variable is 97.5% of the change in the dependent variable, which is Statistically significant in relation to the respondents' opinions in favor of the role of Islamic banks in financing small and medium enterprises.

Results:

- There is a role for Islamic banks in financing small and medium enterprises, and it is a strong relationship, since the correlation coefficient is 99.8.
- There is an effectiveness of Islamic financing formulas in financing small and medium enterprises.
- There are some obstacles faced by Islamic banks (Islamic International Arab Bank) when providing financing for small and medium enterprises.

Recommendations:

- The need for the competent authorities, such as the Central Bank, to work to provide the elements of success for Islamic banks, because of their important role in providing financing for small and medium enterprises.
- Islamic banks should provide feasibility studies for the projects for which they provide financing.
- Islamic banks should take appropriate measures in order to gain the largest possible number of projects wishing to obtain financing.

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