Accounting 7 (2021) 119–126

Contents lists available at GrowingScience

Accounting

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The effect of the credit query in reducing credit risks from the viewpoint of workers in Jordanian banks

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C H R O N I C L E

Article history:
Received: July 28, 2020
Received in revised format: July 30 2020
Accepted: October 2, 2020
Available online: October 5, 2020

Keywords:
Credit inquiry
Credit risk
Jordanian banks

A B S T R A C T

The study aimed to identify the impact of the credit query in reducing credit risks from the viewpoint of workers in Jordanian banks, and to achieve the goal of the study, the researchers adopted the descriptive analytical approach, where a questionnaire is designed and distributed to a sample of (176) individuals within the upper and middle administrative levels in Jordanian banks. The study reached a set of results, the most important of which is the existence of a negative correlation between the level of use of the credit query system and each of the financial, administrative and legal credit risks, in addition a statistically significant effect of using the credit query system in reducing the financial, administrative and legal credit risks. The study recommended that Jordanian banks should continue to use the credit system because of its positive effects on the efficiency and effectiveness of granting credit to business organizations or individuals alike.

1. Introduction

Banks are an important major base for building the economy and business in countries, as the banking sector has a significant impact in the process of economic development, and banks provide many services accepting deposits and grants Loans, business management and property for clients, providing economic and financial consulting, financing personal housing, which includes credit, payments and credit card services with respect to credit, as well as collecting various service bills in terms of accounts that are opened by the relevant institutions (Jabbar, 2017). Commercial banks are exposed in light of the continuous changes in the economic environment to many risks that affect their activities such as lending and investment, etc., such as credit risks, liquidity risks, capital risks, interest rate risks, inflation risks, market risks, etc., and these risks affect the assets of the bank, which reflects on the safety of depositors (Al-Najjar, 2015). Credit risk is one of the main risks facing banks in general, and any weakness in their management may lead to the failure of the bank, as the financing activity is considered the focus of the banking activity and that any default or non-payment directly affects the position of liquidity, profitability, capital adequacy and quality of assets, and the risks are known Credit as: the current and future risks that may affect all of the bank's revenues and capital, which result from the customer's failure to fulfill his obligations to the bank in a timely manner, and loans are among the most important sources of lending risks, and that the lending risks are present in the bank's activities, whether they are within the budget or outside (Al-Shammari, 2013). Credit risks are numerous and varied, but the most important ones are those risks associated with the borrower or the customer, which are the most widespread and frequent and the most difficult to control, due to their multiple causes, and these risks are: financial risks related to the firm's ability to meet its debts in the deadlines agreed upon, and this is determined by diagnosing its financial position and studying its budgets over the years, the management risks related to the quality and efficiency of the borrowing firm's management and the policy patterns used in the areas of pricing, profit distribution and internal control, legal risks related to the legal status of the firm, the type of its activity practiced and the extent of its relationship with shareholders (Al-Taher, 2015). Based on the fact that the process of granting credit is basically

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doi: 10.5267/j.ac.2020.10.006

based on information and comprehensive data on the customer and the process to be funded, those with specialization in the field of banks began thinking about establishing specialized centers or institutions working to collect, analyze and archive data of all financing clients in banks and other financing institutions, and provide these Data for funders on demand to cite it when any customer applies for funding (Abdullah, 2018). A credit query is defined as a service that provides important information about a bank borrowing applicant, and this is done in the form of a credit report on clients of banks and financial institutions or clients of personal and consumer lending institutions such as retailers, telecom companies, etc. (Ribaj, 2017). Refaat (2019) indicated that the credit inquiry reduces the risk of credit and bank default, banks will grant credit based on correct information on clients or applicants for financing, and in return, this will motivate serious buyers to accept borrowing, and that the credit inquiry system will remain valid and appropriate for all customer segments. The credit information system has tasks, functions, and activities that are not only related to gathering information, analyzing it, or extracting indicators from it, but it expands and exceeds that to the guide's scope of the bank's decisions and directed to it, and it addresses any deviation that threatens its path (Cooper & Getter, 2020). Believing from the Central Bank of Jordan, the importance of having a comprehensive credit information base on bank customers and credit providers because of this impact on helping these bodies to rationalize credit decisions and take them based on an accurate assessment of customers 'ability to pay, and in what enhances the effectiveness of risk management and improving access to finance, especially for individuals and for small and medium-sized companies and thus to maintain banking and financial stability and contribute to encouraging economic growth, the Central Bank has worked to find the legislative and legal structure necessary for the work of companies that are concerned with the exchange of credit information, at the end of 2015, the Central Bank granted a license to a company to work as a credit information company, which is Crif Jordan. The company launched the service of credit information and credit reports during the fourth quarter of the year 2016. (Jordan Central Bank website, 2020).

Banks in general are exposed to many risks arising from their dealings with their clients from institutions, business organizations and individuals, and these banks seek to follow different means and methods to reduce these risks or mitigate their negative effects, and from these means the application of a credit inquiry system based on finding comprehensive and sufficient information For clients borrowing from institutions and individuals, this information allows to know the status of borrowers in various aspects related to their ability to repay, and thus make the right decision in granting credit or not. Several studies have indicated the importance of the banking inquiry system in reducing banking risks in general, as the results of the pure study (2015) showed that the credit query system is one of the global financial systems that are characterized by a high degree of banking professionalism, flexibility and accuracy, and it is one of the best means to address Rooted banking problems like defaulting and others. The Abdullah's study (2018) also showed that the application of the credit inquiry system had a significant impact in reducing credit risks and reducing default rates. The results of the Ribaj's study (2017) also indicated that the credit inquiry system reduces the rate of defaults on loans granted by banks to customers. Based on the foregoing, the problem of the study arises by answering the main question (What is the effect of the credit inquiry system in limiting credit risks from the viewpoint of workers in Jordanian banks?).

This study aims to identify the effect of the credit inquiry system in reducing credit risks from the viewpoint of workers in Jordanian banks, by achieving the following:

1- The effect of the credit inquiry system in limiting financial credit risks from the viewpoint of workers in Jordanian banks,
2- The effect of the credit inquiry system in limiting administrative credit risks from the viewpoint of workers in Jordanian banks,
3- The effect of the credit inquiry system in reducing legal credit risks from the viewpoint of workers in Jordanian banks.

2. Literature review

The researchers were able to access a group of Arab and foreign studies related to the subject of their current study, as they summarized the studies. Fosu et al. (2020) conducted a study aimed at identifying the impact of the credit query system on reducing credit risk, and whether sharing of credit information can reduce the rate of failure to Paying loans to banks residing in developing countries, the researchers adopted in their study the descriptive approach using a large data set covering 879 unique banks from 87 developing countries from each continent, over a period of 9 years (i.e. more than 6300 notes), the study concluded that sharing information Credit reduces the rate of loan defaults, and the relationship between sharing credit information and the rate of loan default is conditional on the concentration of the banking market. Abdullah (2018) conducted a study in Sudan, aimed at identifying the effectiveness of the application of the credit query system in providing a database on all clients and achieving the integrity of bank financing decisions and reducing the risks of bank credit, and to achieve the goals of the study the researcher adopted the descriptive analytical approach. The study reached a set of results, the most important of which are: The application of the credit inquiry system has a major impact in reducing credit risks and reducing default rate. Ribaj (2017) conducted a study in Albania, aimed at identifying the role of the credit query system in improving credit markets, and to achieve the goal of the study, the researcher adopted the descriptive analytical approach. The study reached a set of results, the most important of which is that the credit inquiry system provides information on potential borrowers regarding the credit record, which results in a "credit report" that contains payment details, credit history, financial accounts and how they are managed as and other information of importance to the credit industry. That helps reduce loan default, lower credit and loan costs, and make credit decisions more accurately and in a shorter time, leading to an increase and improvement in the credit market. Ngugi and Nasieku (2016) conducted a study in Kenya, aimed at determining the impact of information sharing on the borrower's credit history, creditworthiness, and repayment history on credit risk in Kenyan commercial banks. 42) As one of the directors of Kenyan commercial banks, the results of the study showed that the credit history of borrowers, creditworthiness and repayment history have an inverse relationship with the level of credit risk for banks. The study concluded that sharing information about the borrower's credit history, comparing the previous history of debt repayment as well as the current debt and information about the borrower's credit worthiness reduces credit risk. Al-Taher (2015) conducted a study in Sudan, aimed at clarifying the role of the credit inquiry system in reducing default, which leads to developing the financial performance of the Sudanese banking system, and to achieve the goal of the study the researcher adopted the descriptive analytical approach. The study reached a set of results, the most important of which are: The application of the credit inquiry system reduces the financial stumbling of the Sudanese banking system customers, and leads to reducing the risks of default, delay and failure to pay loans to the Sudanese banking system. It reduces the risk of default and positively affects the financial performance of the Sudanese banking system and contributes to the availability of liquidity, increased capital, increased profitability, and increased growth in the financing and investment portfolio. Jagongo and Kerage (2014) conducted a study in Kenya, aimed at identifying the impact of the credit inquiry system, spreading the exchange of credit information on the financial performance of banks operating in Kenya, and to achieve the study goals, the researchers adopted the survey method for all licensed commercial banks in Kenya. Several results, the most important of which are: The implementation of the credit inquiry and credit information exchange system has improved the financial performance of commercial banks in Kenya. Al-Taher and Mohammedin (2013) conducted a study in Sudan, aimed at identifying the role of applying the credit coding system in reducing the risks of bank credit, and its role in achieving the safety of bank financing decisions and identifying the benefits that accrue to the customer, the bank, the overall economy of the country, the supervisory authority, and the ordinary citizen, and to achieve Objectives of the study The two researchers adopted the descriptive analytical method. The study reached a set of results, the most important of which are: The comprehensive information provided by the credit coding system for clients of the banking system reduces the risks of bank credit and the comprehensive information provided by the credit coding system for operations funded by the banking system reduces the risks of bank credit. The credit information provided by the credit coding system helps in making sound financing decisions, which contributes to reducing the risks of bank credit.

3. The proposed method

The researcher adopted the descriptive analytical approach to suit his nature and objectives of the study, through describing the phenomenon represented by the credit risks in banks and the credit inquiry system, and analyzing the data and information obtained from the study sample to reach the results and achieve the study goals. The study population consisted of all workers in the Jordanian commercial banks in the capital, Amman, within the upper and middle administrative levels, who numbered (370) individuals, a random sample was chosen from them that amounted to (176) administratively, at a rate of (47.6%), and Fig. 1 shows Characteristics of this sample.

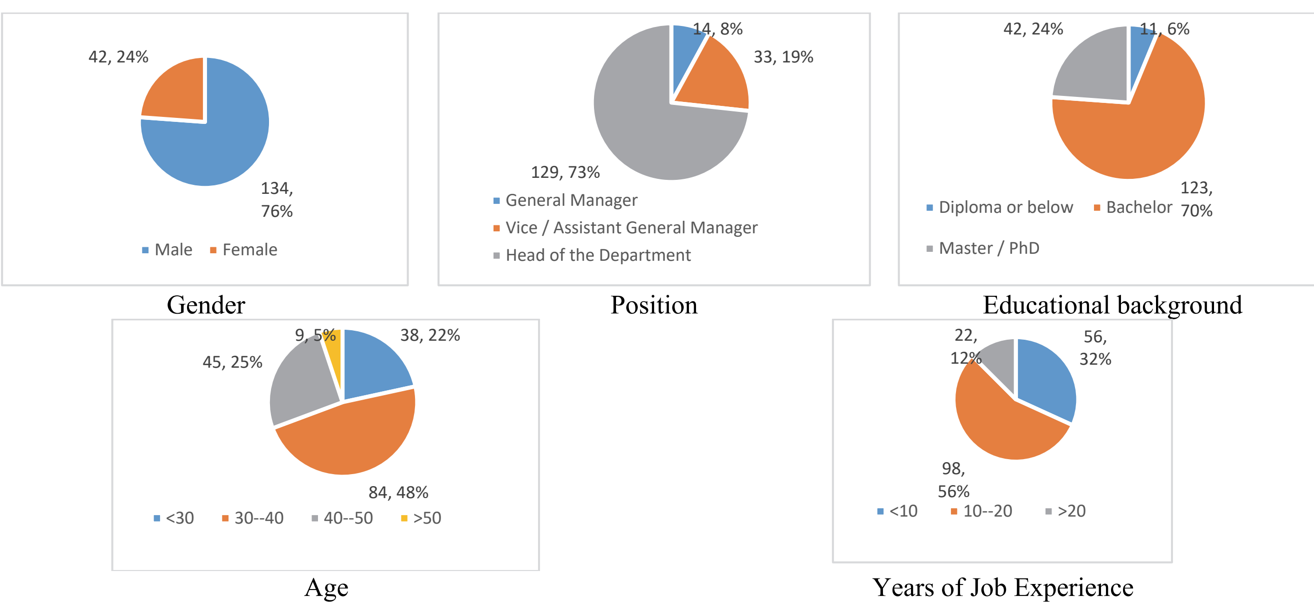

Fig. 1. Personal characteristics of the participants

Fig. 1 data indicates that most of the study sample members were males, as they numbered (134), forming a rate of (76.8%), while females constituted only (23.2%). It is also noticed that the age group whose ages ranged between (50 years or more) represented the lowest percentage among the age groups in the sample by (5.2%) while the age group (30- less than 40 years) formed most of the members of the sample as the number of individuals The sample within this category (84) individuals at a rate of (47.7%), followed by the age group that ranged between (40-less than 50 years), and by (25.5%), followed by those who were (less than 30 years) and with a percentage (21.6%). As for the educational level, the percentage of those holding a bachelor's degree constituted the highest among other educational levels, as it reached (69.9%), followed by those who hold a postgraduate degree (masters / doctorate) where it reached 23.9%, and finally those with a diploma degree or less As they reached (6.2%), which is the lowest percentage of those obtaining the educational level in the study sample. With regard to the years of experience for the individuals of the study sample, the results of the analysis showed that the highest percentage in the sample had from (10 - less than 20 years) with a percentage of (55.7%), then those who have years of experience (less than 10 years) forming a percentage of 31.8 %, and finally, the sample members who were in the experience category (20 years and over) got their rate (12.5%), which is the lowest percentage. The data also indicates that the study sample distributed among the job title where the name of the head of the department got the highest percentage (73.4%), followed by those with a job title as deputy / assistant general manager at a rate of (18.7%) While the job title and general manager got the lowest rate (7.9%). This study aims to identify the effect of credit inquiry in reducing credit risks (financial - administrative - legal), by testing the following hypotheses:

H_{01}: There is no statistically significant effect of the credit inquiry system in limiting financial credit risks from the viewpoint of workers in Jordanian banks.

H_{02}: There is no statistically significant effect of the credit inquiry system in reducing administrative credit risks from the viewpoint of workers in Jordanian banks.

H_{03}: There is no statistically significant effect of the credit inquiry system in limiting legal credit risks from the viewpoint of workers in Jordanian banks.

To achieve the goals of the study, a questionnaire was built to measure the effect of credit inquiry on reducing credit risks in Jordanian banks, based on what has been seen from previous studies and theoretical literature. As follows:

1- Part I: The personal and functional characteristics of the study sample, which include: (gender - age - educational qualification - years of experience - job title).
2- The second part, related to the independent variable (the banking inquiry system), and includes a set of paragraphs that measure the importance of applying the banking inquiry system

The third part, related to the dependent variable (credit risk), and includes a set of paragraphs that measure the degree of credit risk, through three dimensions, which are: (financial risks - administrative risks - legal risks)

All questions are designed in Likert scale from completely disagree (1) to completely agree (5). Accordingly, the following measure was adopted to judge the averages for the evaluation level:

First: (Less than 2.33) low. Second: (from 2.33 - less than 3.67) medium degree. Third: (from 3.67 - 5) a high degree.

The validity and reliability of the study instrument were verified as follows:

First, validate of the study tool

This means the extent to which the paragraphs of each of the study variables express the variable to which it belongs. Attention has focused on making sure that each of the study variables is accurately represented by a set of paragraphs or phrases in an appropriate manner and that these paragraphs actually measure this variable and the truthfulness of the questionnaire content was measured. By measuring the relationship between each vertebra and the axis to which it belongs and excluding the paragraphs whose correlation coefficient is weak, and its statistical significance is at the level (0.05), as follows:

Table 1
Validity of the First Section (Credit Inquiry System)

Par.	Correlation coefficient	Significance level	Par.	Correlation coefficient	Significance level
1	0.33	0.02*	**6**	0.62	0.00**
2	0.57	0.00**	**7**	0.66	0.00**
3	0.77	0.00**	**8**	0.68	0.00**
4	0.85	0.00**	**9**	0.72	0.00**
5	0.47	0.00**	**10**	0.59	0.00**

* Statistically significant at the level (0.05).
** Statistically significant at the level (0.01).

Table 1 shows that the correlation coefficients for the first axis paragraphs (credit inquiry system) ranged between (0.33) and (0.85), which is statistically significant at the level (0.01) and the level (0.05), and this indicates an internal consistency between the paragraphs of this variable.

Table 2

Validity of the Second Section (Credit Risk)

Par.	Correlation coefficient	Significance level	Par.	Correlation coefficient	Significance level
1	0.77	0.00**	**7**	0.92	0.00**
2	0.82	0.00**	**8**	0.88	0.00**
3	0.69	0.00**	**9**	0.54	0.00**
4	0.74	0.00**	**10**	0.68	0.00**
5	0.71	0.00**	**11**	0.77	0.00**
6	0.88	0.00**	**12**	0.75	0.00**

** Statistically significant at the level (0.01).

Table 2 shows that correlation coefficients for (credit risk) clauses ranged between (0.54) and (0.92), which is statistically significant at the level (0.01), and this indicates a strong internal consistency.

Second - The stability of the study tool

The consistency of the study tool, the internal consistency was calculated according to the Alpha Cronbach equation for all study variables as follows:

Table 3

Stability of the dimensions of the study instrument vertebrae using the Alpha Cronbach coefficient (n = 176)

Filed	Phr.	Cronbach Alpha
The first section: credit inquiry	10	0.891
The second section: credit risk	12	0.916
Paragraphs of the study tool as a whole	22	0.928

The results of Table 3 indicate that the Cronbach alpha coefficient for all paragraphs of the study tool was (0.928), and that the Cronbach alpha coefficients for the first axis (credit query) was high, as it reached (0.891) and (0.916) for the credit risk axis, and depending on (Sekaran, 2010) The resolution paragraphs are considered to have internal consistency and consistency if the value of the Cronbach alpha coefficient reaches a minimum of 70%. The researcher used a test (Kolmogorov-Smirnov (KS)) to verify that the data follow the normal distribution, and the results of the analysis indicated in Table (5) showed that the data for the current study followed the natural distribution approach, and showed that there were no statistical differences between the distribution of the variable values and the values of The normal distribution is at the significance level ($\alpha \leq 0.05$).

Table 4

Natural Distribution by Applying Kolmogorov-Smirnov (K-S) Test

Filed	Test Value	Significance level
Credit Inquiry	0.97	0.77
Financial credit risk	0.94	0.71
Administrative credit risk	0.197	0.199
Legal credit risk	0.137	0.64

The Pearson correlation matrix was calculated to show the relationship between the study variables, with the aim of detecting a linear correlation between them. Table 5 shows the results of correlation coefficients between the variables as follows:

Table 5

Matrix of correlation coefficients between variables in the study

Variables	Credit Inquiry	Financial credit risk	Administrative credit risk	Legal credit risk
Credit Inquiry	1			
Financial credit risk	.389**0	1		
Administrative credit risk	.268**0	.224**0	1	
Legal credit risk	.407**0	.418**0	.381**0	1

** Correlation coefficient is statistically significant at the level of 0.01

Table 5 shows that most correlations between the study variables are significant and statistically significant at the level of significance ($\alpha \leq 0.05$), and that the correlation values between those independent variables were less than (0.90), and thus the data is judged that there is no complete correlation Between those variables.

Quality indicators of conformity between the model and study data

Quality indicators of the structural study model were extracted and the results are shown in the Table 6. Table 6 shows that all indicators in the model came with acceptable values, and the ratio of the square of Kay (CMIN / DF) reached a value (1.97) which is less than (3), and the value of the conformity quality index (GFI) reached a value of (0.95) which is greater than the minimum allowed value (0.90), and the value of the Corrected Conformity Match Index (AGFI) was (0.93) which is also greater than (0.90). Also, the value of the Comparative Match Index (CFI) is equal to (0.91) and is greater than (0.90). As for the square root value of the approach error (RMSEA), which indicates an acceptable affinity error, it reached (0.05) which is less than (0.08). Based on these results, the study hypotheses are tested without any statistical problems.

Table 6

Indicators of quality matching the model to the study data

Index	Acceptance criterion	Index value	The result
(CMIN/DF)	Less than 3	1.97	Acceptance
(GFI)	Greater than 0.90	0.95	Acceptance
(AGFI)	Greater than 0.90	0.93	Acceptance
(CFI)	Greater than 0.90	0.91	Acceptance
(RMSEA)	Less than 0.08	0.05	Acceptance

CMIN/DF: Chi-square/degrees of freedom), GFI: Goodness of Fit Index, AGFI: Adjusted Goodness of Fit Index, CFI: The comparative fit index, RMSEA: root mean square error of approximation.

4. Analysis and Results

The researchers used regression analysis to determine the effect of credit reporting on bank risks, as follows:

3.1 The first hypothesis

H01: There is no statistically significant effect at the significance level (α≤0.05) of the credit inquiry system in limiting financial credit risks from the viewpoint of workers in Jordanian banks.

Table 7

Results of the simple regression test for the effect of credit reporting on financial credit risks

Dependent variable	Model summery		Analysis of variance ANOVA			Transaction table Coefficient				
	R Correlation coefficient	R^2 The coefficient of determination	Calculated F	Degree of freedom	Sig F* Significance level	Statement	β	Standard error	Calculated t	Sig T * Significance level
Financial risk	-0.774	0.599	987.493	1	0.000	Credit Inquiry	-0.78	0.081	17.211	0.000

The results of Table 7 indicate that the value of (R = -0.774), and this means that there is an inverse correlation value (77.4%) which is considered high between credit inquiry and financial credit risks, that is, the high credit query leads to a decrease in financial risks. It turns out that the value of the determination coefficient (R^2 = 0.599), and this means that the credit inquiry has explained (59.9%) of the variance in financial risks and (40.1%) as a result of other factors not covered in this study. It also appears from the table of transactions that the value of (F) has reached (987.493) at the level of significance (sig = 0.000) and this confirms the significance of the regression at the level (α ≤0.05) and at the degree of freedom one. The table of transactions also shows that the value of (-0.774 = β), that is, the change in one unit in (credit reporting) leads to a decrease of (77.4%) in the dependent variable (financial credit risk), and that the value of (T = 17.211) at Significance level (sig = 0.000), and this confirms the significance of the coefficient at (α ≤0.05 level). Based on the above analysis, the first nihilistic hypothesis will be rejected and the alternative hypothesis said that: There is a statistically significant effect at the significance level (α≤0.05) of the credit inquiry system in reducing financial credit risks from the viewpoint of workers in Jordanian banks.

3.2 The second hypothesis

H02: There is no statistically significant effect at the significance level (α≤0.05) of the credit inquiry system in reducing administrative credit risks from the viewpoint of workers in Jordanian banks.

Table 8

Results of the simple regression test for the effect of credit inquiry on administrative credit risks

Dependent variable	Model summery		Analysis of variance ANOVA			Transaction table Coefficient				
	R Correlation coefficient	R^2 The coefficient of determination	Calculated F	Degree of freedom	Sig F* Significance level	Statement	β	Standard error	Calculated t	Sig T * Significance level
Administrative risk	-0.779	0.607	1021.233	1	0.000	Credit Inquiry	-0.78	0.84	14.650	0.000

The results of Table 8 indicate that the value of (R = -0.779), and this means that there is an inverse correlation value of (77.9%) which is considered high between credit inquiry and administrative credit risk. The higher the level of credit query, the administrative credit risk will decrease. It turns out that the value of the determination coefficient (R^2 = 0.607), and this means that the discrepancy in the credit query explained what amounted to (60.7%) of the discrepancy in the administrative credit risks, and a percentage (39.3%) due to other factors not covered in this study. It also shows from the table of transactions that the value of (F) has reached (1021.233) at the level of significant significance (sig = 0.000), and this confirms the significance of the regression at the level (α≤0.05) and at one degree of freedom. The table of transactions also shows that the value of (-0.779 = β), that is, the change in one unit in (credit reporting) leads to a decrease of (77.9%) in the dependent variable (administrative credit risk), and that the value of (T = 14.650) at Significant significance level (sig = 0.000), and this confirms the parameter significance at (α≤0.05 level). Based on the above analysis, the second nihilistic hypothesis will be rejected and the alternative hypothesis will be accepted, which says: There is a statistically significant effect at the level of significance (α ≤0.05) of the credit inquiry system in reducing administrative credit risks from the viewpoint of workers in Jordanian banks.

3.3 The third hypothesis

H03: There is no statistically significant effect at the significance level (α≤0.05) of the credit inquiry system in limiting legal credit risks from the viewpoint of workers in Jordanian banks.

Table 9
Results of the simple regression test for the effect of credit reporting on legal credit risks

Dependent variable	Model summery		Analysis of variance ANOVA			Transaction table Coefficient				
Legal risk	R Correlation coefficient	R^2 The coefficient of determination	Calculated F	Degree of freedom	Sig F* Significance level	Statement	β	Standard error	Calculated t	Sig T * Significance level
	0.789-	0.623	1092.722	1	0.000	Query	0.789-	0.085	12.897	0.000

The results of Table 9 indicate that the value of (R = 0.789-), and this means that there is an inverse correlation value of (78.9%) which is considered high between credit inquiry and legal credit risks. The higher the level of credit information, the legal credit risk will decrease. It turns out that the value of the determination coefficient (R^2 = 0.623), and this means that the discrepancy in the level of the credit query explained what amounted to (62.3%) of the discrepancy in the legal credit risks, and a percentage (37.7%) due to other factors not covered in this study. It also appears from the table of transactions that the value of (F) has reached (1092.722) at the level of significant significance (sig = 0.000) and this confirms the significance of the regression at the level (α≤0.05) and at one degree of freedom. The table of transactions also shows that the value of (0.789 = β), meaning that the change in one unit in the level of (credit inquiry) leads to a decrease of (78.9%) in the dependent variable (legal credit risk), and that the value of (T = 12.897) at Significance level (sig = 0.000) This confirms the significance of the coefficient at the level of (α ≤0.05). Based on the above analysis, we do not accept the nihilism third hypothesis and we accept the alternative sub hypothesis that: There is a statistically significant effect at the level of significance (α≤0.05) The credit inquiry system for limiting legal credit risks from the viewpoint of workers in Jordanian banks.

4. Conclusion

The results have shown that there is an inverse and statistically significant correlation between credit query and financial credit risk, and the correlation value reached (77.4%) which is considered high between credit query and financial credit risk, that is, the high credit query leads to a decrease in financial risks. This result is attributed to the fact that the financial credit risks are among the risks related to the borrower, which indicates the ability of the borrowing organization to pay its debts to the bank at the specified agreed times. Information that diagnoses the actual reality of the organization and its financial position, which increases the efficiency and accuracy of the decision to grant credit by the bank, and reduces the risk of non-payment or default by the organization. The results also showed a negative correlation and statistically significant correlation between credit query and administrative credit risk, and the correlation value reached (77.9%) which is considered high between credit query and administrative credit risk, that is, the high credit query leads to a decrease in administrative credit risk. This result is attributed to the fact that administrative credit risks are among the risks associated with the quality of management, and through the credit inquiry system and the information it provides about the organization requesting financing or borrowing, the bank can learn about the experience and efficiency of managing the borrowing organization and the types of policies used in the areas of pricing and dividend distribution and the systems applied in The field of inventory control and internal control. If the bank reaches this information and analyzes it, it can identify the extent of the efficient use of funds in the organization, and this is an indication of the organization's ability to pay and not default.

Finally, the results showed that there is an inverse and statistically significant correlation between credit inquiry and legal credit risk, and the correlation value reached (78.9%) which is considered high between credit inquiry and legal credit risk, i.e. the high credit query leads to a decrease in legal credit risk. This result is attributed to the fact that legal credit risks are among the risks related to the legal status of the organization and the type of activity that it engages in. Through the credit inquiry system, the bank can identify the quality of the company whether it is a public shareholding company or a limited liability company or a solidarity company, in addition to the extent of freedom And the authority of the managers in the organization, and their relationship to shareholders, and this type of information shows the bank the extent of the organization's ability to deal with various procedures in the matter of payment and non-default.This indicates that the use of the credit inquiry system leads to a reduction of credit risks related to borrowing organizations.

The results agreed with the results of the Fosu et al. (2020) study, whose results showed that sharing credit information reduces the rate of loan default, as well as with the Ribaj study (2017) which showed that the credit inquiry system works to reduce defaulting on loan repayments, lowering credit and loan costs, and making credit decisions more accurately and in a shorter time, also they were in agreement with the results of the Abdullah (2018) study, whose results showed that the application of the credit inquiry system has a significant impact in reducing credit risks and reducing the rate of default in payment, they also agreed with the result of Al-Taher (2015) study that the application of the credit inquiry system reduces the financial defaults of clients, and reduces the risk of default, delay and failure to repay loans.

The study recommend that Jordanian banks should continue using the credit system because of its positive effects on the efficiency and effectiveness of granting credit to business organizations or individuals alike, and also qualifying and training cadres working in Jordanian banks related to granting credit to increase their skills in using the credit information system approved by the Central Bank of Jordan.

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