
THE ROLE OF FINANCIAL INCLUSION IN BRIDGING SMEs FINANCING GAP- THE VIEWPOINT OF CREDIT EMPLOYEES AT JORDANIAN ISLAMIC BANKS**Dr. Monir Suliaman Al-Hakim**

Zarqa University (ZU)

ORCID: 0000-0001-7524-0330, malhakim@zu.edu.jo

Res. Abd Al-Salam Al-Hamad

Applied Science Private University (ASU)

ORCID: 0000-0003-2073-3968, alhmad@asu.edu.jo

Majdi Ali Ghaith

The University of Jordan (JU)

ORCID: 0000-0001-5531-2181, majdi37@yahoo.com

ABSTRACT

The study aims to demonstrate the role of Financial Inclusion FI in bridging the financing gap in Small and medium-sized enterprises (SMEs) from the viewpoint of credit employees at Jordanian Islamic banks. The study used the descriptive approach in dealing with the theoretical side and the analytical method in the applied side using a questionnaire. The results emphasized the necessity of enhancing access to financial services as well as the use of financial services and increasing the quality of financial services provided to SMEs to bridge the financing gap. The study recommended that the Central Bank of Jordan should follow up the implementation of the national strategy and develop legislation and regulatory systems to develop methods for obtaining financial services for the largest number of SMEs. The study emphasized the need to facilitate legal and regulatory procedures to stimulate the use of modern and innovative technologies such as mobile phones and financial wallets in financial services, as well as targeting projects that are not currently serviced by the banking sector to allow access to funds at the right place and time at a reasonable cost.

Keywords: Financial Inclusion (FI), Jordanian Islamic banks, Financial Technology (Fintech), SMEs, Financing Gap.

1. INTRODUCTION

Improving SMEs' access to financial services at affordable costs and on deadlines is the main focal point to support their development and growth, support economic growth, reduce unemployment, and fight poverty (Salgotra et al. 2021). The establishment and development of SMEs is the responsibility of individuals in all countries of the world, given the economic and social importance of small and medium enterprises as one of the most important economic pillars in most countries of the world, and states have a responsibility to support these projects and ensure their continuity by doing their best to support the process directly or indirectly.

Many countries have recognized that the main success of these projects is the greater overlap between different project sizes; As it represents about 90% of the existing projects in the private sector, 80% of the workforce, 80% of the GNP, 75% of the volume of exports, and 10% of the industrial production (AMF, 2015), it is from This is expected to play a prominent role in reducing unemployment in the future, as it contributes to creating 4 out of 5 new job opportunities in the public sector "<https://www.worldbank.org/en/topic/smeфинанс>", SMEs access to financial services and fill their financing gap with Affordable costs. Many countries of the world have launched financial strategies with the support of international institutions such as the Alliance for Financial Inclusion (AFI) and the International Monetary Fund (IMF), and at the Arab level, the Arab Monetary Fund (AMF) and the Council, Governors of central banks and Arab monetary institutions.

The importance of the study comes from SME's role in promoting FI by enhancing their access to financial services and bridging their financing gaps due to the size in the Jordanian economy; which affects 95% of the size of the business sector, 70% of employment opportunities, and contributes to 40% of GDP (CBJ, 2017) which in turn leads to their growth and development, improving performance, and increasing contribution to economic growth (Zarrouk, et al. 2020).

The Problem of the study is confined to the limited access of SME's to financial services and the reluctance from banks in providing them with finance, Thus the limited use of FI programs adopted by the CBJ, which limits their growth, and adversely affects their performance and the stimulation of investing in them.

The Study will answer the following questions:

- I. Does SME's limited access to FI affect their growth?
- II. Does the reluctance of banks to bridge the financing gaps for SME's affect investment in these projects?
- III. Does launching the CBJ FI strategy affect the effectiveness of these performances?

The study aims to identify the obstacles that limit the ability of SME's in Jordan of taking advantage of the FI strategy adopted by the CBJ, and attempt to identify the financing problems they face to contribute to raising the level of FI in Jordan.

The study population consists of employees of Jordanian Islamic banks, while, the sample consists of banks credit and financing staff because of their experience, knowledge of SME's conditions, which enables them to answer the questions with professionalism and high skill.

The study used the descriptive approach in dealing with the theoretical side and the analytical approach in the applied side using a questionnaire.

1.1 Previous Studies

Munira (2019), "The Role of Islamic Banking in the FI Report for Small and Microenterprises", which aimed to demonstrate the extent of the Islamic Banking contribution in the enhancement of FI for small and micro-sized through its various financing formulas with a case study of the Savings and Social Development Bank as the first leading pioneer In Sudan, the research found that Islamic financing forms that are based on participation are suitable for financing this type of SME's projects, principally, since they suffer from the traditional financing gap.

Gharbi (2018), "The Role of Islamic Banking in Banking and FIs – Model of Arab Economies", which aimed to analyze policies on improving opportunities for groups deprived of financial services to obtain and use appropriate Islamic financial products. The study used rules and guidelines of international and regional bodies that are concerned with financial and banking inclusion issues such as G20, the Organization for Economic Cooperation and Development, the World Bank, the Islamic Development Bank, and the Arab Monetary Fund, which rely on international standards and practices. The study has provided a general guide to the most influential procedures in most countries and times; to help formulate an appropriate strategy for the contribution of Islamic finance to FI.

Ajour (2017), "The Role of FI from National Banks in the Achievement of Social Responsibility towards Clients (case study - Islamic banks working in Gaza Strip" which aimed to identify the role of the dimensions of FI in achieving social responsibility for clients of Islamic banks in Gaza Strip, I have reviewed the concept of FI, its importance, goals and its impact on improving the culture of social responsibility. The study relies on the descriptive analytical approach in studying and analyzing the various aspects of the role of FI in establishing social responsibility rules for Islamic bank customers. The questionnaire was used as a tool for gathering information and analyzes it from a statistical point of view. The study also found a strong direct relationship between the three dimensions of FI altogether and achieving social responsibility, it has recommended as well the need to work on an awareness campaign to explain the concept of the dimensions and principles of social responsibility, incorporation of social responsibility and the FI in the bank's strategic plan, identify intervention areas following its social dimensions rather than profitability, and work on spreading a culture of social responsibility in institutions in general and among bankers through programs, activities, non-systematic activities and organized training.

Sashay et..al (2015) "FI: Can It Meet Multiple Macroeconomic Goals?, Which examined the associations of financial integration with economic growth, financial and economic stability, and inequality? It presented three main policy-related results. The first result is related to increased financial integration from economic growth which would increase access for SME's, families, and women to various banking services, which would lead to higher growth. The second result shows proof on the risks of the increment of financial stability when access to

credit is expanded without adequate supervision and leads to a decline in financial stocks, and the erosion of temporary stocks is greater in countries with poor supervision, while countries with strong supervision achieve some financial advantages from increased integration. The third result emphasizes on that the access to trust funds and the increase of access to other types of financial services do not affect financial stability undesirably, but rather would promote accessing ATMs, branches, and transaction accounts, in addition to filling gender gaps in the account and the use and promotion of diversity in the depositors' base which would improve growth.

2. LITERATURE REVIEW

2.1 FI concept and definition

It depends on facilitating access to financial services to all citizens, increasing their ability to benefit from, and encouraging them to manage their finances and savings, in addition to obtaining credit facilities and insurance against unexpected accidents. The concept encompasses the greatest interest in the poor and individuals with limited income, accessing to individuals and small-sized, medium and micro, and providing multiple financial services such as savings, credit, and insurance, as well as the interest in creating new job opportunities and thus raising the rate of economic growth (ILAHYAH, et al., 2021), fighting poverty, improving income distribution, caring for women's rights, After reviewing the definitions of FI the Researchers' define FI as Increasing the ability of consumers of financial services, from individuals, institutions and SME's, to access and use appropriate financial products and services in the right form and place, and at fair prices, while protecting their rights.

It is clear from the above that the main pillars of FI are providing and using financial products and services of suitable quality, with effective control and protection of consumer rights which aimed to achieve financial stability (Pham, & Done,2020).

2.2 FI importance

Theoretical studies have shown that financial inclusion can have a positive impact on financial stability, poverty alleviation, income inequality reduction, and economic growth (RATNAWATI, 2020).

2.3 FI dimensions

(AFI) has recognized three dimensions of FI that can be reflected in SME's projects, (Jordanian Strategies Forum, 2017) as following: Access to financial services, Use of financial services, Quality of financial services provided.

2.4 Financial inclusion and Financial Technology (FinTech)

Financial technology enhances financial inclusion because it facilitates individuals and institutions access to financial services more easily, especially services that have not been used before. Access to financial services has become easier and faster in light of modern digital services, despite the geographical obstacles and their absence, Infrastructure that covers various financial services (Birgitta et al. 2020).

2.5 FI Strategy in Jordan

The CBJ undertakes efforts in developing the infrastructure of the financial system, focusing on two main dimensions: strengthening FI dimension, and strengthening the legislative system dimension. Therefore CBJ launched the national strategy for FI with the participation of the public and private sectors contained by a clear system and framework through the secretariat of the National Committee for Inclusion. The strategy focuses on gender equality, providing SME's access to financial services, developing a modern and safe national payment system, reducing costs and risks, increasing the efficiency of access to payment systems, building a comprehensive framework to protect the financial consumer, and setting policies to provide reliable data sources to improve the data quality (<http://www.cbj.gov.jo/Pages/viewpage.aspx?pageID=27>).

2.5.1 Strategy Purpose

The strategy aimed to reduce the increased rate of financially excluded individuals and financially restricted SME's. and to increase contribution to the achievement of sustainable development goals in a way that reflects positively on mobilizing and providing new resources of funding and providing financial services to SME's that financially suffer (<http://www.cbj.gov.jo/Pages/viewpage.aspx?pageID=27>).

2.5.2 CBJ Policy and Program to Enhance FI

The Bank sought to enhance FI by facilitating access for various social groups and institutions, especially SME's to financial services, <http://www.cbj.gov.jo/Pages/viewpage.aspx?pageID=27>) so it issued a system of microfinance companies as a legal reference on the sector for the Bank's regulatory and supervisory framework, to enhance opportunities for micro, SME's obtaining funding, and also worked on protecting the financial consumer, spreading the financial and banking culture, and developing the national payment system by introducing new payment systems such as the system of (eFawateerkom), and cooperating with other bodies in the service of refugees and non-Jordanians residing in the Kingdom's territory, in addition to establishing the credit information company "CRIF Jordan". Benefiting from the efforts of international and regional organizations such as the Arab Monetary Fund (Bernier et al. (2019) and the Secretariat of the Regional Working Group responsible for promoting FI in Arab countries, which was established by CBJ Governors in 2012, and from the efforts of the World Bank Group (Shanabi, 2018) working on Mainstreaming financial services for all by 2020, and urges the setting of specific goals and reforms led by official institutions through the use of technology and innovations to bring about fundamental transformations in business models and the development of national generalization strategies for financial services to implement the necessary reforms and provide advisory services for the purpose of developing the infrastructure of financial sector and SMEs lending sector, in addition to benefiting from the efforts of a group of international institutions for this purpose (Blanche et al., 2019).

2.6 The role of Islamic banks in promoting FI

The role of Islamic finance has emerged in promoting FI, as it provides a solution for groups that have reluctance to deal with the traditional banking sector for various considerations. It is well known that designing financial products and services that meet the needs of individuals and companies is an important element to enhance FI in various countries of the world. Financial services compliant with the provisions of Islamic Sharia law will attract a class of society who wants to obtain these services and products. In addition, the use of partnership and risk-sharing contracts is a viable and effective alternative to conventional debt-based financing. These financing instruments, in which risk sharing is taking place, can provide services and products designed in accordance with the provisions of Islamic law, such as insurance (Takaful), microfinance and financing of SMEs, which will enhance access to finance. The Islamic financial system also contains unique tools for redistributing wealth such as zakat, charity, endowment, and Interest-free loans. These tools would complement the risk-sharing tools for targeting low-income people in society, and thus their participation in the formal financial system (Bernie, et al, 2019).

Status of Islamic banking in Jordan

2.7 The role of Jordanian Islamic banks in promoting FI

Islamic Banks in Jordan currently has almost 105 branches and offices, and 232 ATMs to serving customers all over Jordan. Its accounts for 16.9% of banking in Jordan, In terms of the total number of deposits, holds 20% of the total banking. Islamic investments which represent 24.5% of all investments and lending of conventional and Islamic banking. (<https://www.thebusinessyear.com/jordan-2019/islamic-banking/b2b>)

2.8 SME's concept, Importance, Obstacles, and Financing.

2.8.1 Concept

The concept of SME's depends on several factors, including the employment size, capital, technology used, sales volume, and the country in which it was founded. It can be distinguished as a profitable enterprise, owned by the private sector, employs a number of workers, and several is considered one of the easiest criteria for classification (European Union, 2015). Researchers define small projects as "personal that operate with limited capital, managed by their owners with a limited technological level, and a limited number of workers, within a specific production sector, that provide the local market with products and services to achieve profit that covers the material needs of their owners."

2.8.2 Economic and social Importance

No doubts that SMES represent a high percentage of the total existing projects, play a major role at the economic and developmental level in general and on the level of industrial development in particular (OECD, 2017), have a high capacity to absorb part of unemployment as a major source of job creation with a contribution of 40% of the GDP, and 60% in employment And generate income, attract savings and direct them towards investment,

redistribute wealth (<https://www.worldbank.org/en/topic/sme/finance>). It forms a solid platform for the economy in the face of crises (Abu Dhiab, 2003,4), distinguished by its ability to use local resources with high efficiency, thus contributing to the increase in exports and the production of alternative goods, contributes to the expansion of the ownership base, the distribution of wealth and the optimal employment of human resources, contributes to achieving stability Social Affairs (Arrabash, et al., 2017, 8), contributes to empowering women and making them active and productive members of society (Al-Mahrouq, 2012, 4).

2.8.3 Financial Obstacles

SMEs face two types of obstacles the first is External Obstacles which is the need to develop infrastructure and internal capabilities in the absence of a specific financial and legal classification, affects the transparency and activity and restricts the ability to obtain funding, which leads to difficulty in access to financial services due to a lack of credit information, lack of guarantees, scarcity of financial and administrative information, difficulty in enforcing provisions of collecting the guarantees given the negative view over banks coming from the elevated risks, and consequently the difficulty of financing, which leads to request the constriction of guarantees, and focusing on short-term financing in the form of debtors, thus increasing the cost of funding and then the financing gap (Al-Hameidi, 2016). The second is internal obstacles such as lack of financial literacy and accounting awareness, lack of familiarity with the technical information needed to obtain financing, weak administrative, organizational and marketing capabilities, and lack of entrepreneurial and creative spirit (Thorsten, 2008).

2.8.4 The Impact of Obstacles on Financing Policies

The effect of the previously mentioned obstacles reflects on the method of securing financing, which may lead to the so-called **financing gap**, which is the greatest risk; around 79% of SME's projects in the Arab countries do not have access to the available funding and facilities; which constitutes of 9% of the total facilities below the average of the middle-income countries of about 18% (CBJ, 2018), which confirms the necessity of enhancing FI to facilitate access to funding for the integration process into the formal sectors (Al-Khalil, 2016). Projects as such, rely mainly on their internal resources represented by the funds of the project owner, which is the basis of the project. What distinguishes this, is that there is no cost, no returns to be paid for it, no due date, not being related to a specific timeframe, the freedom to operate at the appropriate time and place, but it also depends on some external resources financing such as banks and specialized financing institutions (Roman, 2012).

2.8.5 The Financing Gap in SME's

The financing gap is defined as "insufficient long-term financing to cover long-term needs" (Hassan, 2006), meaning the needs of long-term financing in the form of capital or long-term loans. And the gap stems from the need in financing the capital, as most of its capital exploits in financing fixed assets, and the gap increases when financing institutions refrain from providing funds for the length of the monetary cycle and the low return on the loans, which raises the cost of financing and thus affects the products. The reason why banks prefer to finance large projects <https://wpfsi.com/banks-dont-lend-small-businesses/> is due to insufficient activity in the funding of specialized institutions to finance a specific sector due to the nature of the composition and purpose. The credit activity of banks focuses geographically, and qualitatively on large projects, short-term loans, and opportunities to obtain a higher return, and limits the focused effort of financiers to verify the uses of funding and tracking and the perception of the risks, setbacks, failures' and incapacity to fulfill their obligations from missing the opportunity of obtaining financing; this is due to the size of the business and the small experience of its owners in the field of business, bookkeeping, marketing, and management.

2.8.6 The Positive Effects of Launching a FI Strategy on SME's

- i. Improving access to finance (CBJ, 2016): CBJ supported SME's by providing diversified and targeted financing programs, enhancing loan terms to align with the financing programs in place with Islamic banks by signing a restricted investment agency agreement between CBJ and Islamic banks. Also it had supported in the restructure the business of the Jordanian Loan Guarantee Company and the increment in its capital, restructured the work of the Jordanian Loan Guarantee Corporation by increasing its capital, developing its working procedures and the scope of its dealings.
- ii. Protecting SME's as Financial Consumers: CBJ has issued instructions for dealing with clients in a fair and clear manner No. (56/2012) in order to enhance its role in protecting SME's as financial consumers, and it has established an independent department for the protection of the financial consumers.

iii. Developing Infrastructure Needed to Enhance FI: CBJ has developed the payment, clearing and settlements systems and restructured the payment and settlement systems in partnership with banks operating in Jordan and related partners, with the aim of preserving the integrity and efficiency of the national payment system through interoperability of payment systems, and setting comprehensive legal frameworks to enhance FI and encourage the increasing acceptance of modern payment tools, and worked on reducing systemic and credit risks, thereby enhancing the economic efficiency of these projects. CBJ also established the credit information company as a legal framework for credit information exchange bodies by issuing an interim law for credit information (2010) and a system for credit information corporations (2011), accordingly, the first credit information corporation (CRIF Jordan) was licensed on 12th December 2015. In 2016, approval was granted to licensed banks to provide the Corporation with the credit information of customers without their prior approval, and the Company shall provide its members with a comprehensive credit information base on customers in the aim of streamlining credit decisions and making a sound decision based on accurate evaluation of the repayment capacity, pricing banking products based on customer risks, enhancing the effectiveness of risk management in banks and other financial companies, and improving project access to financing.

3. METHODOLOGY

3.1 Hypothesis

H0 There is no significant statistical relationship at the significance level of $\alpha \leq 0.05$ between the dimensions of FI and bridging the financing gap for SME's in Jordan.

First sub hypothesis:

H0 There is no significant statistical relationship at the significance level of $\alpha \leq 0.05$ between the SME's access for financial services and bridging the financing gap for these projects in Jordan.

Second sub-hypothesis:

H0 There is no significant statistical relationship at the significance level of $\alpha \leq 0.05$ between the SME's use of financial services and narrowing the financing gap for these projects in Jordan.

Third sub-hypothesis:

H0 There is no significant statistical relationship at the significance level of $\alpha \leq 0.05$ between the quality of financial services provided to SME's and the bridging of the financing gap for these projects in Jordan.

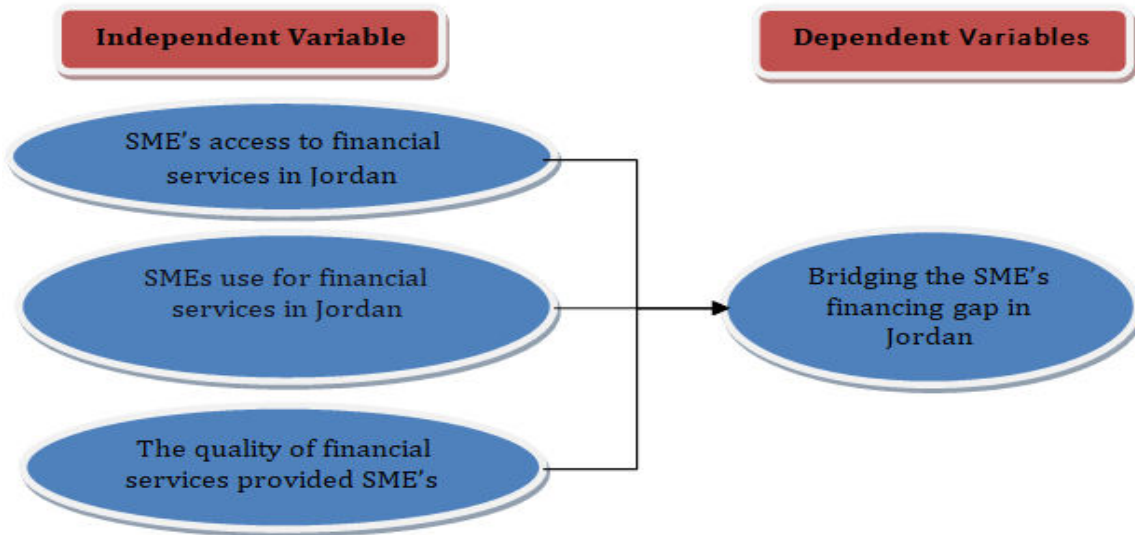
3.2 Study Variables

Dependent variable: Bridging the financing gap for SME's in Jordan.

Independent variables:

- I. SME's access to financial services in Jordan.
- II. SME's use for financial services in Jordan.
- III. The quality of financial services provided to SME's in Jordan.

Study Model



3.3 Operational Definitions

Financing gap: Insufficient long-term funds for covering long-term needs, i.e. the difference between long-term funds requirements in the form of capital or long-term loans, and the number of long-term funds available to the company (Hassan, 2006)

Projects' access to financial services: The ability of SME's of using various financial services and products provided by official institutions, such as savings, payment, credit, insurance, and financial transfers, provided that the cost of access to these services is reasonable and is done in a manner that meets their needs and helps improve the level of Its performance safely and sustainably (AFI, 2013).

The use of financial services: The extent of regularity and frequency with the use of financial services provided by banking institutions by customers over a specific period and time (Shanabi, 2018).

Quality of financial services: The factors affecting the quality and type of services provided such as cost, the effectiveness of the provided protection, the effectiveness of the compensation mechanism, the transparency of market competition, and consumer confidence (Ajour, 2017).

4. ANALYSIS AND DISCUSSION

3.1 Demographic data analysis:

The questionnaire was designed in accordance to the four hypotheses of the study to measure the extent of the ability of SME's to meet their financing needs depending on the three dimensions of FI. It consists of two parts; the first includes demographic data, and the second includes (22) questions, (8) of which address accessing financial services, (6) others address using financial services and another (8) questions that address the quality of banking services. (125) questionnaires were distributed to a sample of Jordanian Islamic banks employees from the departments of finance and investment, (115) were sent back after completion and were proved valid for analysis.

Table No. (1) Frequency distribution shows that all questionnaires were correct:

| Table No. (1): Frequency Distribution | | | | | |
|---------------------------------------|---------------|-----|------------|---------|---|
| Experience | Qualification | Age | Profession | | |
| 115 | 115 | 115 | 115 | Valid | N |
| 0 | 0 | 0 | 0 | Missing | |

Table No. (2) Age distribution shows that the predominant age group is the second (25-35) years at a rate of 59.1%, followed by the third category (36-45) by 19.1%, and these two groups together represent the equivalent

of 78.2% of the total respondents, and it indicates the ability of Jordanian Islamic banks to achieve their goals through the advantage of the youth phase and sufficient experience for these two groups.

| Cumulative Percentage | Serviceable Percentage | Percentage | Recurrence | | Valid |
|-----------------------|------------------------|------------|------------|--------|-------|
| 13.0 | 13.0 | 13.0 | 15 | Less25 | |
| 72.2 | 59.1 | 59.1 | 68 | 25-35 | |
| 91.3 | 19.1 | 19.1 | 22 | 36-45 | |
| 98.3 | 7.0 | 7.0 | 8 | 46-55 | |
| 100.0 | 1.7 | 1.7 | 2 | >56 | |
| | 100.0 | 100.0 | 115 | Total | |

Table No. (3) Distribution of scientific discipline shows that the first category (financial and banking) is the dominant one, followed by accounting, then business administration, then management information systems followed by Islamic finance. Marketing is equal to the other disciplines with a percentage of 5.2%, this corresponds with the nature of working in Islamic banks in general and enhancing their ability to perform properly.

| Cumulative Percentage | Serviceable Percentage | Percentage | Recurrence | | Valid |
|-----------------------|------------------------|------------|------------|-------------------------|-------|
| 32.2 | 32.2 | 32.2 | 37 | Financial and Banking | |
| 38.3 | 6.1 | 6.1 | 7 | Islamic Finance | |
| 65.2 | 27.0 | 27.0 | 31 | Accounting | |
| 81.7 | 16.5 | 16.5 | 19 | Business Administration | |
| 87.0 | 5.2 | 5.2 | 6 | Marketing | |
| 94.8 | 7.8 | 7.8 | 9 | MIS | |
| 100.0 | 5.2 | 5.2 | 6 | Others | |
| | 100.0 | 100.0 | 115 | Total | |

Table No.(4) Academic qualifications shows that the majority of workers hold a bachelor’s degree by 67.8%, followed by a master’s degree by 13.9%, then intermediate diploma holders by 7.8%, then postgraduate diploma holders with 7.0%, finally Ph.D. holders by 3.5%, and this indicates that the vast majority of university degree holders (undergraduate) carry the largest workload.

| Cumulative Percentage | Serviceable Percentage | Percentage | Recurrence | | Valid |
|-----------------------|------------------------|------------|------------|----------------------|-------|
| 7.8 | 7.8 | 7.8 | 9 | Diploma | |
| 75.7 | 67.8 | 67.8 | 78 | Bachelor’s Degree | |
| 82.6 | 7.0 | 7.0 | 8 | Postgraduate Diploma | |
| 96.5 | 13.9 | 13.9 | 16 | Master’s Degree | |
| 100.0 | 3.5 | 3.5 | 4 | Ph.D. | |
| | 100.0 | 100.0 | 115 | Total | |

Table No. (5) Experience shows that the majority of workers fall under the first category of <5 years by 35.7%, followed by the second category 5-10 years by 31.3%, followed by the third category 11-15 years by 19.1%, while the percentage of the fourth category of 16-20 years decreases to 8.7%, and the last category of more than 21 years reaches 5.2%, and this indicates that the vast majority of workers are of short and medium experience.

| Cumulative Percentage | Serviceable Percentage | Percentage | Recurrence | | |
|-----------------------|------------------------|------------|------------|---------|-------|
| 35.7 | 35.7 | 35.7 | 41 | < 5 | Valid |
| 67.0 | 31.3 | 31.3 | 36 | 5 - 10 | |
| 86.1 | 19.1 | 19.1 | 22 | 11 - 15 | |
| 94.8 | 8.7 | 8.7 | 10 | 16-20 | |
| 100.0 | 5.2 | 5.2 | 6 | > 21 | |
| | 100.0 | 100.0 | 115 | Total | |

4.1.1 Summary of Frequency Distribution to society:

The demographic characteristics give the respondents a great deal of confidence in the results, as the predominant age group of individuals aged between 25 and 45 years (the second and third categories increased by 78.2%) was of bachelor’s degree holders, and of banking and financial sciences discipline. This indicates the presence of skilled individuals with the ability of contribution to achieving FI that ultimately leads to bridging the financing gap for SME’s.

3.2 Data Description

The relative importance was determined according to the arithmetic mean of the responses of the respondents related to the main hypothesis and the sub-hypotheses as follows: (weak => 3), (medium = 3-4), (high = 4-5), and the results of the statistical analysis of the combined questions indicate that **the average general relative importance falls within the middle category, as it has reached (3.787) and the general standard deviation was (0.9825)**, and this indicates that the financing needs of small projects can be met depending on the three dimensions of FI.

3.3 Testing Data’s Degree of Reliability (Cronbach’s alpha):

The test results are shown in Table No. (6) below indicate that the value of the alpha coefficient for all questions equals (80%), which means that the results of the questionnaire and reassurance can be approved to a good degree of credibility to achieve the research objectives.

| No. of Items | Cranach’s Alpha |
|--------------|-----------------|
| 22 | 80 |

3.4 Data analysis

3.4.1 Hypotheses test

Main hypothesis:

H0 There is no significant statistical relationship at the significance level of $\alpha \leq 0.05$ between the dimensions of FI and bridging the financing gap for SME’s in Jordan.

It is clear from the analysis of the arithmetic mean for the 22 combined questions that measure this variable has arrived at (3.787) degrees, and this exceeds the default mean of (3). The mean standard deviation of (0.982480) ranged between (1.21-0.756) and this indicates that the financing needs of small projects can be met depending on the three dimensions of FI.

To illustrate this, **One - Sample t Test** was used to find out whether to choose the nihilistic hypothesis or the alternative hypothesis, and it turned out that the calculated value of t is greater than its tabular value based on the level of significance (0.05), as shown in Table No. (7), and that the rule of decision indicates the validity of the nihilistic hypothesis only if the calculated value of t is less than its tabular value and the invalidity of the nihilistic hypothesis if the opposite is true. Therefore, we refuse the nihilistic hypothesis, and accept the alternative hypothesis.

| Arithmetic Average | Standard Deviation | Calculated t Value | Statistical Significance (Sig.) |
|--------------------|--------------------|--------------------|---------------------------------|
| 3.787 | 0.98248 | 8.896 | 0.000 |

First sub hypothesis:

H0 There is no significant statistical relationship at the significance level of $\alpha \leq 0.05$ between SME’s access to financial services and bridging the financing gap for these projects.

By analyzing the questions in the first dimension and as shown in Table No. (8), shows that the mean for the answers is (3.776) and that exceeds the hypothetical mean. The values of the standard deviations (1.21–0.899) indicate the convergence of the views of the respondents, and this indicates that SME’s access to financial services bridges its financing gap with a confidence level of 95%.

| Table No. (8) | | | | |
|---|--|---------------|---------|--------|
| First Focus: Access of Financial Services | | St. Deviation | Average | Level |
| 1. | The low return on loans is a barrier for SME’s against accessing the needed financing. | 1.21 | 3.5478 | Medium |
| 2. | The uncertainty in the ability to meet financial obligations is a barrier for SME’s against accessing the needed financing. | 0.89978 | 3.8783 | Medium |
| 3. | The size of the business is a barrier for SME’s against accessing needed financing. | 1.02039 | 3.5217 | Medium |
| 4. | Weak guarantees are barriers for SME’s against accessing the needed financing. | 0.91057 | 3.8261 | Medium |
| 5. | Poor business experience is a barrier for SME’s against accessing the needed financing. | 1.00510 | 3.8174 | Medium |
| 6. | The lack of familiarity with banking laws and regulations is impairment to SME’s against accessing the needed financing.) | 1.03523 | 3.7391 | Medium |
| 7. | Failure to maintain regular accounting books that show the actual results of the activity is impairment to SME’s against accessing the needed financing. | 1.06085 | 3.9217 | Medium |
| 8. | Lack of familiarity with marketing strategies and management techniques is impairment to SME’s against accessing the needed financing. | 1.09538 | 3.9565 | Medium |
| | | 1.02947 | 3.7761 | Medium |

To find out whether to choose the nihilistic hypothesis or the alternative hypothesis **One - Sample t Test** was used, and it turned out through the analysis results as shown in Table No. (9) that **the arithmetic average of the answers is greater than the assumed arithmetic average, and that the calculated value of t is greater than its tabular value** on the level of significance (0.05), as per the rule of decision we accept the nihilistic hypothesis only when the calculated value of t is less than its tabular value. Therefore, we refuse the nihilistic hypothesis, and accept the alternative hypothesis.

| Table No. (9) | | | |
|--------------------|--------------------|--------------------|---------------------------------|
| Arithmetic Average | Standard Deviation | Calculated t Value | Statistical Significance (Sig.) |
| 3.7761 | 1.029 | 8.200 | 0.000 |

Second sub-hypothesis:

H0 There is no significant statistical relationship at the significance level of $\alpha \leq 0.05$ between the use of financial services and the elimination of the financing gap for SME’s.

It is clear from the analysis of the second dimension questions that is evident in Table No. (10) that the mean for the answers to the questions is (3.776) percent which exceeds the default mean, and the values of the standard deviations for the answers that ranged between (1.19 – 0.774) indicate that the use of financial services in SME’s projects will bridge the financing gap for these projects.

| Table No. (10) | | | | |
|---|--|---------------|---------|--------|
| Second Focus: SME's Use of Financial Services | | St. Deviation | Average | Level |
| 1. | Failure in possessing the necessary financial culture and the inability to open bank accounts are obstacles for SME's in the use financial services. | 1.00775 | 3.8609 | Medium |
| 2. | The cost and procedures for opening accounts, required documents, and fees charged are obstacles for SME's for using financial services. | 1.10474 | 3.0870 | Medium |
| 3. | Lack of trust in Islamic banks and financial institutions are obstacles for SME's in the use financial services. | 1.19093 | 3.2522 | Medium |
| 4. | Automating financial services and providing electronic financial services contribute to an increment in the use of financial services in SME's. | 0.92618 | 3.8087 | Medium |
| 5. | Increased financial awareness and education programs increase the use of financial services in SME's. | 0.77401 | 4.0783 | Medium |
| 6. | Advertising and promoting the range of banking branches increases the use of financial services in SME's. | 0.99449 | 3.8957 | Medium |
| | | 0.99968 | 3.6638 | Medium |

To find out whether it is possible to accept the nihilistic hypothesis or the alternative hypothesis, **One - Sample t Test** was used and the results of the analysis as shown in Table (11) that **the arithmetic average of the answers to these questions exceeds the assumed arithmetic average** and that the calculated value of t is greater than the tabular value as per the significance level (0.05), and according to the decision rule, we accept the nihilistic hypothesis if the calculated value of t is less than its tabular value. Therefore, we refuse the nihilistic hypothesis, and accept the alternative hypothesis.

| Table No. (11) | | | |
|--------------------|--------------------|--------------------|---------------------------------|
| Arithmetic Average | Standard Deviation | Calculated t Value | Statistical Significance (Sig.) |
| 3.6638 | 0.999 | 7.706 | 0.000 |

Third sub-hypothesis:

H0 There is no significant statistical relationship at the significance level of $\alpha \leq 0.05$ between the quality of financial services provided to **SME's** and filling the financing gap for these projects.

It is evident from the analysis of the third dimension questions mentioned in Table No. (12) that the mean for the answers to the questions is (3.890) degrees more than the default mean, as indicated by the values of the standard deviations for the answers, which ranged between (1.061 - 0.752) and this indicates the quality of financial services introduced to SME's in Jordan and bridges the financing gap for these projects.

| Table No. (10) | | | | |
|---|--|---------------|---------|--------|
| Third Focus: Quality of Services Provided for SME's | | St. Deviation | Average | Level |
| 1 | The application of the principle of risk returns in funding SME's contributes in increasing the quality of financial services provided. | 0.96031 | 3.9130 | Medium |
| 2 | Converting cash payments into payments through bank accounts contributes in increasing the quality of financial services provided. | 0.85902 | 3.7739 | Medium |
| 3 | Transactions made through official accounts contribute in increasing the quality of financial services provided. | 1.06121 | 3.6435 | Medium |
| 4 | Policies and programs that support transferring savings to the formal financial systems contribute in increasing the quality of financial services provided. | 0.75262 | 3.9391 | Medium |
| 5 | Availability of information about SME's contributes in increasing the quality of financial services provided. | 0.98090 | 3.9478 | Medium |

| | | | | |
|---|---|---------|--------|--------|
| 6 | The adoption of policies to enhance FI by regulatory and supervisory institutions contributes in increasing the quality of financial services provided. | 0.87703 | 3.9478 | Medium |
| 7 | The appropriate guarantees for the granted funds contribute in increasing the quality of financial services. | 0.90384 | 3.9130 | Medium |
| 8 | The development and innovation of various banking and financial products contributes in increasing the quality of financial services provided. | 0.98579 | 4.0435 | Medium |
| | | 0.92259 | 3.8902 | Medium |

To find out whether the nihilistic hypothesis or the alternative hypothesis can be accepted, **One - Sample t Test** was performed. The results of the analysis as shown in Table No. (13) that the arithmetic average for the answers to these questions exceeds the default arithmetic average, and that the calculated value of t is greater than its tabular value as per the level of significance (0.05), and according to the decision rule, we only accept the nihilistic hypothesis if the calculated value of t is less than the tabular value. Therefore, we refuse the nihilistic hypothesis, and accept the alternative hypothesis.

| Arithmetic Average | Standard Deviation | Calculated t Value | Statistical Significance (Sig.) |
|--------------------|--------------------|--------------------|---------------------------------|
| 3.8902 | 0.9225 | 10.485 | 0.000 |

5. CONCLUSIONS

The results emphasized the necessity of enhancing access to financial services as well as the use of financial services and increasing the quality of financial services provided to SMEs to bridge the financing gap.

6. RECOMEDATIONS

The study recommended that the CBJ should follow up the implementation of the national strategy and develop legislation and regulatory systems to develop methods for obtaining financial services for the largest number of SMEs, The study emphasized the need to facilitate legal and regulatory procedures to stimulate the use of modern and innovative technologies such as mobile phones and financial wallets in financial services, as well as targeting projects that are not currently serviced by the banking sector to allow access to funds at the right place and time at a reasonable cost.

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