

# Enterprise Governance of Information and Related Technologies Guide



## Disclaimer

This guide is based on the Central Bank of Jordan's regulations enterprise governance of information and related technology No. (65/2016) and its related amendments No. (984-6-10) and it is created based on the COBIT 2019 framework.

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			<b>Frequency:</b>	Annually	<b>Issue Date:</b>	26/04/2023

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## 1. Introduction

Jordan Ahli Bank (JAB) has recognized that Information Technology (IT) shall be embraced like any other significant business asset within the Bank. JAB Board of Directors and executive management—both in business and IT functions—collaborated and worked together to include IT within the governance and management approach.

In response to the Central Bank of Jordan’s regulations no. (65/2016) and its related amendment number (10-6-984), JAB has taken the initiative to use the COBIT Framework for the Enterprise Governance of Information and technology (EGIT), to comply with the regulation.

COBIT provides a comprehensive framework that assists JAB in achieving its objectives for the governance and management of enterprise IT. Simply stated, it helps JAB create optimal value from IT by maintaining a balance between realizing benefits and optimizing risk levels and resource use. COBIT enables IT to be governed and managed in a holistic manner for the entire bank, taking in the full end-to-end business and IT functional areas of responsibility, considering the IT-related interests of internal and external stakeholders.

## 2. Ownership

Jordan Ahli Bank.

## 3. Scope

The scope of implementing this guide includes all JAB operations based on information technology in various branches and departments in addition to all relevant outsourcing services. All stakeholder parties shall be considered concerned with applying the instructions, each in its respective role and location.

The following parties and their key responsibilities are defined in CBJ regulations in this regard:

1. Chairman and members of the Board and outsourced experts; Shall be assigned responsibilities of overall direction of the IT governance project, approve tasks and responsibilities within the project, and support and provide needed funds.

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2. JAB CEO, deputies and assistants, and directors of operations and branches; Shall be assigned responsibility of hiring the right experienced people in the Bank's operations to represent them in the project and characterize their tasks and responsibilities.
3. JAB CEO and the directive/steering committee of information technology and the project managers; take over the responsibilities of the project/program management.
4. Internal Audit: take over their responsibilities directly upon the instructions, and participate in the project/program, representing the role of internal audit in executive matters as a consultant and independent observer to facilitate the success and completion of the project/program.
5. Risk, information security, compliance and legal departments: take over the responsibilities involved in the project/program, representing the role of those departments, and to ensure the representation of project/program by all interested parties.
6. Specialists, holders of technical and professional certificates of (COBIT Foundation COBIT Assessor, COBIT Implementation, CGEIT) standard, who are hired from inside and outside the bank: take over the role of the mentor to disseminate knowledge of the standard and to facilitate the implementation process.
7. According to CBJ regulations, JAB Board shall have direct responsibility of the five processes of Governance (EDM) (Evaluate, Direct and Monitor).
8. JAB Board and Risk Management Department shall take over direct responsibility of the objectives of "Ensured Risk Optimization" (EDM 03) and "Managed Risk" (APO12).

#### 4. Revision Frequency

Annually or when a major change is required by Central Bank of Jordan or a change in COBIT 2019 framework.

#### 5. Access Privileges

This document is public and anyone can have access to this document.

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## 6. Definitions

Term	Definition
<b>JAB:</b>	Jordan Ahli Bank.
<b>Governance:</b>	Governance ensures that stakeholder needs, conditions and options are evaluated to determine balanced, agreed-on enterprise objectives to be achieved; setting direction through prioritization and decision making; and monitoring performance and compliance against agreed-on direction and objectives.
<b>COBIT:</b>	A complete, internationally accepted framework for governing and managing enterprise information and technology (IT) that supports enterprise executives and management in their definition and achievement of business goals and related IT goals. COBIT describes six principles for the governance system, and seven components that support enterprises in the development, implementation, and continuous improvement and monitoring of good IT-related governance and management practices.
<b>Control:</b>	The means of managing risk, including policies, procedures, guidelines, practices or organizational structures, which can be of an administrative, technical, management or legal nature. also used as a synonym for safeguard or countermeasure.
<b>Enterprise Goal:</b>	Business goal.
<b>Governance Framework:</b>	A framework is a basic conceptual structure used to solve or address complex issues; an enabler of governance; a set of concepts, assumptions and practices that define how something can be approached or understood, the relationships amongst the entities involved, the roles of those involved, and the boundaries (what is and is not included in the governance system).
<b>IT Goal:</b>	A statement describing a desired outcome of enterprise IT in support of enterprise goals. An outcome can be an artefact, a significant change of a state or a significant capability improvement.
<b>Enterprise</b>	A governance view that ensures that information and related technology

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<b>Governance of I&amp;T (EGIT):</b>	support and enable the enterprise strategy and the achievement of enterprise objectives. It also includes the functional governance of IT, i.e., ensuring that IT capabilities are provided efficiently and effectively.
<b>Alignment Goal:</b>	Alignment goals emphasize the alignment of all IT efforts with business objectives. It replaced the term IT Goals to avoid the frequent misunderstanding that these goals indicate purely internal objectives of the IT department within an enterprise.
<b>Objectives / Processes:</b>	A collection of practices influenced by the enterprise's policies and procedures that takes inputs from a number of sources (including other processes), manipulates the inputs and produces outputs (e.g., products, services).
<b>The Board:</b>	The Board of Directors of the Bank.
<b>Senior Executive Management:</b>	The senior Executive Management comprises of the General Manager, Deputy General Manager, Assistant General Manager, Financial Manager, Operations Manager, Risk Management Manager, Internal Audit Manager, Treasury (Investment) Manager and Compliance Manager, in addition to any employee who has executive authority parallel to any authority of the above-mentioned and is directly functionally associated with the General Manager.
<b>Stakeholders:</b>	Any interested party in the bank, such as shareholders, employees, creditors, customers, suppliers or external concerned regulatory bodies.

## 7. Context

Jordan Ahli Bank (JAB) (previously Jordan National Bank) is a Jordanian institution founded in 1955 and its main offices are in Amman. Ahli Bank was the sixth public shareholding company to be established in Jordan. JAB has two international offices in Cyprus (one branch) and in Palestine (10 branches).

JAB organization consists of the following main sectors: Business Sector, Credit Sector, Support Sector, Human Resources department, Center of Excellence Department, Innovation Department and Finance Department. Jordan Ahli Bank owns four companies fully: Ahli Microfinance, Ahli

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Brokerage, Fintech and Ahli Financial Leasing. JAB offers financial products and services in corporate banking and project finance, Small and Medium banking, consumer (retail) banking, Treasury and investment. All bank's products and services are managed through the application and services development cycle that is handled either internally or via a vendor.

JAB operates through 49 branches, 3 VIP Halls, 1 Corporate branch and 8 SME business centers cross all Jordan governorates. JAB operates more than 126 ATMs in addition to electronic channels that include: Personal Internet Banking, Personal Mobile Banking, Corporate Internet Banking, SMS, Interactive Teller Machine (ITM), ChatBot, Social Media, Interactive Voice Recognition (IVR), and Call Center. JAB offers a set of different personal banking products This item has no classification such as:

- Deposits: which include savings, current and call accounts in addition to fixed term deposits.
- Loans: which covers different types of personal loans such as housing and car loans.

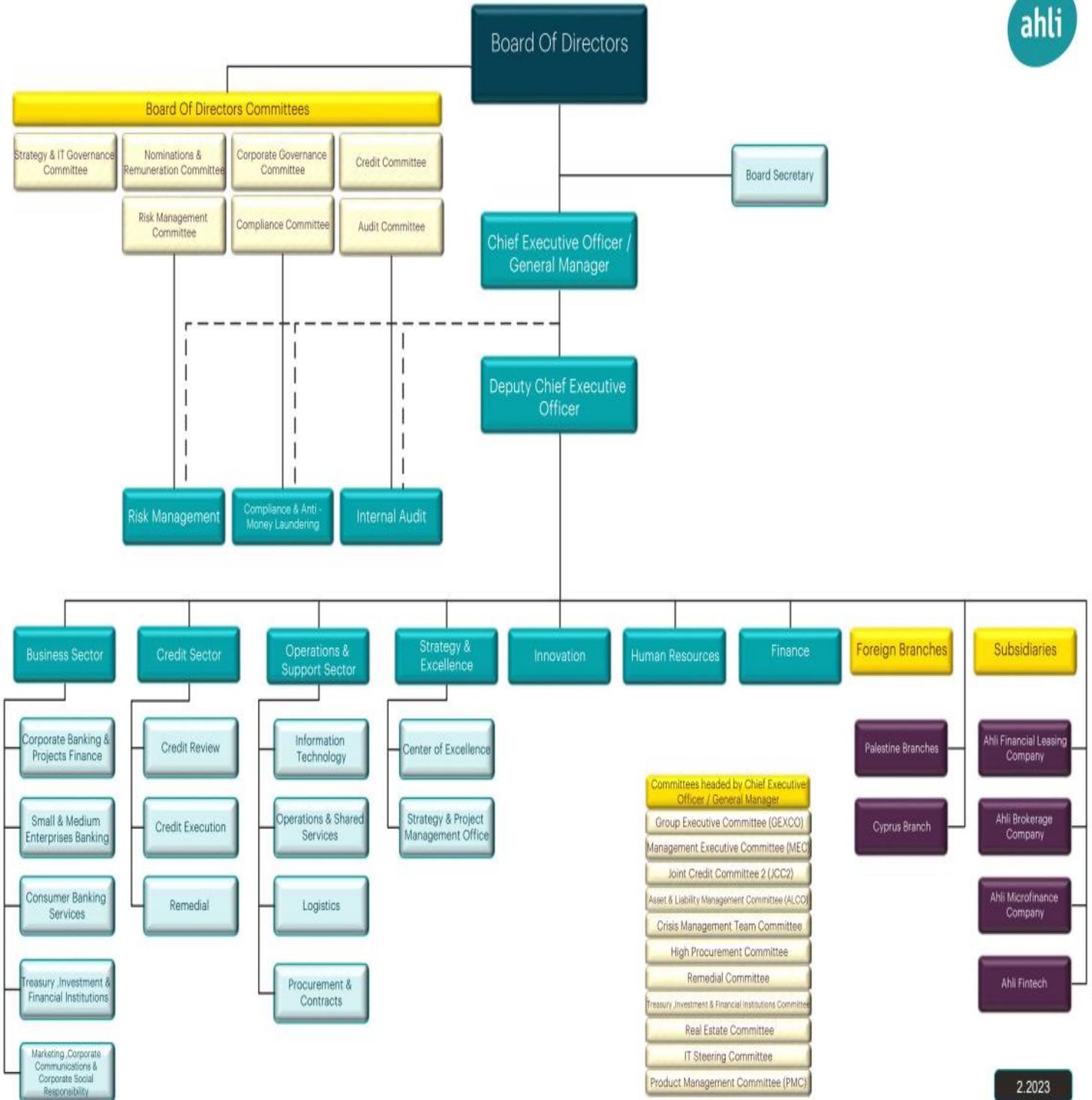
Through its SME unit, JAB offers commercial loans and overdraft facility in addition to a unique chance for small and medium enterprise owners to develop their business and overcome obstacles that they face, which differ from those faced by corporations. We give you financial solutions and advisory to assist the growth of your business with well researched methods. JAB offers a set of Corporate banking services and products through its dedicated corporate branch. This includes syndicated loans, letters of credit and guarantees, commercial loans and overdraft accounts. The Treasury unit of JAB offers services in portfolio management, cash management and correspondent banking.

In addition, JAB has implemented the following service quality activities:

- Activating phone feedback related to services at the business centers.
- Preparing working schemes to expose clients' experience with the bank and prepare plans and implementation strategies.
- Developing a mechanism to follow-up on the complaints received as well as ensuring it is in accordance with the Central Bank's instructions on transparency.
- Participating in implementing the action plans for the SMEs, especially, Service Level Agreements (SLA).

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### Jordan Ahli Bank - Organization Structure



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## 8. Objectives

JAB has set the following objectives of the governance and management of information and related technology framework:

1. Meet stakeholder needs and achieve the objectives of the bank through the utilization of an established governance framework that:
  - Facilitates the creation of value by delivering expected benefits, optimizing risk, and optimizing resources.
  - Provides assurance of information quality to support decision-making.
  - Provides technological infrastructure that enables the bank to achieve its objectives.
  - Enhance the bank operations by employing efficient, reliable and purpose-driven technological systems.
  - Optimize the risk management of information technology to ensure the necessary protection of the bank's assets.
  - Assist in achieving compliance with the requirements of laws, regulations and instructions as well as to comply with JAB policies, strategy and internal working procedures.
  - Improve the reliability of the internal control environment.
  - Maximize the level of satisfaction of information technology users by efficiently and effectively meeting the needs of their work.
  - Management of external party's services entrusted with carrying out operations, services and products.
2. Utilizes COBIT process reference model to design efficient and effective solutions to delivery of value to stakeholders.
3. Separates governance from management consistent with internationally recognized standards for the governance and management of information and related technology, in addition to adopting best practices to govern information and related technologies.

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## 9. General Policies

1. JAB shall, through the committee of Strategies and IT Governance emanating from the Board, review this guide and update it whenever necessary.

2. The bank shall publish this guide in any appropriate method for public inspection.

3. Committees: JAB has established the required committees to govern and direct the governance framework in the bank; Strategies and IT Governance Committee, and IT steering Committee:

- Strategies and IT Governance Committee:

As per the Central Bank of Jordan instructions, the Board shall form a committee of governance of information technology from its members, and this committee shall be formed from three board members at least, and preferably include people with experience or strategic knowledge in information technology.

The committee shall meet on a quarterly basis at least, maintains documented records of the meetings, and shall carry our duties mentioned in CBJ regulations of enterprise governance of information and related technology No. (65/2016).

- IT Steering Committee:

The senior executive management shall form necessary directive committees to ensure a strategic alignment of information technology to achieve the strategic objectives of the bank and that shall be in a sustainable manner. Therefore, a committee named the IT Steering Committee shall be formed and headed by CEO and with the membership of senior executive management managers, including the chief of information technology, chief of risk management and head of information security. One of its members shall be elected to be an observer member in this committee as well as the chief of internal audit, and can invite third parties to attend the meetings, when needed.

The committee shall document its meetings, provided that periodic meetings shall be once every three months at least and shall carry out the duties mentioned in CBJ regulations of enterprise governance of information and related technology No. (65/2016).

4. Enterprise Goals and Alignment Goals:

JAB Strategies and IT Governance Committee shall endorse the importance and priority of the Governance and Management Objectives and their relevance to the Enterprise Goals and

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IT/Alignment Goals, in addition to their related components. This endorsement should be based on a study (at least annually) considering COBIT 2019 framework design factors framework guidance, aligned with the Bank's specificity and strategies, and adopting the matrix of enterprise objectives, and the goals of information and related technology objectives.

5. Policies System:

JAB Board or its delegate committees will adopt the necessary policies system for the management and operations of governance of information technology as stated in the main CBJ instruction and to consider this policy system a minimum with the possibility of the combination of these policies as the work nature requires.

6. Information and Reports:

JAB Board and senior executive management will develop the infrastructure and systems necessary to provide information and reports to their users as an anchor for the decision-making processes in the bank.

JAB Board or its delegate will adopt information systems and reports as stated in the main CBJ instruction, and consider those systems a minimum, determining the owners of such information and reports through which authority to review and use is determined and delegated as needed for the work.

JAB policies and reports will be regularly reviewed and updated to reflect the development of the bank's objectives and operations and in accordance with accepted good practices and standards.

7. Organizational Structures:

JAB Board will adopt the organizational structures (hierarchical and committee's structures) concerning the management of resources, processes and projects of information technology, risk management, information security, and human resources management.

8. Services, Programs and Infrastructure of Information Technology:

JAB Board or its delegate committees and senior executive management will adopt systems of services, programs and IT infrastructure supporting information as stated in the main CBJ instruction to achieve IT governance and management objectives.

9. Knowledge, Skills and Experiences:

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JAB Management and the Board or its delegate committees shall adopt necessary matrices of competencies (HR Competencies) and policies of human resources management to achieve the requirements of the governance and management objectives, and to ensure that the appropriate human resources are in place.

The bank's executive management shall continue to enroll its staff in training and continuing education programs to maintain the level of knowledge and skills necessary to meet and achieve the governance of information technology.

10. System of Values, Morals and Behavior:

JAB Board or its delegate committees shall adopt a code of conduct that reflects professional behavior related to the management of information and its related technology that clearly define the desired behavioral rules and consequences.

## 10. The Governance Framework of Information and Related Technology

### Six key Principles of the Governance System of COBIT Framework

The governance framework of information and related technology at JAB is based on six key principles of COBIT:

**Principle (1): Provide Stakeholder Value:**

JAB needs a governance system to satisfy stakeholder needs and to generate value from the use of its I&T. Value reflects a balance among benefits, risk and resources, and JAB has an actionable strategy and governance system to realize this value.

**Principle (2): Holistic Approach:**

JAB I&T governance system is built from several components that can be of different types and that work together in a holistic way:1

- Principles, Policies and Frameworks.
- Processes.
- Organizational Structures.
- Culture, Ethics and Behavior.
- Information.

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- Services, Infrastructure and Applications.
- People, Skills and Competencies.

**Principle (3): Dynamic Governance System:**

A governance system should be dynamic. This means that each time one or more of the design factors are changed (e.g., a change in strategy or technology), the impact of these changes on the EGIT system must be considered. A dynamic view of EGIT will lead toward a viable and future proof EGIT system.

**Principle (4): Governance Distinct from Management:**

A governance system should clearly distinguish between governance and management activities and structures;

- **Governance:** ensures that stakeholder needs, conditions and options are evaluated to determine balanced, agreed-on enterprise objectives to be achieved; setting direction through prioritization and decision making; and monitoring performance and compliance against agreed-on direction and objectives.
- **Management:** plans, builds, runs and monitors activities in alignment with the direction set by the governance body to achieve the enterprise objectives.

**Principle (5): Tailored to Enterprise Needs:**

JAB's governance system is tailored to its needs, using a set of design factors as parameters to customize and prioritize the governance system components.

**Principle (6): End to End Governance System:**

JAB's governance system covers the bank end to end, focusing not only on the IT function but on all technology and information processing the bank puts in place to achieve its goals, regardless where the processing is located within it. JAB Board and senior executive management will develop the infrastructure and systems necessary to provide information and reports to their users as an anchor for the decision-making processes in the bank.

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## 11. Goals Setting and Cascading

Every enterprise operates in a different context; this context is determined by external factors (the market, industry, geopolitics, etc.) and internal factors (the culture, organization, risk appetite, etc.), and requires a customized governance and management system.

Consistent with the principles and guidance in COBIT, JAB has a governance structure based on stakeholder requirements and value delivery. JAB will also create a sustainable strategy of governance, management and business alignment to stakeholder needs.

JAB has adopted the COBIT goals cascade mechanism to translate stakeholder needs into specific, actionable and customized enterprise goals, IT-related/alignment goals and governance and management objectives goals. This translation allows setting specific goals at every level and in every area of the bank in support of the overall goals and stakeholder requirements, and thus effectively supports alignment between JAB needs and IT solutions and services.

### Step (1): Stakeholder Drivers Influence Stakeholder Needs:

Stakeholder needs are influenced by several drivers, e.g., strategy changes, a changing business and regulatory environment, and new technologies.

### Step (2): Stakeholder Needs Cascade to Enterprise Goals:

JAB's Stakeholder needs are related to a set of generic bank goals. These goals have been developed using the balanced scorecard (BSC) dimensions. COBIT defines 13 enterprise goals.

### Step (3): Enterprise Goals Cascade to Alignment Goals:

Achievement of banks goals requires several IT-related outcomes/Alignment Goals, which are represented by the Alignment goals. COBIT defines 13 IT-related/Alignment goals.

### Step (4): Alignment Goals Cascade to Governance and Management Objectives:

Achieving alignment goals requires the successful application and use of a number and target levels of governance and management objectives (e.g. processes). COBIT defines 40 objective/process.