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The role of competitiveness in achieving returns in a sample of Iraqi commercial banks For the period (2004 – 2019)

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Abstract:

This study was conducted on a sample of commercial banks in Iraq that were selected according to several bases, which are six private commercial banks, and to identify the activity of commercial banks in Iraq by accessing and approaching the strengths and weaknesses of their performance and identifying their competitiveness. The research aims mainly to assess financial performance. For the Iraqi private commercial banks using a number of financial ratios that include under each indicator of competitiveness, and the importance of the research to focus on one of the important topics, which is the analysis of the competitiveness of a sample of Iraqi commercial banks in achieving the returns and risks associated with their current and future activities. Standing on the actual actual financial performance of commercial banks, the study relied on the deductive approach on the theoretical side with the use of the quantitative method to analyze data and reach results. The results of the research reached to attract the largest number of customers to increase the level of competitiveness, which is reflected in motivating banks to provide innovative banking services at competitive prices, as well as for competitiveness an effective role in developing banking performance and strengthening the financial centers of commercial banks and increasing the intensity of competition between commercial banks. The research sample through financial analysis through The financial indicators (the profitability index, the asset growth index) that were applied in this research.

Introduction:

The study of competitiveness in the banking sector is one of the topics of economic importance because of its role in improving its efficiency and achieving returns, through the consolidation of the competitive role and achieving excellence in banking work. The competitiveness of banks has received a lot of attention at the global and Arab levels, especially in light of the developments The accelerating technology and communications and the increasing growth of technology that contributed to economic openness, and put the financial sector in general and banking in particular in front of many competitive challenges and many opportunities that provide competitive advantages for performance at the global, regional and local levels. Because the Iraqi banking sector is one of the contemporary economic sectors because of its effective role in the development and management of the economy at the local and global levels, and at various levels and fields of development and investment. Commercial banks are one of the most important pillars of this sector, as banking returns, including the return on equity and return on assets, are important indicators for evaluating the profitable performance of banks.

First: Study Problem:

Commercial banks are an essential pillar on which the economy depends in the Iraqi environment, which is exposed to multiple risks, as a reflection of its economic and political impact. Does the financial performance of private commercial banks in Iraq give them superiority in using indicators of competitiveness?.

Second :Study Objectives:

The main objective of the research is to

1- Evaluating the financial performance of Iraqi private commercial banks using a number of financial ratios that are included under each indicator of competitiveness

2- As well as studying the impact of competitiveness indicators on the stock returns of the research sample banks and comparing them

Third : Study importance:

The importance of the research comes from focusing on one of the important topics, which is the analysis of the competitiveness of a sample of Iraqi commercial banks in achieving the returns and risks associated with their current and future activities. Standing on the actual financial performance of the commercial banks, the research sample listed in the Iraqi Stock Exchange, by evaluating their performance using indicators of competitiveness, represents the focus of attention of the regulatory authorities as well as the bank’s management, professional accounting bodies, current and prospective investors, depositors, lenders and users of financial statements in general.

Fourth: Study hypotheses:

In light of the study problem and the achievement of its objectives, the following hypotheses were formulated:

The basic hypothesis - there is a role for competitiveness in achieving returns for commercial banks, the research sample for the period (2004-2019).

It is derived from the first basic hypothesis:

The first sub-hypothesis: Is there an effect on the existence of statistical significance among the research variables for the period (2004-2019).

Sub-hypothesis: There is no significant statistically significant effect between the research variables

Second sub-hypothesis: There is no significant, statistically significant effect of the growth indicator on the stock returns of private commercial banks, the research sample in Iraq.

Fifth: Study Methodology

The study relied on the deductive approach in the theoretical aspect with the use of the quantitative method to analyze the data and reach results.

Sixth: The limits of the study:

A- Spatial Boundaries:

It is represented in selecting a sample of banks listed in the Iraq Stock Exchange.

b- Time Period :

It is represented by the period (2004-2019) for a sample of selected banks.

Study population and sample:

The study population is represented by all the banking sector companies listed in the Iraq Stock Exchange, and the study sample was limited to (3) private commercial banks during the period (2004-2019). As it was one of the most active banks in trading its shares during the years and the least interruption to trading from other banks. The type of bank ownership was not transferred or merged during the study period. And that the study sample banks have all data and annual closing prices. The inclusion of most banks provided the research sample in the Iraqi Stock Exchange.

The first topic: a conceptual introduction to competitiveness

First-1: The concept of competitiveness:

The entry of the global economy into the market economy system contributed to the emergence of the concept of competition as an element that refers to the institution’s ability to compete to achieve its goals in light of the multiplicity of activities and its development , it was necessary to clarify that the competitive advantage is nothing but a structure that proves the feet of the sustainable competitiveness of enterprises in the diversity of their sectors. Competitive advantage is defined as: "the ability that enables the institution to bear and positively confront competition, and expand its market share" (De Boislaudelle, 1998:71).

Kotler believes that competitiveness is "the organization's ability to perform competitively in a way that is difficult for its competitors to imitate, and competitive advantage can be achieved by implementing functions that create value in the areas of reducing costs compared to its competitors or working on its performance in ways that lead to discrimination." (Sheikh and Badr, 2004:34).

Competitive advantage is defined as anything that an organization does in a unique way that distinguishes it in particular when compared to its competitors. The institution can do a certain thing that the competing companies cannot do, or to have something that the competing companies desire and are difficult for them to achieve (David, 2011:9).

Barney (2006) has pointed out that the competitive advantage is: "It is said when the organization can implement a value-creation strategy that is not simultaneously applied by any of the current or potential competitors." This is because the organization enjoys a competitive advantage when it can create economic value. more than its competitors. Economic value, in turn, indicates; The difference between the realizable value of a good and the total costs per unit. Thus, the amount of a firm's competitive advantage is the difference between value creation and the costs of producing a good or service compared to its direct competitors. If the achieved economic value is greater than that of its competitors, the company enjoys a competitive advantage; But if it is equal to its competitors, the company is in a state of competitive parity; If it is less than the competitors, it suffers from a competitive deficit. (Rothaermel, 2008: 204) An organization has a competitive advantage over its competitors when its profitability is greater and greater than the average profitability of all firms in its industry (Hills & Jones, 1989:4).

First-2- The importance of competitiveness:

After identifying the most prominent definitions and concepts of competitiveness, the importance of competitiveness should be recognized. In contemporary economies, competitiveness has become more necessary, as it affects companies that need development as well as just staying in the market, and it affects individuals who want to maintain their jobs or businesses, and it also affects nations that want to sustain and increase the living standards of their members. What reinforced the climate of competition and cemented the conviction of the importance of competitiveness were those changes that occurred in human activity in its various aspects, in the economic, social, and political organization, as well as scientific and technological developments (Al-Nusour, 2006: 19). The importance of competitiveness stems from the fact that it works to provide the appropriate competitive environment to achieve efficient resource allocation and use and encourage creativity and innovation, which leads to improving and enhancing productivity, raising the level of production quality, raising the level of performance, and improving the level of consumers by reducing costs and prices. The most important obstacle facing improving efficiency and productivity, namely, the problem of the local market, prevents benefiting from economies of scale. Therefore, providing a competitive environment is an effective way to ensure economic efficiency, promote economic growth, and improve living standards (Elasrag 4: 2013).

First-3- Characteristics of Competitiveness:

(Idris and Al-Galbi, 2009) explains the characteristics of correct, comprehensive, and continuous competitive advantages through the following points:

1- Competitiveness should be a continuous and sustainable process to achieve the priority of the institution in the long term and not only in the short term.

2- Competitive advantages are relative when they are compared during different periods, which provides the institution with a more open framework in understanding its advantages away from stagnation.

3- It is necessary to renew according to the external environment data on the one hand and the internal resources of the institution on the other hand.
4- It must be flexible by replacing competitive advantages with others that are more applicable due to its suitability to the changes taking place inside and outside the institution.
5- The use of these competitive advantages must be commensurate with the goals and results that the institution wants to achieve in the short and long term (Idris and Al-Galbi, 2009: 36.

First-4 Dimensions of Competitiveness:

The dimensions of the competitive advantage are determined by several points, namely:
1- Price: It represents the monetary value paid in exchange for owning the product, which is the value that he exchanges with the consumer to obtain benefits, by focusing on the concept of value and benefits in determining the price. Benefit produces value and value is measured by price.
2- New services: are the basic strategic components that are developed by the institution to ensure the continuity of business that leads to the satisfaction of the needs of customers.
3- Quality improvement: the features and characteristics of the product or service that contribute to meeting the needs of customers and include price, security, savings, and reliability.
4- Speed in providing service: The time factor is very important in responding to customers, and at the same time it is a risk factor for the quality and level of service and the related costs. Required services.
5- Market share: It is a measure of distinguishing between winners and losers by calculating the institution's share of sales of services in the market compared to competitors. It refers to the percentage of sales or returns of the institution during a period. As for the market, they are all consumers who are similar in their needs and desires and have the ability to Exchanging these needs (Obaidat, 2014: 14-15)

Continuous changes and developments have imposed new dimensions that are commensurate with them, so the focus has become more on product quality, including speed of delivery, flexibility, and creativity, which contribute to achieving competitive advantage through the availability of competitive capabilities in the services of the institution (Porter, 1998: 16-17).

First-5- Competitiveness Indicators:

Silva and Tadashi (Silva & Tadahsi, 2005) show that several indicators indicate that the institution possesses competitive advantages, including sales volume, customer satisfaction, product diversity, profitability, and market share. As it is a quantity that is easy to measure and compare in different periods, the following is a presentation for each of them:
First - Market share: It is the percentage that the organization controls of the total market of service, a product or several products, or the number of customers of a sector or a specific market.
Second - Sales volume: The volume of sales can be counted as one of the important market indicators, and many institutions try to determine a specific volume of sales that they are trying to reach, to monitor their general performance and the degree of success in achieving goals.
Third - Profitability: It can be defined by referring to the relationship between the profits of the organization and the investments that worked to generate these profits (Al-Atoum, 39:2009).
First-6- Determinants of competitive advantage:

Porter (Porter, 1985) identified six determinants of competitive advantage that interact together and affect and are affected by each other, namely:
1- Production elements: They are the important inputs necessary to establish an industry, and they include basic elements such as human resources, natural resources, financial resources, and they do not represent a competitive advantage because they are easy to imitate. As for the second form, they are the developed elements, which are of great competitive importance and involve the creation of qualified and creative labor Distinguished work mechanisms, and unique administrative systems.
2- Local demand conditions: They are represented in the demand structure, its growth rate, and the extent of compatibility with global demand. It is characterized by its high importance because it stimulates the institution to develop products and services and their quality level provided to customers.
3- Complementary and supportive industries. They are considered as important determinants because they are one of the reasons for the success of a large number of industries. They are considered to have a high competitive advantage, especially when they are involved with technology, inputs, customers, distribution, and sales channels, which leads to a reduction in cost and consequently a reduction in the selling price, which increases the competitive advantage, and allows An opportunity to exchange information, ideas and opportunities for development and the generation of new products.
4- The institution's strategy and the form of local competition: This determinant is related to the strategy adopted by the institution, the objectives it seeks to achieve, and the available local encouragement that contributes to increasing competition and plays a role in determining competitiveness.
5- The role of the government: governments play an important role by enacting legislation and laws that provide an encouraging and conducive business environment for investment.
6- The role of chance: chance plays an important role in the development of services, products, or ideas unexpectedly and outside the control of the institution, including technical discoveries, political events, and changes in the prices of raw materials, exchange rates, and money (Porter, 1985: 86).

Second-1- The impact of competitiveness on the performance of commercial banks:

Commercial banks seek to achieve two goals that affect and are affected by the bank's competitive ability, and they can be identified by the following points:
1- Profitability: The primary function of managing commercial banks is to achieve the maximum possible profit for the owners, meaning that the bank's revenues are higher than its costs. provide it to others. and fees collected for services provided by banks, which are not related to the nature of banking work, in addition to providing consultations, preparing economic feasibility studies, profits from buying and selling foreign currencies, and other revenues generated by them, including revenues resulting from operations that are not from the nature of the bank's work. As in the returns on investment in securities, the returns resulting from discounting commercial papers, and any profits realized from the bank's sale of one of its assets at a price higher than its book value. In addition to the costs related to the bank, it includes the interest paid by the bank to depositors, the debit commissions paid by the bank to other financial institutions in exchange for services provided to the bank itself, and other administrative expenses. The bulk of the bank's expenses consists of fixed costs, so the profits

of commercial banks are more affected by changes in revenues compared to other business establishments, as these profits are affected and affect the bank's competitive ability. It is natural that the more The bank's revenues increased by a certain percentage, the profits increased by a larger percentage, and on the contrary, if the revenues decreased by a certain percentage, the profits decreased by a larger percentage. Rather, the bank's revenues may turn into losses. For this reason, the management of commercial banks works to increase revenues and avoid a decrease in them. It must be mentioned that banks do not enjoy absolute freedom to dispose of their profits.

2- Liquidity: Liquidity means the ease of converting an asset into cash as quickly as possible and with the least loss. In the banking sector, liquidity means the bank's ability to fulfill its obligations towards depositors if they request the withdrawal of their deposits, in addition to its ability to meet credit requests. The liquidity of the commercial bank consists of two groups, namely:

First - Current liquidity: It consists of the current balances of money in safes, and cash balances deposited in the Central Bank and other banks.

Second - Quasi-cash liquidity: It consists of discounted transfers, treasury bills, and discounted commercial papers that can be easily re-discounted at the Central Bank (Hanafi and Abu Qahaf, 1993: 93-99).

The factors affecting liquidity in commercial banks can be identified by the following points:

1- Deposits and withdrawals on deposits

2- Customers' interactions with the public service

3- The balance of clearing operations between banks

4- The position of the central bank in relation to banks

5- Owned Capital Balance (Sahib, 2005: (226).

In order to achieve maximum liquidity, several factors must be taken into account, the most important of which are:

2-1- The extent of deposit stability: liquidity helps to face the problems of withdrawing unstable deposits and to meet and meet unexpected demands to withdraw demand deposits. On-demand, which is unstable, in addition to the possibility of facing withdrawals from savings deposits and term deposits under any exceptional circumstances (Hanafi and Quriyas, 2000: 55).

There are several factors that affect the stability of deposits, including competition between banks to obtain them, as banking competition affects the attraction of funds that are outside the banking system through the development of banking services in terms of speed, accuracy, and cost, and despite the importance of this, it can strike the stability of deposits in the rest Banks, and can also threaten the banking system in general, especially if it is unstable. Seasonal fluctuations and economic cycles also affect the stability of deposits, especially in periods of boom and economic recovery, and affect withdrawals and deposits, and are more dangerous than those that are based on sudden total withdrawals in periods of recession. And the role of long-term fluctuations related to demographic changes in terms of distribution, size, population growth, and related income, wealth, and money. In addition to the role of government activities that affect government activities in one way or another in the instability of deposits, deposits, and withdrawals in the region in which the bank is located, and in which the volume of spending increases from paying salaries, wages, and government purchases (Al-Zabadanin, 1999: 130-140).

2-2- Short term of credit facilities: The shorter period of the facilities granted by the commercial bank, the greater the credit liquidity, meaning that the granted funds will return quickly, and long-term loans do not inspire the bank's management to be reassured because economic conditions may change in the long run. This affects the competitiveness of the bank.

2-3-**Security**: It means safety for both parties of the depositors by not violating their deposits and by setting a maximum limit for losses that can be incurred by them, and safety for the bank means the extent to which the bank's management is confident that the banking facilities granted will be repaid on their due dates In order to get the largest possible return, it must set specific rules for lending that reduce as much as possible the amount of banking risk granted, and that the clarity of these details provides a competitive advantage for the bank and contributes to increasing its competitiveness (Rasheed and Judeh, 1993).

Second-2- Types of banking competition:

There are several types and forms of competition between commercial banks, and these types differ according to the method, as well as according to the state of the market, and they can be classified as follows:

First - the method of competition: competition, in this case, is divided into two parts: price competition and non-price competition

First-1- Price competition: It is based on price and is manifested in the competitors seeking to gain larger shares in the banking market by reducing prices, for example, with regard to commissions or interest imposed on loans, and this competition also occurs by raising interest rates granted to deposits.

First-2- Non-price competition: It is not based on price, but is by using other means such as advertising and promoting the services provided and their quality, as well as working to provide comfort to customers. Non-price competition is more effective, and it is the best method that banks can use to compete to attract customers.

(Abdul Hamid, 2002: 41-42)

Second - Competition according to market conditions: There are several main forms that competition can take in general, according to the market situation and the number of dealers in it, and these forms apply to the banking market as well.

1- Perfect or perfect competition The case of perfect competition is an ideal theoretical case brought up by the neo-classical, and this case is rare in economic life. buyers) so that it is not possible - in this case - to display only a small amount of the quantities produced in the market, nor can it be possible .

The effect on the price of the product, as the market prevails in this case, one price accepted by each product, and this price is equal to the marginal revenue and the average revenue.

2- Homogeneity and complete symmetry of the goods and services offered in the market: that the product offered by any seller (product) is identical and similar to the product of another seller, and in view of this, consumers do not care in this case the identity of the product.

3- Freedom of entry and exit from the market: There are no obstacles on the part of the institutions operating in the industry, that may hinder the entry of new institutions to the market, and at the same time there are no barriers for the institutions to exit the market if the production is not profitable.

4- Full knowledge of market conditions (market transparency): every producer or consumer gets all the information about the offered products and their prices (Hamidouche, 2002, 6-7).

Third - Monopoly: is the opposite case of perfect competition, and it is characterized by a single producer to produce a specific good or service, as there are no close substitutes for this good or service, while a large number of consumers accept to buy this good or service (Al-Laithi and Abu Al-Saud, 2000:279).

Fourth - Oligopoly: It is the situation in which a small number of large banks control large shares of the banking market, and this type of competition is based - mainly - on the extent to which a number of institutions control an industry, regardless of the number of institutions in the market.

Fifth - Monopolistic competition: This case is considered a mediator between perfect competition on the one hand, and monopoly on the other. Monopolistic competition is characterized by the following:

1- The presence of a large number of producers in the market. In the case of the banking market, there are a large number of banks.

2- Freedom to enter and exit the market.

3- Full knowledge of market conditions.

4- Distinguishing products or services from each other, even though they are close alternatives to each other.

5- Producers have a kind of ability to control prices and the quantity produced (Mikdashi, 1998:321).

The second topic // The conceptual framework of returns in commercial banks

First - Concepts about returns in commercial banks:

Commercial banks are one of the important economic sectors in any country, by providing a variety of services represented in financial intermediation, credit risk management, and other services, which contribute effectively to the running of the wheel of economic growth, so the safety and stability of the banking sector affect positively. On the safety and stability of different local economies (Dalniela, 2010: 6) & Brian.

The main goal of commercial banks is to achieve and maximize profits, just like any business organization that seeks to increase the wealth of its owners and increase the market value of its shares, as commercial banks usually resort to achieving this goal by increasing the value of revenues and returns to the greatest extent or reducing costs to less. As much as possible, or doing both procedures (Al-Rashdan), 54: 2012.

The return is defined as "the return achieved by the investment, and takes its meaning from its ratio to the money that generated it." It is the return that the investor aspires to obtain in the future in return for investing his money” (Zarifa, 2012: 14).

Profitability has a broad concept that covers several fields. It is applied to every economic work in which material, human and financial capabilities are used, and it is expressed by the relationship between the result and the capabilities used, i.e. what is known as the productivity scale (Mustafa and Murad, 37: 2013).

Profitability can be defined as: "The relationship between the profits achieved by the enterprise and the investments that contributed to the realization of these profits. shares in realizing them, which are represented by the value of assets or equity." (Aql, 1998:42).
Profitability measures the extent to which the enterprise can achieve the appropriate return on the money invested in its activities. In analyzing the profitability of the enterprise, the two main elements that determine that profitability must be taken into account, which is the ability of the enterprise to control costs, and the efficiency of the enterprise's management in using assets to generate sales (Matar, 43: 2016).

Profitability Decisions in Commercial Banks:

Second: Types of Bank Returns:

Bank returns are determined by revenues, which can be determined by the following points:

Second-1- Interest income: It is the group of interests earned on all the bank's assets, such as loans, deposits with institutions, and securities, which result from investing the bank's funds and can be classified as follows:

A- Interests on credit balances with local banks and correspondents abroad: the bank deposits the amount with one of the local banks that it needs in return for interest at the prevailing market rate, and the matter may be in the form of credit balances with correspondents abroad as in international trade, and countries differ in terms of granting benefits to her.

B- The interests of loans and advances and the stock and commercial portfolio, as banks invest part of their money in purchasing securities, which contribute to providing several investment elements, including dividends, bond interests, and profits from selling shares and bonds. Banks also generate revenues by discounting commercial papers and discounted bills (Hanafi and Abu Qahf, 2000: 220).

First-2- Financial Indicators of Competitiveness:

Based on the definition of competitiveness as the ability of banks to meet the requirements of customers and their clients, creating a conviction that their services are the best through their diversity, quality, and low cost. Growth, safety indicators, and profitability indicators.

Table (1-1) performance indicators of banks

Indications	Label	how to calculate it
profitability	rate of return to equity	net annual result/equity
	rate of return on total assets	net annual result/total assets
	Rate of return on available funds	net annual result/equity + deposits
	Profit Ratio to Owners	Dividends per share/equity
	The ratio of interest assets available for employment	(Loan interest, Deposit interest)/Available funds
	Label	how to calculate it
growth	Asset growth rate	(Amount of asset growth / total assets) * 100
	Leverage rate (equity multiplier)	Total assets/equity (own money)
	Equity Retention Rate	Equity / (net result - dividends)
	Label	how to calculate it

Safety	**The ability of the bank to return deposits**	**(Equity/Total Deposits)*100**
	Equity rate for risky assets	**Equity/total equity investments**
	The margin of safety versus investment risk	**Equity/total equity investments**
	Label	**how to calculate it**
Liquidity	**The ratio of cash to current deposits**	**(Cash/Total Current Deposits)*100**
	The ratio of cash to total deposits	**(Cash / Total Deposits)*100**
	The ratio of current deposits to total deposits	**(Current Deposits/Total Deposits)*100**
	Current Deposit to Equity Ratio	**(Current Deposits/ Equity)*100**

(Khalis, 2004: 390-395).

Return on equity (ROE) and Return on assets (ROA) is among the simplest indicators to show profitability, net result and in turn, competitiveness. Because all banking products are generators of banking activity, including off-budget services, which are the first determinant of profitability, and changing or moving some of these products can cause changes in profitability (Olivier, 2005: 214). The net banking income (PNB), which is the difference between banking outcomes and costs, allows the evaluation of the measurement of banks' contribution to creating a competitive advantage. And getting rid of intermediate products, exploitation costs, and depreciation premiums from the net banking product. This is done by defining the raw result of exploitation, which indicates the ability of banks to generate margin after stripping resource and operating costs. The risks that appear when deducting depreciation premiums, net of provisions for exploitation, and obtaining the current result before tax, refer to the risks of rising provisions, which indicate the low quality of customers in a bank that faces systemic risks, which pushes the bank to secure part of their entitlements (Boubaker, 2010: 83). It can also be linked to governance policy, especially those related to coverage of risks by central banks, as banks are obligated to take some level of provisions, and the final result is what allows valuing the ability of banks to generate its activities and benefits that form a reserve to raise activity and distribution to shareholders. The rise in the net result is linked to several elements that enable us to judge the past and future performance of banks (Olivier, 2005: 214).

1- **Application and analysis of competitiveness indicators for the study sample banks**:

The performance of the research sample banks consisting of six commercial banks for the period (2004 - 2019) will be evaluated by calculating the selected financial ratios as an expression of competitiveness indicators because they are the most famous, most widely spread, and used, as follows:

1- **Profitability index analysis**:

The profitability indicator measures the effectiveness of the institution in using the resources available to the bank, and there are several ratios to measure the profitability as mentioned in the second chapter, the third topic, and the financial profitability equation was chosen

(Return on Assets) (ROA), which is an indicator of the bank's profitability about its total assets and shows the efficiency of the bank's management in using its assets to generate profits. Table (1-1) shows the above ratio for the period (2004-2019) for the research sample banks as follows:

Table (2-1)

Profitability index of Iraqi commercial banks study sample for the period (2004-2019)

year	Gulf Ratio	Baghdad Ratio	Al-Ahly Ratio
2004	2.40%	4.63%	29.09%
2005	2.85%	0.75%	28.26%
2006	2.98%	2.93%	-169.13%
2007	0.26%	6.18%	0.36%
2008	6.30%	4.05%	4.97%
2009	3.08%	2.26%	0.74%
2010	2.27%	1.69%	1.26%
2011	3.52%	2.85%	1.57%
2012	8.56%	1.83%	4.05%
2013	6.43%	1.82%	2.56%
2014	4.43%	1.52%	1.14%
2015	1.22%	0.44%	0.41%
2016	0.73%	1.69%	4.06%
2017	0.70%	0.56%	0.48%
2018	0.09%	0.37%	-1.50%
2019	-0.72%	0.64%	1.45%
Mean	2.82%	2.14%	-5.64%

Source: Prepared by the researcher based on the annual financial reports of commercial banks, the research sample for the period (2004-2019) And use the following equation (return / total assets) .

It is noted from Tables (3-1) that:

A- Gulf Bank:

First: The value of the arithmetic mean of the profitability indicator during the research years was (2.82%), according to the financial profitability equation, and accordingly the bank obtained the classification (2) among the banks of the research sample during the period (2004-2019).

Second: By calculating the financial profitability ratio of Gulf Bank, we note that the highest rate recorded during the year 2012 was (8.56), and the reason is due to the increase in the return for the year 2011 by ((23,872,663) due to the increase in the revenues of banking operations and the revenue of service activity for that year, while it was the lowest A ratio registered for the Gulf Bank in 2019 amounted to (-0.72 percent). The reasons are due to the bank's recording of a financial deficit of (-4,451,146).

B- **Bank of Baghdad:**

First: The value of the arithmetic mean of the profitability indicator during the research years was (2.14) according to the financial profitability equation, and accordingly the bank obtained the classification (4) among the banks of the research sample for the period (2004-2019).
Second: By calculating the financial profitability ratio of the Bank of Baghdad, we note that the highest rate recorded during the year 2007 was (6.18) due to the increase in the revenues of banking operations and the revenue of service activity for that year, while the lowest rate recorded for the Bank of Baghdad in the year (2018) was (%) 0.37) The reasons are due to the decrease in the return for the year 2017 by the amount of (1,970) billion dinars.

C- Al-Ahly Bank:

First: The value of the arithmetic mean of the profitability indicator during the research years was (5.64%) according to the financial profitability equation, and accordingly the bank obtained the classification (6) among the banks of the research sample for the period (2004-2019).
Second: By calculating the percentage of the financial profitability of the National Bank, we note that the highest percentage recorded during the year 2004 was (29.09), while the lowest percentage recorded for the bank in the year (2006) was (169.13). Estimated at (-923,754).

Through the data, we see that the competitiveness represented by the percentage of financial profitability according to the above, we find that commercial banks have achieved a good rating, except for the National Bank of Iraq, which indicates that revenues are increasing and that profits are more than enough to support operations and maintain sufficient capital, and the adequacy of provisions after taking into account the quality of assets and Growth and other factors that affect the quantity, quality and direction of revenues, and the ranking of the competitiveness of the profitability indicator in descending order is as follows (Gulf Bank, Bank of Baghdad, National Bank of Iraq) as shown in Figure (1) below.

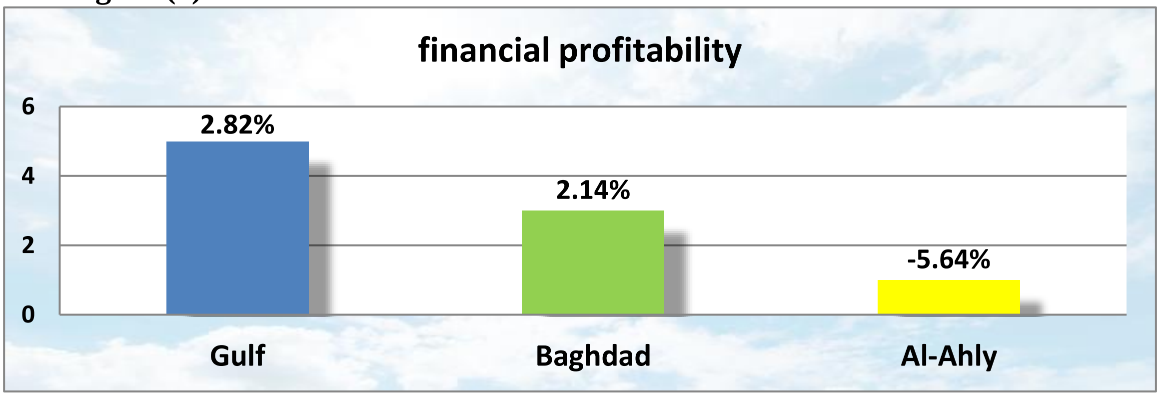


Figure (1) Ranking of banks in order of preference based on the profitability index for the period.

2- **Growth index analysis:**

Calculating the growth rate of assets is an indicator of the extent of the growth and success of properties, investments, and businesses during a specific period. It also helps to predict the future growth of assets and it will be calculated through the growth equation for assets and considering 2005 as a base year as shown in the following table (3-2):

Table (3-1)

Indicator of asset growth for Iraqi commercial banks study sample for the period (2004-2019)

year	Gulf Ratio	Baghdad Ratio	Al-Ahly Ratio
2004	——	——	——
2005	202%	414%	412%
2006	79%	4%	-31%
2007	73%	10%	106%
2008	69%	49%	-86%
2009	8%	48%	33%
2010	5%	20%	14%
2011	30%	-9%	72%
2012	20%	49%	83%
2013	105%	36%	61%
2014	-6%	4%	14%
2015	-1%	-19%	-13%
2016	-1%	-19%	8%
2017	-25%	-9%	4%
2018	-4%	2%	-13%
2019	-5%	2%	20%
Mean	37%	39%	110%

Source: Prepared by the researcher based on the annual financial reports of commercial banks, research sample for the period (2004-2019) And use the following equation. (Current total assets - total previous assets / total previous assets) * 100

It is noted from Tables (3-1) that:

A- Gulf Bank:

First: The arithmetic means value of the asset growth index during the research years amounted to 37% according to the asset growth equation, and accordingly the bank obtained the classification (3) among the banks of the research sample during the period (2004-2019).

Second: Depending on the year 2005 as a base year, we note in the years (2006-2012) that the growth rate of assets is in continuous decline, as it was in 2006 (79%), as it recorded a decrease by a large difference of (123%) from the base year to If it reached (20%) in 2012, this is due to a decrease in deposits and cash credit due to the economic and unstable conditions due to the security situation that the Iraqi economy was and still going through, but in 2013 there was an increase in the growth of assets by (105%) As the bank worked to improve the quality of its assets and their quality on the asset side, maintaining a balance between profitability and safe investment, and avoiding investments with high risks, which worked to improve its future profitability indicators and the balance between profitability and risks factors, and to provide the necessary cash to meet financial obligations of different terms, and optimal use The available funds efficiently and effectively were represented in maintaining the strength of the financial position, the growth of the bank's revenue power and maintaining its financial liquidity indicators. As for the years (2014-2019), the indicators of asset growth decreased due to terrorist operations and security instability for the period (2014-2017) and their effects continued for the year (2019).

B- Bank of Baghdad:

First - the arithmetic means a value of the asset growth index during the research years was 39%, according to the asset growth equation, and accordingly, the bank obtained classification (2) among the banks of the research sample for the period (2004-2019).

Second - The Bank of Baghdad recorded in the base year (2005) a significant growth estimated at (414%) if the bank worked to improve the quality and quality of its assets on the side of assets and maintain a balance between profitability and safe investment and avoiding investments with high risks, and in the year (2006) the bank recorded A growth rate of (4%) and the growth rate was low compared to the base year due to a decrease in deposits and cash credit in that year with dependence on explosive growth in assets in the year 2005, while in the years (2007-2010) there was an almost upward fluctuation in the growth of Assets except for the year 2007, there was a slight decrease, but overall there was growth during the years (2005-2010), in the year (2011) the bank recorded a decrease in the growth of assets by (-9%), and in the year (2012) the bank recorded an increase in the growth of assets By (49%), which is a very good percentage compared to the previous and upcoming years, and this is due to a rise in deposits and cash credit in that year, which boosted the growth of assets, followed by a low growth in the years (2013-2014), followed by a sharp decline in the following three years (2015-2017) due to terrorist operations and the unfavorable economic situation It was stable, then began to grow in the years (2018-2019) at a rate of (2%).

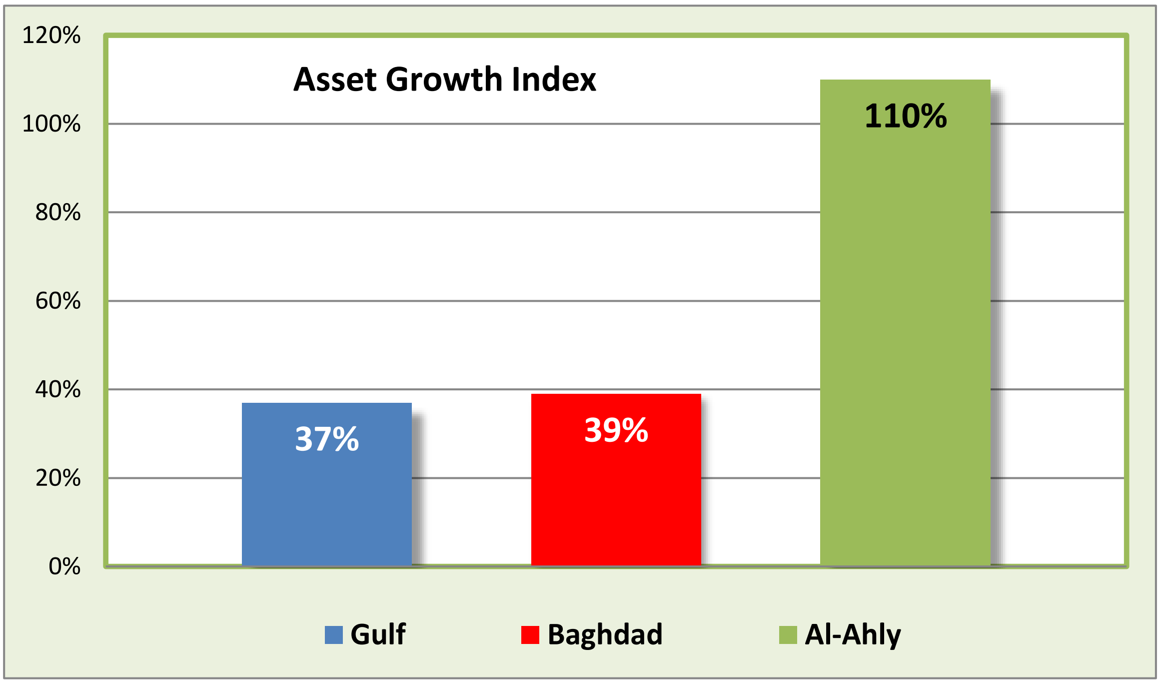
C- **Al-Ahly Bank:**

First - The arithmetic means a value of the asset growth index during the years of research reached (110%) according to the asset growth equation, and accordingly, the bank obtained the classification (1) among the banks of the research sample during the period (2004-2019).

Second - The National Bank recorded in the base year (2005) a significant growth estimated at (412%) if the bank worked to improve the quality and quality of its assets on the side of assets and maintain a balance between profitability and safe investment and avoid investments with high risks, but in the year (2006) it was Total assets are lower than the base year, which recorded a decline in assets growth by (-31 percent), and the fluctuation in the growth of assets for the National Bank continued. The year (2007) recorded a growth of (106%) due to an increase in total assets that is attributed to safe investment and avoidance of investments With high risks, but in the year (2008) there was a decline in the growth of assets by (-86%), and in the following years there was a fluctuating growth in the years (2009-2014), the highest growth rate was in the year (2012) by (83). %) and the lowest percentage in the growth of assets in the years (2010, 2014) by (14%), in the year (2015) there was a decline in the growth of assets, as it was recorded at a rate of (13%) and the reason is attributed to the economic and unstable conditions due to the security situation that the Iraqi economy went through in that period, recorded two cents

(2016-2017) growth in assets was (8%) and (4%), respectively. In 2018, the National Bank recorded a decline in asset growth by (-13%), while in the year (2019) there was a growth in assets by (20%) by improving the quality and quality of its assets on the asset side, maintaining a balance between profitability and safe investment, and avoiding high-risk investments.

And through the data that the competitive ability represented by the growth rate of assets according to the above, we find that commercial banks have achieved a good growth in their assets, which indicates that the banks have worked to improve the quality and quality of their assets on the side of assets and maintain a balance between profitability and safe investment and avoid investments with high risks, which worked to improve its future profitability indicators and the balance between profitability and risk factors, provide the cash needed to face financial obligations of different terms, and optimally use the available funds efficiently and effectively, which was represented in maintaining the strength of the financial position, the growth of the revenue power of banks and maintaining their financial liquidity indicators. The order of the competitiveness of the asset growth rate in descending order is as follows (Al-Ahly, Baghdad, Al-Khaleej) and as shown in Figure (2):



The source is from the researcher's numbers based on the results of Table (3-1)

Figure (2)

The preference of the research sample banks during the asset growth index for the period (2004-2019)

Conclusions:

1- The competitiveness policy aims to create a competitive environment in the local and global markets by enhancing the competitive level and achieving effectiveness in the banking markets.

2- Attracting the largest number of customers to increase the level of competitiveness, which is reflected in motivating banks to provide innovative banking services at competitive prices.
3- Competitiveness has an effective role in developing banking performance, strengthening the financial positions of commercial banks, and increasing the intensity of competition between commercial banks.
4 - Although commercial banks in Iraq have a long history and a long history of banking, they are still limited inactivity and weak ineffectiveness in the economy, despite a large number of commercial banks in Iraq, but they are still completely dependent on the activity of government banks.
5- Commercial banks in Iraq are still far from the goals of economic policies, as they are far from what the economy requires, as they serve what their own goals require. The process goes through for its completion, and this certainly leads to an increase in the costs of the banking service and its secondary expenses, thus leading to a decrease in profits.
6- The practical aspect of the research proved that all the banks of the research sample maintain high rates of capital and liquidity adequacy compared to the standard ratios set by the Central Bank of Iraq at a minimum rate of 12%. Setting upper limits for these standard ratios, which indicates the presence of uninvested funds.

Recommendations:

Through the above-mentioned conclusions, the researcher should put some recommendations or suggestions that may contribute to developing solutions for the Iraqi commercial banks' exit from their crisis, which is determined by competitiveness, returns, suffering, and the obstacles that surround them:
1- The necessity of developing the research sample banks for their competitive ability to keep pace with global developments and access to global banking markets or close to them.
2- The necessity of keeping pace with technological developments in providing traditional and modern banking services to attract the largest number of customers and benefit from them maximizing profitability.
3- Removing barriers and restrictions to encourage the entry of new competitors to the banking market, which will reflect positively on the development of the Iraqi banking sector and motivate banks to develop their efficiency and productivity.
4- The management of commercial banks, the sample of the research, should do more by developing strategic plans that are objective and touch the economic reality of the bank and the Iraqi economy, as well as developing its banking structure through consulting specialists and experts on banking policies and banking development, whether inside or outside Iraq. Because these banks are the ones who bear the responsibility of developing their activities and fixing the defects in their banking structure, and they do not expect anyone to set plans for the development and advancement of these banks.
5- The management of commercial banks should train and develop the skills of the workers in these banks because modern banking needs specialized expertise and knowledge, which is what many workers in these banks lose, specifically the field of modern information technology and electronic banking because we live in a state of rapid development and competing technology. Thus, it will provide the bank with a decrease in expenses, for example, the electronic clearing system.

6- As for the profitability indicator, the commercial banks, the research sample, should make more and better efforts to maximize their profitability by maximizing their revenues and reducing and scaling their expenses to the maximum extent possible. By getting rid of unsuccessful, unprofitable, and inefficient branches, as well as adopting competition and monopoly on providing the best banking service.

7- About the asset growth indicator, private banks should make greater efforts by setting more successful expansion plans through the use of advertising advertisements or by distributing identification cards about the bank and the services it provides. In addition to the bank's contribution to banking seminars and unions, as well as the possibility of opening branches or offices inside or near the headquarters of universities and ministries ... etc., because all of this will certainly contribute to supporting the confidence and reputation of the bank. But the bank should also contribute to providing credit facilities to all segments of society as well as government sectors, and the need to provide support for the latter because this is an important and supportive sector for the bank's reputation as it represents a safer and more important party in supporting the economy.

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