Journal of Economics, Finance and Management Studies

ISSN (print): 2644-0490, ISSN (online): 2644-0504

Volume 06 Issue 09 September 2023

Article DOI: 10.47191/jefms/v6-i9-57, Impact Factor: 7.144

Page No: 4645-4657

The Extent to Which the Market Value of Commercial Banks Is Affected By Funding Sources (An Applied Study of Commercial Banks Listed In the Iraq Stock Exchange)

Alaa Ali Rahm[1], Mustafa Razzaq Flayyih[2], Mohammed Zaki Ward[3]

[1]Ministry of Education, Directorate General of Education, Thi Qar Governorate

[2]Accounting Department, Mazaya University College

[3]Faculty of Economic Sciences and Management, Manouba University, Tunisia,

ABSTRACT: The research aims to identify the importance of measuring the market value of banks and indicating the extent of its decline or fluctuation, as well as measuring financing requirements, which is one of the methods for measuring liquidity risk by determining the funding gap for banks, as a result of the turmoil in the financial market, which may lead to a reduction in some funding sources, and the management of banks has full responsibility to control such risks, reduce liquidity risks and contribute to improving the market value of banks, the published financials for a group of commercial banks listed on the Iraq Stock Exchange that were chosen for the period (2013-2017), the research sample included two commercial banks (Baghdad and the Commercial Gulf), and the research used a set of financial means to achieve its objectives, the research reached a set of conclusions, perhaps the most important of which is the existence of an influence relationship between the market value of banks and financing sources.

KEYWORDS: Market Value, Financing Sources, and Commercial Banks.

1. INTRODUCTION

Funding sources and choosing the optimal mix for them and the bank's market value are among the most important issues in the banking sector, since banks need to pay attention to important issues in the field of developing bank management, and the financing decision is also one of the most important decisions that banks' departments should attach great importance to (Hanoon et al., 2021). This is through the importance related to maximizing the wealth of shareholders, which represents the primary goal pursued by bank managements represented by maximizing the market value of banks, because the market value is one of the measures through which the owners can evaluate the efficiency of bank managements, and in general the sources of financing for banks consist of liabilities And the right of ownership, which is used to finance its investments, and deposits are the main source on which commercial banks rely to finance their assets, because deposits distinguish commercial banks from other financial institutions, so this research came to analyze the problem of how to provide an optimal mix of financing sources to reduce liquidity risks that affect To maximize the market value of commercial banks (Hanoon et al., 2020a).

Through this, the research problem can be expressed that commercial banks may not prepare a study for the purpose of analyzing their funding needs and what is their role in the market value of commercial banks, nor does it determine whether there is a direct or indirect effect between the market value of commercial banks and funding sources, not predicting the improvement of the market value in the event of identifying the financial needs of commercial banks and providing the funds they need.

Therefore, the main objective of the research is to find out the extent to which the market value is affected by funding sources by measuring the needs of commercial banks for funds on the market value, by working on analyzing the most important market value indicators and identifying the extent of their fluctuation or decline. And identifying the needs of banks for funds and knowing the type of relationship between financing needs and the market value of commercial banks, the study sample. As well as highlighting the most important aspects of knowledge related to financing needs and the market value of commercial banks.

The research contributes to knowing the extent to which the market value of commercial banks is affected by financing sources and how to contribute to raising the level of the share price in the market, which leads as a result to improving the market value of banks, to find out the reasons for the decline in the market value of the shares of commercial banks, the research sample. And to identify the direct and indirect impact between each of the market value and funding sources through the diversity of funding sources, as well as identify the funding requirements because of their important role in measuring the bank's needs for funds. And then an indication of the extent to which commercial banks benefit from the results reached by the two researchers in light of the surrounding circumstances represented in the economic, political and security conditions.

2. LITERATURE REVIEW

2.1 The Market Value of Shares

2.1.1 The Concept of Market Value Per Share:

It is the process of determining if the share price in the market has been valued more or less than it should be, and this process helps investors in making their rational investment decisions related to buying, selling or keeping these shares, because determining the real value of the ordinary share helps in providing an evaluation mechanism that the investor can Its adoption in judging the feasibility of investing in the common share or not (hopscotch, 2016: 19).

It also represents, as the concept of market value, the right of the shareholder in the bank, and this share is what proves the negotiable right in accordance with the rules of commercial law, and the share expresses the right of its owner in the general assembly, voting in it and election, and the right of priority in subscription and upon liquidation due to expiry (Hasnawi, 2016: 92).

2.1.2 Definition of Market Value:

That market value that expresses the price at which the shares subject to trading in the financial markets can be sold or bought, which occurs as a result of an interaction between the strength of supply and demand for the share, and this is the main reason for the continuous change in it, and the market value is the most important value of shares in the equity of the bank source for it(on me,2019:47).

2.1.3 Definition of Ordinary Shares:

A stock is defined as a security whose owner proves a share in the bank's assets, that is, it represents shares in the bank's ownership, while investors view the ordinary stock as having two main features, namely the possibility of selling the stock one day in the event that the market value is higher than the purchase price and is called capital gains, and the feature The other is because it represents a source of cash that enables the holder to reinvest it (Kumar, 2017: 113).

2.1.4 Types of Stock Values:

There are several different values of the ordinary share, which represent all the data related to the ordinary share, and we can mention them (nominal value, book value, market value,) (Majanga, 2015: 10) as follows: .

1- Face Value: It is the value clearly written in the ordinary share voucher, and this value is calculated according to the capital, which represents the minimum market value of the share and is paid for when the share is offered for subscription, meaning that the book value of the share at the beginning of the establishment of the bank is equal to its nominal value, and this value is calculated by multiplying the par value by the number of ordinary shares (moroccan, 2020: 27)

2- Book value: It is the value that expresses the share of the holder of the ordinary share after the bank has fulfilled all its obligations, and this value is exported after knowing its assets and properties, and this indicator is used in making the investment decision, meaning that if the book value is equal to the market value, then the investment decision is considered ideal with great feasibility very (Kedawy, 2008: 90).

3- Market value: It is the one that expresses the normal share price of the bank in the financial market and is characterized as constantly changing, which is affected by supply and demand factors. Banks with a high market value are considered more content than banks with a low market value. (Aljajawi et al, 2017: 186).

2.1.5 Factors Affecting the Market Value of Ordinary Shares:

They are the factors that are represented in the amount of new information that reaches the market, and each information that reaches the market will affect the investors' decisions towards the shares offered in the market, and this information depends on a group of internal and external factors, as follows:(Al-Hamdani & the air, 2007:39)

1.Internal Factors: These are the factors that occur within the limits of the bank's activity, and it is possible for the bank's management to control them and reduce their impact on the market value of ordinary shares, and they are called diversifiable risks.(Gitman, 2012: 287), which includes a group of factors, the most important of which are "financing structure, liquidity available for investment, retained earnings, dividend distribution decisions, dividend distribution time, bank performance, number of shares."(Sharif, 2015: 208).

2. External Factors: These are risks that lie outside the control of the bank's management and have significant effects on the market value of the bank's shares, which are represented in the following factors (political conditions, money market conditions supply and demand, economic conditions stagnation and recovery, investors' expectations return and risk) This risk is characterized by direct and indirect effects on the market value of shares(Al-Fariji, 2013: 44).

2.2 Funding Sources

2.2.1 The concept of Financing:

The concept of financing is that it is one of the activities practiced by the business sectors in the economy and no individual, organization or country can carry out its activities and continue to live without money (Al-waeli et al., 2020). As the departments of commercial banks are concerned with decisions to provide appropriate financing for investment, as they need funds for the purpose of implementing their projects (Watson & Head, 2007: 2).

2.2.2 Definition of Finance:

Finance has been defined as the capital structure and the financing structure (i.e. the financial structure), as it gave one definition for them, which is the ways in which commercial banks can obtain sources of long-term financing and how to manage these sources that they need to support long-term investments. Capital structure is a mixture of the long-term debts and ownership that banks use to finance their business. As for the capital structure, it is variable in banks and not fixed, in order to achieve the weighted rate of the cost of capital at the lowest limit (Hanoon et al., 2020b).(Ross et al, 2008: 3), so the financing decision has a significant impact on determining the financial structure and its cost, because the cost depends on the composition of the financial structure, that is, on the proportion of each type of financing in it, and the more it is possible to reduce the financing cost, the more this leads to creating a positive impact on the return it achieves. banks and then maximize the wealth of the owners (A. Al-Waeli et al., 2022)**.**

2.2.3 Funding Requirements:

It is one of the means that is used to identify the liquidity risks that are called (funding risks) and through which the financing gap for commercial banks can be identified, because most of the deposits are in a demand account, meaning that they can be withdrawn at any time, but the depositors do not make that decision in normal circumstances, so it remains These deposits are for a long period of more than two years, so these deposits are considered one of the most important main sources that banks use for financing, and through this, the funding gap, which represents the difference between loans and the basic deposit rate, can be determined according to the following equation (A. J. Al-Waeli et al., 2020b)(.Saunder & Cornett, 2012: 635).

Funding Gap = Loan Rate - Deposit Rate.

In order to reduce the funding gap, the bank sells its liquid assets or borrows to bridge that gap, as follows:

Funding Gap Ratio = Loan Rate - Deposit Rate / Total Assets.

That is, the greater the financing, the greater the liquidity risk, unless the liquid assets are able to modify that gap.(Tis, 2018: 14). It can be said that banks prefer to obtain financing from fixed deposits, as they are safer, since the possibility of their withdrawal is weak by depositors.(Koch & Mac Donald, 2015: 37)

2.2.4 Types of Funding Sources:

One of the most important decisions taken by financial managers is how banks are financed, i.e. determining the optimal mix of debt and ownership in a way that ensures the best use of it. Each source of funding has its own cost and risk. (The financial structure of the bank) The financing structure is It consists of borrowed financing and owned financing and they form the left side of the balance sheet (Brigham & Ehrhardt, 2014: 12),Funding sources are divided into three types:

A- Borrowed Financing: It is divided into long-term financing and short-term financing, as it represents bonds, and its collection date reaches thirty years, and it is one of the most important types of long-term financing, while short-term represents commercial and banking credit and commercial papers (A. J. Al-Waeli et al., 2021)(Al-Mousawi, 2016: 40)

B- Deposit Financing: Funding by deposits represents the most important sources of the bank’s funds, as it constitutes a large percentage of the total sources of the bank, and it is divided into three types, which are current deposits, savings deposits, and finally time deposits. (Al-Suraifi, 2007: 83)

C- Ownership Financing: It is one of the sources of financing characterized by being long-term and divided into several types, the most important of which are (ordinary shares, preference shares, reserves, retained earnings). Ordinary shares represent a means of financing at the beginning of the establishment, and he has the need for financing in the middle of the productive life of the project, and this characteristic distinguishes ordinary shares from other sources. Financing with other property. (hennawy & sultan, 1999: 307)

2.2.5 Financing Risks:

Commercial banks face two types of liquidity risks (funding risks and trading risks). Funding liquidity risks occur when the bank is unable to deal efficiently with expected and unexpected cash outflows, the weak ability of banks to pay their obligations to their customers within a short time or transfer the maturity It exposes banks to financing liquidity risks, and the dimensions of financing liquidity risks are as follows: (Scannella, 2016: 6).

1. Liquidity Mismatch Risk: The mismatch between amounts and maturities between cash inflows and outflows, as well as the mismatch of maturities between assets and liabilities, not only results in interest rate risk, but also results in liquidity risk (A. J. Al-Waeli et al., 2020a).

2. Unexpected Liquidity Risk: Banks may need liquidity in the future more than they do It was expected due to the emergency.

3. Liquidity Risk at Margin Calls: A higher margin (prevention margin) indicates a decrease the client's balance due to the loss in the financial derivatives markets, which leads to an increase in the financing liquidity risk when the cash outflows rise.

4. Liquidity Risk in Daily Operations: It is the risk of not being able to face withdrawals journal and warranty requests.

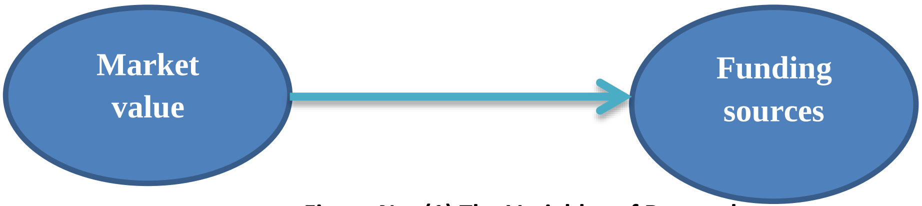

Figure No. (1) The Variables of Research
Source: prepared by the two researchers

3. RESEARCH METHODOLOGY

3.1 Study Sample

This research was framed within the following Spatio-temporal limits:

*** Spatial Limits:** The research community includes the Iraqi commercial banks listed in the Iraq Stock Exchange, which consist of (22) commercial banks, and the research sample consists of two banks: (Bank of Baghdad, Khaleeji Commercial Bank).

*** Time Limits**: The duration of the current research was determined for the period (2013-2017) to find out the extent of the impact of the market value of commercial banks on the funding sources of the study sample.

Table NO. (1) The data of the commercial banks, the study sample

T	Bank name	Date of Establishment	capital at incorporation (million)	current capital (million)
1	Baghdad Bank	1992	100,000	250,000
2	Gulf Commercial Bank	1999	600,000	300,000

Source: prepared by the researcher based on the financial statements of the commercial banks above.

3.2 Research hypotheses.

This study is based on a set of hypotheses, the most important of which are:

H_1: The commercial banks, the research sample, do not need additional funds to achieve their basic objectives.

H_2: There is no relationship between the market value and funding sources.

H_3: There is no effect of financing sources on the market value.

H_4: There is an effect of financing sources on the market value.

3.3 Data Collection Methods

The means of data collection in this research include the points related to the sources that the researcher relied on in developing the theoretical and practical side of the current research, and they are summarized as follows: The researcher used the deductive method, and then it was employed, in the current search, the theoretical side of the current research according to sources, journals and periodicals, the researcher also used the inductive approach, and the researcher relied on the final accounts of the research sample banks and employed them in the experimental practical side, which took mathematical equations to reach the use of actual data in measuring the independent research variable, (the market value of commercial banks) and the dependent variable (funding sources), in order to find the relationship and influence between the research variables, and to obtain comparisons that lead to proving or denying the research hypotheses.

3.4 Measurement of Variables

3.4.1 Market Value Measurement

Accurate determination of the market value of commercial banks, as well as the development of indicators that help measure it, are among the things that help in managing them, and then reducing risks to their lowest levels, the process of preserving the market value is one of the most important issues facing commercial banks, and their success depends on their ability to maintain the market value and work to raise their level in the market by focusing on retained earnings, dividend decisions, and time. Dividends, bank performance, number of shares. (Sharif, 2015: 208), for funding sources, one of the most important decisions made by financial managers is how to finance banks, I own (bank financial structure) The financing structure consists of borrowed financing and owned financing, and they form the left side of the balance sheet (Brigham & Earhart, 2014: 12).

3.5 Quantitative analysis of research variables.

3.5.1 Analysis of The Market Value of Commercial Banks.

For the purpose of analyzing the market value of commercial banks, the researcher used the liquidation value because it represents the net amount that is obtained in the event that the bank completes its work by selling all its assets and paying all its obligations (Bouhadra, 2012: 66).

1. Bank of Baghdad:

Table No. (2) of the net worth of the Bank of Baghdad.

T	time series	net worth (million)
1	2013	69237
2	2014	95080
3	2015	30355
4	2016	-55321
5	2017	-124442
Average		25381

Source: prepared by the researchers based on the financial data.

It is clear from the table **No. (2)** that the Commercial Bank of Baghdad has achieved the highest level of net worth in a year (2014) as it amounted to (95080) million dinars, followed by in the year (2013) by (69237) million dinars, while the lowest net value was in the year (2017) when it reached (-12442) million dinars, and this indicates a decrease in the market share price with The stability of the book value of the share as a result of the increase in the bank's cash liquidity and the non-investment of that liquidity led to a decrease in the bank's profits and then a decrease in its market value, while the average net value amounted to (25381) million dinars. By comparing the net value with the above average, the net value for the years (2015, 2014, 2013) is higher than the net average, while it was lower than the average in the years (2016 and 2017).

2. Khaleej Commercial Bank:

Table No. (3) of the net worth of Khaleeji Commercial Bank.

T	time series	net worth (million)
1	2013	-16484
2	2014	24025
3	2015	-168625
4	2016	-182,733
5	2017	-203887
Average		-109540

Source: prepared by the researchers based on the financial data.

By reviewing the financial statements in Table No. (3) Regarding Khaleej Commercial Bank, it was found that the highest net value amounted to (24025) million dinars in the year (2014), while the net value represented its lowest level in the year (2017) by (-203887 million dinars), and the reason for this is that the bank maintains high liquidity. Which led to a decrease in the market value as a result of the decrease in the earnings per share with the stability of the book value of the share, while the average net value was (-109540) million dinars, and the years (2014, 2015, 2016, 2017) were higher than the average, while the year (2013) was below average.

3.5.2 Analysis of financing requirements in commercial banks, the study sample.

They represent deposits and the volume of liquid assets in addition to loans. Banks' needs for funds are determined, i.e. financing requirements, and they represent (the funding gap in addition to the liquid assets of commercial banks). That is, the higher the funding gap and liquid assets, the higher the funding requirements, which leads to exposure to liquidity risks. , and as in Table No. (4) Which represents the requirements of a banker (Baghdad and the Business Bay) as a research sample for financing requirement.

Table No. (4) funding requirements for the Baghdad Commercial Bank and the Commercial Gulf Bank for the period 2013-2017)

T	time series	Funding requirements for the Bank of Baghdad (million)	Financing Requirements for Khaleeji Commercial Bank (Million)
1	2013	411286	334050
2	2014	330,960	271384
3	2015	474,939	328,716
4	2016	234322	243,234
5	2017	207286	221716
331,758		331,758	279,820

Source: prepared by the researchers based on the financial data.

The above results are shown in Table No. (4) Regarding the financing requirements for each of the banks (Baghdad and the Commercial Gulf) during the study period, that in the year (2015) the Bank of Baghdad faced the highest level of financing requirements, which amounted to (474939) million dinars, and then it was in the year (2014) with an amount of (411286) million Dinars, followed by years (2014, 2016, and 2017, respectively) and according to the financing requirements shown in the above table, and the same applies to the Gulf Bank. The highest financing requirements in the year (2013) reached about (334050) million dinars, and the lowest financing requirements in the year (2017) It amounted to (221,716) million dinars, and the above financing requirements were positive, as it indicates that the two banks (Baghdad and Business Bay) do not need external financing because they have high liquidity to meet the financing requirements, although they maintain this amount of liquidity, as this will affect the profitability of the banks above Also, it appears to us that the two banks (Baghdad and the Commercial Gulf) maintain high liquidity, as they avoid liquidity risks. Due to the political, economic and financial instability of the country.

3.5.3 Analysis of the (financing gap) difference between the rate of granted loans and the rate of basic deposits in commercial banks.

The most important liquidity risk is the inability of commercial banks to provide the funding requirements that banks need, and these risks occur as a result of market turmoil, which leads to a reduction in funding sources. In the two banks (Baghdad and the Commercial Gulf) to learn about the liquidity risks facing the above banks, the research sample.

Table No. **(5) concerning the funding gap for the banker in Baghdad and the Business Bay**

T	time series	Funding requirements for the Bank of Baghdad (million)	Financing Requirements for Khaleeji Commercial Bank (Million)
1	2013	-1024574	-145,228
2	2014	-1118674	-214377
3	2015	-558487	-113666
4	2016	-589,727	-141,796
5	2017	-546461	-47550
Average		-767585	-132523

Source: prepared by the researchers based on the financial data.

It is noted from Table No. (5) Regarding the two banks (Baghdad and the Commercial Gulf), the highest financing gap was for the Bank of Baghdad in the year (2014) and the Gulf Commercial Bank in the year (2014) and the amounts for the banker were (-1118674) and (-214377) million dinars, and since all amounts were negative For all years of the study, it indicates a low rate of loans granted because the bank follows a conservative investment policy due to the unstable political and economic factors that the country is going through, While the average funding gap for (Baghdad and Business Bay) banks was (-767585) and (-132523), respectively.

3.5.4 Analysis of financing sources by:

Include the process of analyzing all sources of financing analyzing the percentage of financing by ownership, analyzing the percentage of financing by ordinary shares, analyzing the percentage of financing by deposits, and analyzing the percentage of financing by retained earnings, according to the following table prepared by the researcher for (Baghdad and Business Bay) banks during the research period.

Table No. **(6) Regarding the analysis of funding sources for the two banks (Baghdad and the Business Bay)**

T	time series	Equity Finance Ratio (Million)		Deposit financing ratio (million)		Financing ratio by common shares (million)		Financing ratio with retained earnings (million)	
		Gulf	Baghdad	Gulf	Baghdad	Gulf	Baghdad	Gulf	Baghdad
1	2013	39%	16.5%	48.24%	69.85%	32%	14.2%	5.77%	1.73%
2	2014	30%	16%	51.12%	73.62%	36.7%	13.7%	4.21%	1.08%
3	2015	30%	17.7%	46.03%	54.21%	37%	16.9%	1.16%	0.26%
4	2016	40%	23.6%	53.27%	62.67%	37.4%	20.8%	1.77%	1.96%
5	2017	53%	25.4%	44.06%	62.75%	49.7%	22.9%	3.02%	1.32%
Average		38.4%	19.84%	48.54%	64.62%	38.56%	17.7%	3.18%	%1.27

Source: prepared by the researchers based on the financial data.

It is evident from Table No. (6) Regarding the analysis of the sources of bank financing for commercial banks, the study sample for the period (2014-2017) for the two banks (Baghdad and the Commercial Gulf), that the highest cost of financing by ownership was the interface of the Bank of Baghdad in the year (2017), as the percentage reached (25.4%), followed by in the year (2016) amounted to (23.6%), then the rest of the study years up to the year (2014), which represented the lowest financing percentage, reaching (16%), while the average percentage of financing by ownership was (19.84%), meaning that the Bank of Baghdad was reducing reliance on the percentage of financing by ownership, i.e. Credit was made through deposits and loans. As for the Gulf Bank, the cost of the percentage of financing by ownership was highest, as it was (53%) in the year (2017), then it was (40%) in the year (2016), while it was the lowest percentage of financing by ownership in two years (2014-2015) by (30%), while the average percentage of equity financing for Khaleej Commercial Bank was (38.4%), which is high compared to the Bank of Baghdad, as a result of the low confidence of customers in the bank as a result of the economic and political conditions that the country is going through.

As for the percentage of financing by deposits, it appears to us in the table above (6) The highest percentage of financing with deposits was for the Bank of Baghdad in the year (2014), when it reached (73.62%), which is the highest percentage of financing compared to the rest of the years, as the percentage of financing with deposits ranged between (69.85%) and (54.21%), while the average financing percentage was In deposits (64.62%), as a result of the Bank of Baghdad’s reliance on the percentage of financing by deposits more than relying on the percentage of financing by ownership. As for the Gulf Bank, it reached its highest financing percentage in the year (2016) at (53.27%). The lowest percentage of deposit financing for Khaleej Commercial Bank was in 2014 (44.06%), while the average percentage of financing with deposits was (48.54%).

We also note from the above table that the percentage of reliance on financing on the regular shares of the Bank of Baghdad was its highest level in a year (2017) and it reached (22.9%), while the lowest percentage of financing by ordinary shares amounted to (13.7%) in the year (2014) and the average percentage of financing by ordinary shares was (17.7%), while Gulf Bank had the highest percentage of financing by ordinary shares that reached (49.7%) in 2017, and the lowest percentage of financing by ordinary shares was in (32%), while the average percentage of financing by ordinary shares was (38.56%).

As for the percentage of financing with retained earnings shown in Table No. (6) The Bank of Baghdad reached its highest level in the year (2016), when it reached (1.96%), while the lowest percentage of financing with retained earnings was in (2015), which amounted to (0.26%), while the average financing percentage with regard to retained earnings was (1.27%), as for the Business Bay, it reached the highest level of financing with retained earnings in the year (2013) by (5.77%), then it began to decline significantly during the subsequent years, reaching its lowest level in the year (2015) by about (1.16%), then it rose again in (2017) to reach (3.02%), with an average of (3.18%), and we note that the percentage of financing with retained earnings is greater in the Gulf Bank than in the Bank of Baghdad, according to the directions of the bank's management, which see in the retained earnings a good idea to obtain financing at a very low cost or almost non-existent, and we note from During the analysis of financing sources, there is no suitable mix between owned financing and borrowed financing.
Therefore, the management of commercial banks must determine an optimal ratio for the mixing of funding sources in order for the funding ratio to decrease to the lowest possible level. It can be said that financing with retained earnings is one of the best sources of funding from the point of view of the Board of Directors rather than the process of distributing it. The following graphs show the analysis of funding sources in banks, business study sample.

1. Analysis of the percentage of financing by ownership for the Baghdad and Commercial Banks.

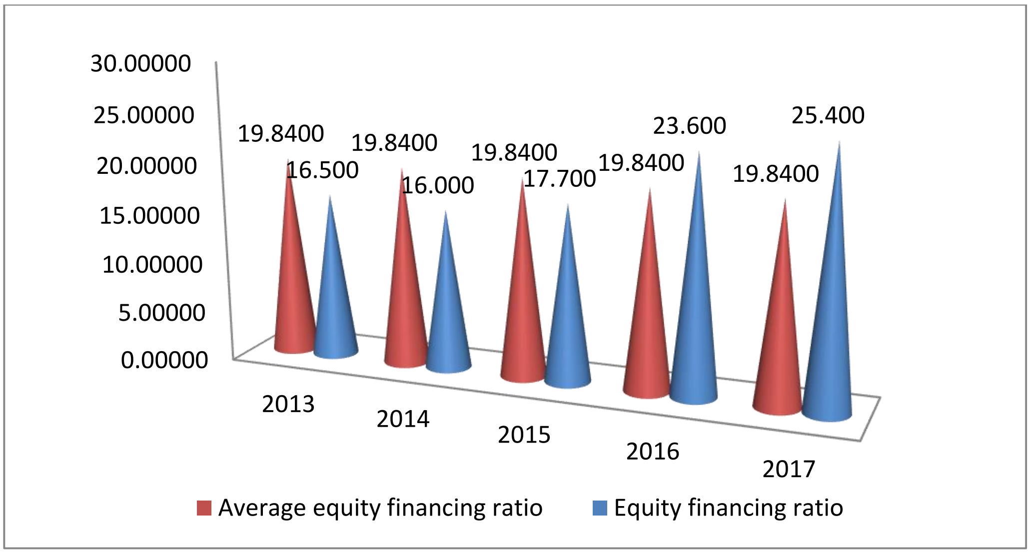

Figure No. (2) Bank of Baghdad

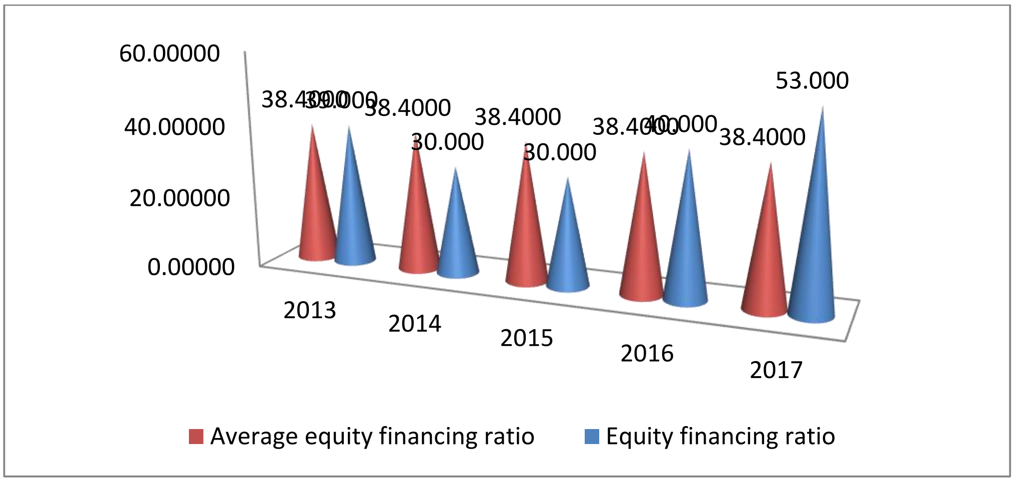

Figure No. (3) Gulf Bank

2. Deposit financing ratio for Baghdad and Commercial Bay banks.

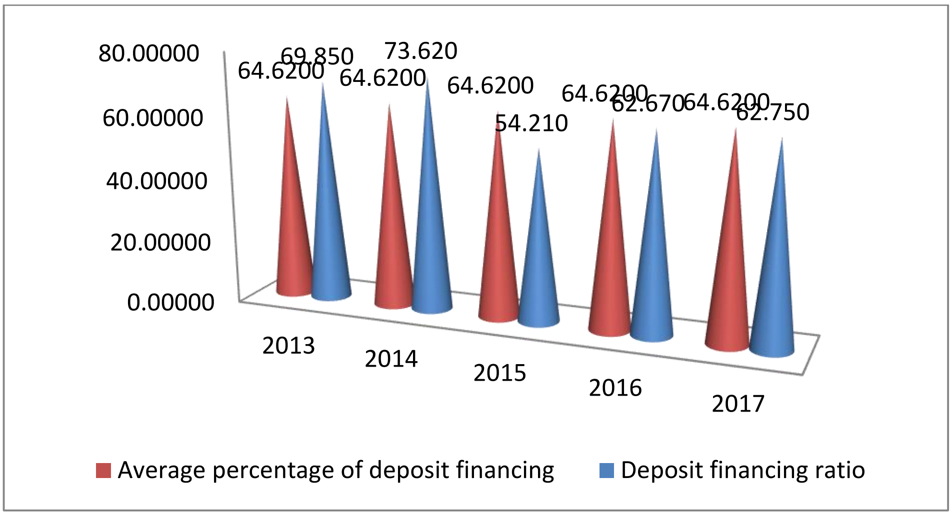

Figure No. (4) Bank of Baghdad.

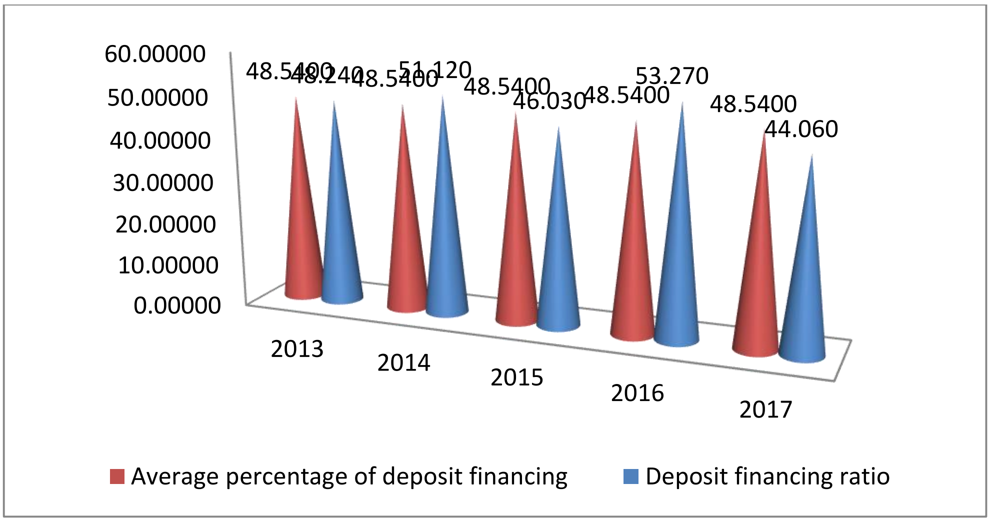

Figure No. (5) Al Khaleeji Commercial Bank.

3. Funding ratio by ordinary shares of Baghdad and Commercial Bay Banks.

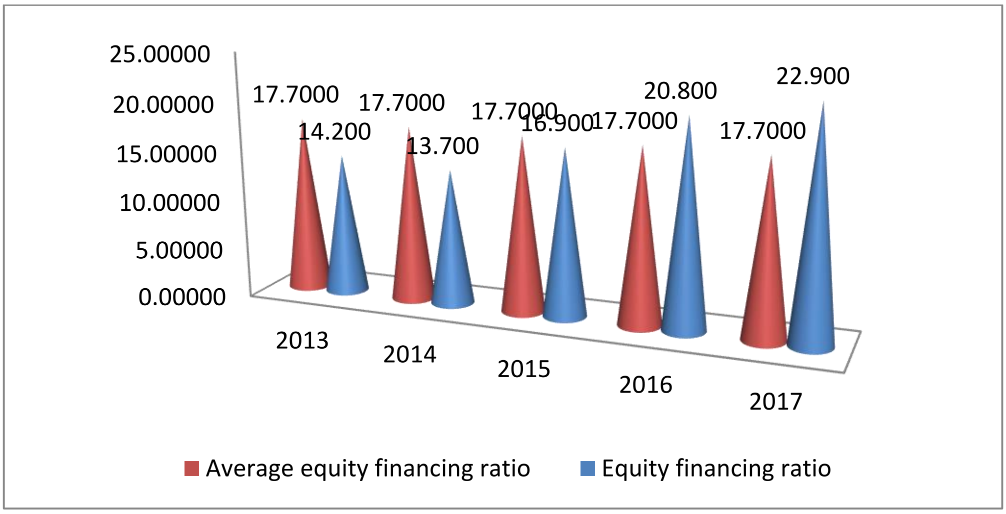

Figure No. (6). Bank of Baghdad

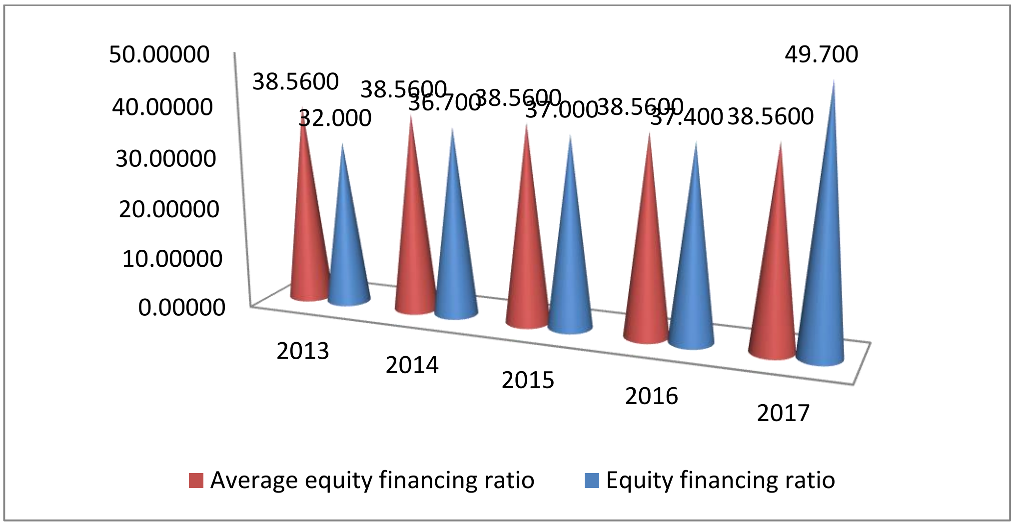

Figure No. (7) Al Khaleeji Commercial Bank

4. The percentage of financing with retained profits for the Baghdad and Commercial Bay banks.

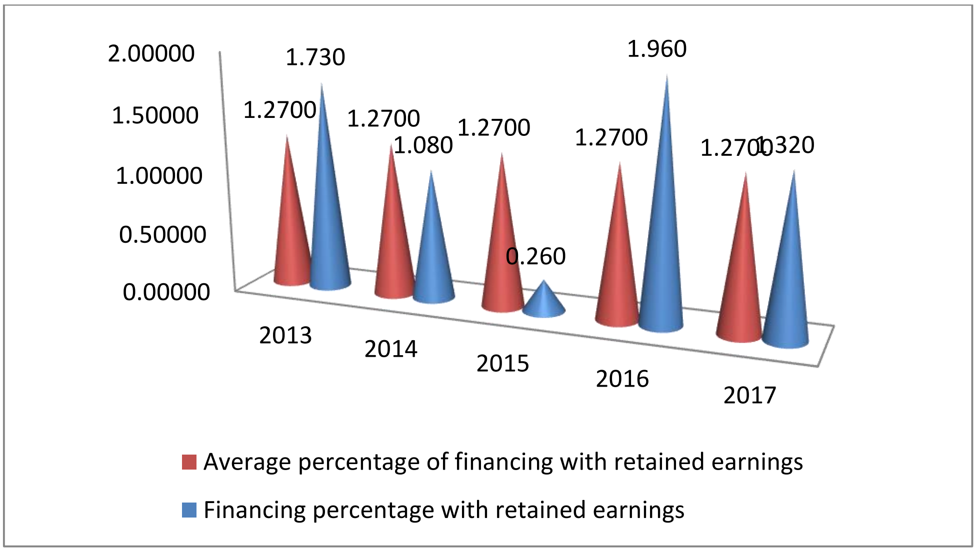

Figure No. (8). Bank of Baghdad]

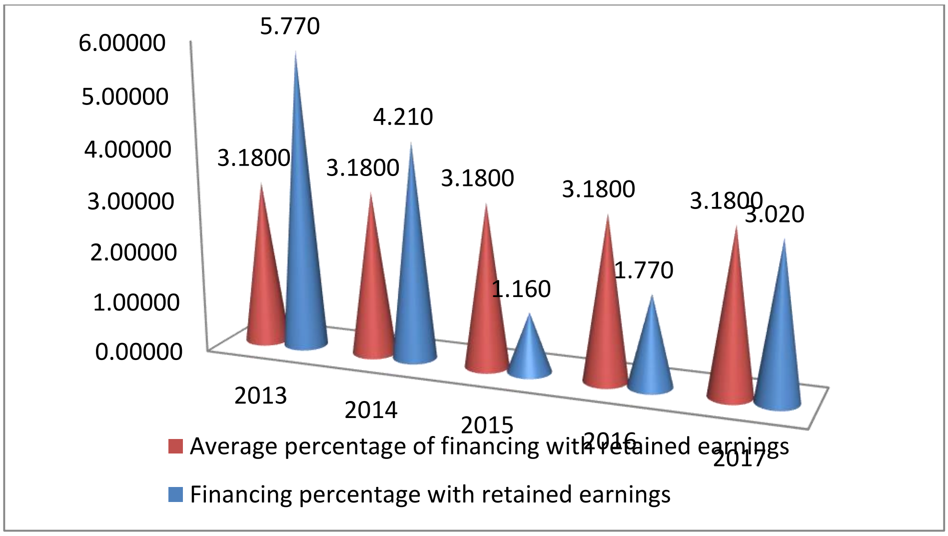

Figure No. (9) Al Khaleeji Commercial Bank

4. CONCLUSIONS AND RECOMMENDATIONS

4.1 Conclusions

The most important conclusions reached by the research that Based on the financial analysis supported by the chart prepared according to the program (Microsoft 10 Excell).

1- It is noted through the results of the financial analysis that there is a discrepancy in the financing gap in the commercial banks, the sample research from year to year, this indicates that there is no consistent policy for determining financing requirements.

2- It was found that the commercial banks, the study sample, relied on a variety of funding sources, especially in recent years, as we note a decrease in their reliance on a source of financing by deposits, and in contrast, an increase in their reliance on financing by ownership.

3- We notice through the results of the financial analysis the extent of the discrepancy in the net values of the commercial banks, the study sample, as they gradually decreased and turned negative, and this indicates that the bank achieved losses, meaning that the market value is less than the book value.

4- The decrease in the needs of commercial banks for funds during the study period as a result of the rise or retention of most commercial banks in high liquidity, as they follow a conservative method in the investment process as a result of the instability of the political and economic conditions of the country.

4.2 Recommendations

After identifying the most important conclusions reached by the study, we must present a set of recommendations in order to address the obstacles after identifying them:

1- The management of commercial banks should pay attention to the relationship between the market value of commercial banks and sources of financing by identifying financing requirements and determining their needs.

2- The study recommends that the management of commercial banks develop strategies that work on diversifying funding sources in order to reach an optimal mix that combines between owned financing and borrowed financing, which leads to achieving profits for them.

3- We recommend that commercial banks rely on specialized experts in the field of financing to achieve an appropriate mix of financing that commercial banks rely on to provide financing at an appropriate cost.

4- We suggest that commercial banks maintain a certain level of liquidity for the purpose of facing customer withdrawals, as well as be in compliance with the laws of the Central Bank of Iraq.

5. REFERENCES

5.1 Arabic sources

A- Books:

1) Al-Hasnawi, Salem Salal, (2016)."Investment and financing in the financial markets "(first edition). Amman, Jordan: Methodical House for Publishing and Printing.
2) Moroccan, Mohamed & Al-Fateh Bashir. (2020). "Bank finance management (first edition). Omnipotent HEgypt": The Modern Academy for University Books.
3) As a medicine, Talal. (2008). "evaluation of investment decisions.First edition". Amman, Jordan: Al-Yazuri Scientific House for publication and distribution.
4) Jajawi, Talal Mahmoud, & Muhammad, Fathallah. (2017). "Transparency in disclosing accounting information First edition". Amman, Jordan: Dar Al-Ayyam for publication and distribution.
5) Afor Amri & Mohammed on Ibrahim, 2013 "Administration Finance modern", ed first, Dar: house Wael to publish distribution, Oman.
6) Al-Hinawi Mohammed righteous, sultan, Ibrahim Ismael, 1999. "Administration Finance and financing", ed first, The house undergraduate.
7) serafi, Mohammed, "administration_sinks", ed first, Dar: house Fulfillment For the world for printing publishing, Alexandria, 2007.

B- Letters and Treatises:

1) Al-Hajla, Majd Sami. (2016). "The extent to which financial performance indicators reflect the stock prices of banks listed on the Damascus Stock Exchange". Damascus University, Faculty of Administration and Economics / Department of Banking and Insurance, a study submitted for obtaining a master's degree. Damascus, Syria.

2) Al-Mousawi Ahmed Hussein Ahmed, 2016. "impact the structure financial banker in risks Liquidity", message Master's not published, college Administration economy, university Karbala.
3) band steep, & slave Generous, 2012. "Effect to choose the structure financial on value Enterprise: Role Policy distribution profits in to set the value vulgarity per share", message Master's published, university montessori, college the sciences Economic and science facilitation, Algeria.
4) **C- Bulletins and Periodicals:**
5) Ali, Abbas Fadel. (2019). "Profit management in private banks and its impact on the market value" / Applied research on private banks listed in the Iraqi market for papers Finance. Al-Muthanna, Iraq: Iraqi Academic Journals / Al-Muthanna Journal of Administrative and Economic Sciences, Vol9 Issue2.
6) Al-Hamdani, Rafia Ibrahim, Al-Juijani, Aws Fakhr Al-Din Ayoub.(2007-2018). Tanmiat Al Rafidain Journal, Volume 88 / Issue 29 / College of Administration and Economics / University of Mosul. Mosul, Iraq.
7) Al-Fariji, Haider Nehme. (2013). Mugto Iraqi Institute of Economic Sciences ."The relationship between oil prices and stock indices in international stock exchanges". Baghdad, Iraq: . 38-60 Issue 36.

D- Research, Journals and Periodicals

1) Abu Dhabi. Ross, Stephen A. & Westerfield, Randolph W. & Jordan,
2) Al-waeli, A. J., Hanoon, R. N., Ageeb, H. A., & Idan, H. Z. (2020). Impact of Accounting Information System on Financial Performance with the Moderating Role of Internal Control in Iraqi Industrial Companies: An Analytical Study. Jour of Adv Research in Dynamical & Control Systems, 12(8), 246–261. https://doi.org/10.5373/JARDCS/V12I8/20202471
3) Al-Waeli, A. J., Ismail, Z., & Khalid, A. A. (2020a). THE IMPACT OF ENVIRONMENTAL COSTS ON THE FINANCIAL PERFORMANCE OF. International Journal of Management (IJM, 11(10), 1955–1969. https://doi.org/10.34218/IJM.11.10.2020.184
4) Al-Waeli, A. J., Ismail, Z., & Khalid, A. A. (2020b). The Impact of Environmental Costs on the Financial Performance of Industrial Companies in Iraq. International Journal of Management, 11(10), 1955–1969. https://doi.org/10.15587/1729-4061.2022.262991
5) Al-Waeli, A. J., Ismail, Z., & Khalid, A. A. (2021). The Influence of Environmental Performance and Environmental Costs on Financial Performance. JASa (Jurnal Akuntansi, Audit Dan Sistem Informasi Akuntansi), 5(3), 395–408. https://doi.org/10.36555/jasa.v5i3.1622
6) Al-Waeli, A., Ismail, Z., Hanoon, R., & Khalid, A. (2022). the Impact of Environmental Costs Dimensions on the Financial Performance of Iraqi Industrial Companies With the Role of Environmental Disclosure As a Mediator. Eastern-European Journal of Enterprise Technologies, 5(13–119), 43–51. https://doi.org/10.15587/1729-4061.2022.262991
7) Bradford D, 2008, "Essentials of Corporate Finance", 8th ed., McGraw-Hill, New York.
8) Brigham, EF & MC Ehrhardt, 2014, "Financial Management: Theory." and Practice, 14th ed, Australia: Cengage.
9) Hanoon, R. N., Khalid, A. A., Hanani, N. O. R., Rapani, A., Aljajawy, T. M., & Al-, A. J. (2021). The Impact of Internal Control Components on the Financial Performance, in the Iraqi Banking Sector. Journal of Contemporary Issues in Business and Government, 27(3). https://doi.org/10.47750/cibg.2021.27.03.303
10) Hanoon, R. N., Rapani, N. H. A., & Khalid, A. A. (2020a). The Correlation between Internal Control Components and the Financial Performance of Iraqi Banks a Literature Review. Jour of Adv Research in Dynamical & Control Systems, 12(4), 957–966. https://doi.org/10.5373/JARDCS/V12SP4/20201567
11) Hanoon, R. N., Rapani, N. H. A., & Khalid, A. A. (2020b). The Relationship Between Audit Committee And Financial Performance: Evidence From Iraq. International Journal Of Management (Ijm), 11(11), 564–585. https://doi.org/10.34218/IJM.11.11.2020.054
12) Koch, Timothy W. & MacDonald, S. Scott, 2015 "Bank Management" 8th Ed., Mc Graw-Hill, New York.
13) Kumar, DP (2017). "Internationl Journal of Research- Granthaalayah", Vol. 5, February, India.
14) Majanga, B. (2015). "The Dividend Effect on Stock Price-An Empirical Analysis of Malawi Listed Companies", 101. Malawi: The University of Malawi-Polytechnic Malawi. E-mail: majangabyson2014@gmail.com.
15) Saunders, Anthony, Marcia Millon Cornett, 2012 "financial markets and institutions”, 5th, The McGraw-Hill/Irwin.
16) Scannella, Enzo, “Theory and regulation of liquidity risk.” management in banking", University of Palermo, Vol. 19, no. 1/2,2016.
17) Sharif, T., (2015). "Taimur Sharif, Department of Business Administration, ALHOSN University, Abu Dhabi Analysis of Factors Affecting Share Prices: The Case of Bahrain Stock Exchange.

18) Tsi, Anye Paul, 2018 "Managing Liquidity Risk In Banks", published Dissertation, Centria University of Applied Sciences.
19) Watson, D. & A. Head, 2007, "Corporate Finance: Principles & Practice." 4th ed., UK: Pearson.