

The Role of Contemporary Performance Measures in Enhancing Growth Opportunities: An Applied Study on the Rasheed Commercial Bank of Iraq (2014-2020)

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Abstract: The study aimed to determine the role of contemporary performance measures in enhancing growth for the Rasheed Commercial Bank of Iraq by uncovering the relationship between financial performance, which helps assess the bank's ability to create value and its future growth reflected in revenue strength and credit utilization rate, and growth opportunities measured by deposit growth and cash credit growth indicators. This study focused on the use of these indicators to evaluate the bank's financial performance. To achieve the study's objectives and hypothesis, the Rasheed Commercial Bank was selected as the sample for the study, and financial data from the bank were utilized. Financial equations and statistical methods were employed to process the data, and the results were extracted using the SPSS software version 24. By relying on the multiple regression method to test the study's hypotheses, the results of the first hypothesis indicated a correlation of about 78% between financial performance indicators (revenue strength and capital utilization rate) and growth indicators (deposit growth rate). The results of the second hypothesis showed a correlation of approximately 62% between financial performance indicators (revenue strength and capital utilization rate) and growth indicators (cash credit growth rate). However, both the first and second hypotheses were rejected due to the significance level being greater than 0.05, as assumed by the researcher for both hypotheses. The study concluded that there is no statistically significant relationship despite a moderate association between financial performance indicators and growth indicators. The researcher recommended that the management of the Rasheed Commercial Bank expand its activities to play a more significant role in the financial sector.

Introduction

Given the importance of commercial banking activities, especially government-owned banks, in financing economic sectors and handling significant amounts of money and financial transactions, they are exposed to various risks. Being the sector that rapidly responds to its operating environment, it is essential to conduct a financial performance evaluation to avoid financial deterioration and failure to meet obligations to the stakeholders involved.

Financial performance has attracted the attention of many researchers and practitioners due to its role in assessing financial institutions, identifying strengths and weaknesses, and assisting these institutions in

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overcoming challenges. The concept of growth holds a significant place in economics as it represents the primary objective around which banking activities revolve.

Therefore, this study aims to shed light on the role of contemporary performance measures in enhancing growth opportunities. It utilizes the revenue strength index, which reflects the bank's profitability, and the capital utilization rate, representing the bank's financial capacity to meet its financial commitments to depositors. The study also considers two growth indicators: deposit growth and cash credit growth for the Rasheed Commercial Bank.

The rest of the study is organized as follows: the first section discusses the methodology adopted in this study, while the second section reviews the literature on contemporary financial performance measures and banking growth. The third section covers the financial and statistical analysis of the data. The fourth section presents the study's results and recommendations. Finally, the study concludes with the list of sources.

Chapter One

Research Methodology

First: Research Problem

Banks aim to enhance their growth, leading to increased profitability and strengthening their financial position. Therefore, the current study seeks to answer the following questions:

- ✓ What is the relationship between contemporary performance measures and growth?
- ✓ Is there a role for contemporary performance measures in enhancing growth opportunities?

Second: Study Significance

This study derives its significance from reviewing aspects of contemporary performance indicators and growth indicators while providing essential information to assess the effectiveness of these measures. It aims to give the bank's management a clear picture of growth issues, their causes, and potential solutions.

Third: Study Objectives

The study's objectives can be defined as follows:

1. Identify the role of contemporary performance measures in enhancing growth for the Rasheed Commercial Bank of Iraq.
2. Attain scientific and practical results that can assist in evaluating growth through the bank's performance, which is the study's sample.

Fourth: Study Hypotheses

The main hypotheses are as follows:

1. The first primary hypothesis: There is a role for the revenue strength index and capital utilization rate in the deposit growth rate of the Rasheed Commercial Bank, which is the study's sample.
2. The second primary hypothesis: There is a role for the revenue strength index and capital utilization rate in the cash credit growth rate of the Rasheed Commercial Bank, which is the study's sample.

Fifth: Spatial and Temporal Boundaries

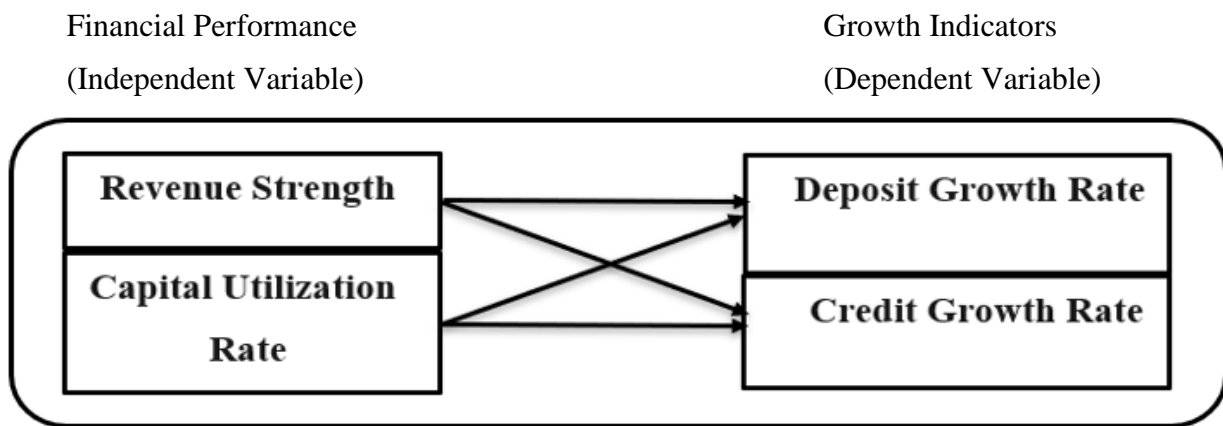
1. Spatial boundaries: Rasheed Commercial Bank of Iraq.

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2. Temporal boundaries: Rasheed Bank is the study's sample over the time period (2014 – 2020). This bank was chosen because it is one of the Iraqi government commercial banks, its data is available, it has been continuous in its operations, and it has not been suspended during the study period.

Sixth: Research Theoretical Framework

The study's framework is an illustrative diagram of the variables under investigation and the relationship between these variables for the purpose of analyzing the causal relationship between them. Accordingly, the first variable is financial performance (independent variable), while the second variable is represented by growth indicators (dependent variable).



Prepared by the researcher

Seventh: Data Collection Methods

- Theoretical Aspect: The theoretical aspect of the research article drew upon available Arabic and foreign sources related to the research topic, including books, journals, theses, and dissertations, to establish and formulate the theoretical framework.
- Practical Aspect: Financial statements of the Rasheed Commercial Bank, the study's sample, were relied upon for the analysis of the financial and statistical aspects.

Eighth: Financial and Statistical Indicators Used in Measurement and Analysis

1. Financial Indicators

a. Financial Performance Indicators

- ✓ Revenue Strength Index, calculated as follows (Kanjo et al., 2018: 181):

$$\text{Revenue Strength} = \text{Total Profit} / (\text{Capital} + \text{Deposits}) \times 100$$

- ✓ Capital Utilization Rate, calculated by dividing Cash Credit by Deposits (Financial Stability Report, 2021: 71).

$$\text{Capital Utilization Rate} = \text{Cash Credit} / \text{Total Deposits}$$

b. Growth Indicators

The researcher employed two methods to measure the bank's growth as a dependent variable (Yuksel & Umit, 2015: 3):

- ✓ The first method is based on measuring the deposit growth rate.

Deposit Growth Rate = ((Current Year Deposits – Previous Year Deposits) ÷ Previous Year Deposits) × 100

✓ The second method relies on measuring the cash credit growth rate.

Cash Credit Growth Rate = (Current Year Cash Credit – Previous Year Cash Credit ÷ Previous Year) × 100

2. Statistical Indicators

The statistical program SPSS.V.24 was used, along with Microsoft Excel, to study the impact between variables.

Chapter Two: The Theoretical Framework for Financial Performance Evaluation and Growth

First: Financial Performance Appraisal

Financial performance is a focal point for scholars and analysts as it is considered a distinctive and effective tool that contributes to measuring the efficiency and effectiveness of bank management. The success of a bank depends on the efficiency of its financial performance through the use of suitable financial tools that help identify strengths and weaknesses in performance by comparing results with what is planned, thereby determining shortcomings and making necessary evaluation-related decisions.

1. The concept of financial performance refers to progress in defining the monetary measures and characteristics of business operations, including accounting and financial data. Its goal is to assess the effectiveness and performance of bank management, which is reflected in the financial records and reports as well (Mardiana, 2018: 261 & Dianata). On the other hand, it is defined as a bank's ability to manage and control its resources (Fatihudin, et. al, 2018: 554).

Researchers have varied in their definitions of financial performance. Some focus on a bank's ability to meet financial obligations, while others emphasize the results of the bank's financial operations. It is viewed as the process of measuring the outcomes of the bank's policies and operations from a monetary perspective and identifying the financial strengths and weaknesses of the bank by establishing relationships between items on the financial statement and income statement. These results are reflected in the bank's profitability, financial stability, or leverage (Rai, 2019: 9).

Others define financial performance by focusing on a bank's ability to generate revenue. For instance, it is defined as a measure of the bank's utilization of its resources to generate revenue (Wanjohi, et. al, 2017: 71). It also measures the bank's ability to achieve its long-term goals by managing and utilizing its various resources while taking into consideration the effects of its internal and external environment (Dahmani, 2015: 113).

The researcher views financial performance as a tool used to assess the outcomes of the bank's economic activities by comparing what has been achieved with what was targeted within a specific time frame, often a year. It aims to diagnose deviations and their causes and take corrective measures to overcome them. Ensuring actual performance aligns with the planned performance is crucial, particularly in terms of the results displayed in the general balance sheet and income statement, which are reviewed by all stakeholders in the company.

2. The Importance of Financial Performance Evaluation

The results of a bank's performance over a specific period of time reveal the extent of its success or failure. Financial performance has become one of the most crucial aspects addressed by numerous authors and analysts in the field of financial management. It is one of the most commonly used aspects for

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evaluating a bank's performance because it is considered a stable and continually evolving measure. The importance of financial performance for companies can be summarized as follows:

- a. Evaluating financial solvency in the short and long term.
- b. Measuring quick liquidity and its effectiveness.
- c. Classifying the specialization of cash operations.
- d. Studying factors influencing financial solvency and efficiency.
- e. Demonstrating the bank's ability to achieve its objectives.
- f. Providing a wealth of data that allows the bank to be aware of its financial position, thereby assisting in making appropriate decisions in the future.
- g. Determining the bank's creditworthiness and its ability to meet obligations.
- h. Empowering the bank to monitor its activities and operations while also overseeing the financial and economic conditions in its surroundings (Narayanan, 2019: 1).

3- Financial Performance Objectives

There are primary objectives for the financial performance evaluation process in financial institutions, including:

- a. Monitoring the execution of the specific goals set for the bank, which requires clear monitoring of the objectives outlined within the bank's defined plan. This is accomplished by relying on the available data and information regarding performance progress.
- b. Measuring the bank's success through its efforts to sustain its operations with the aim of achieving its objectives. Providing information to various levels and external parties beyond the bank.
- c. Identifying weaknesses and conducting a comprehensive analysis of the bank's performance, with a focus on determining the causes and factors behind these weaknesses. The aim is to devise necessary solutions and rectify financial conditions while working to avoid errors in the future.
- d. Providing statistical data and information through performance evaluation reports in banks assists regulatory authorities, facilitating their work and enabling them to conduct comprehensive, continuous monitoring of the company's operations to ensure the best and consistent performance, with each department within the company according to its specialization.
- e. Offering a database and information about the bank's performance contributes to the development of future policies, studies, and research aimed at enhancing performance patterns and increasing efficiency.
- f. Analyzing performance reports aids in identifying and diagnosing administrative, organizational, and technical problems that occurred during the period, allowing solutions to be developed. (Mardiana, 2012: 99)

4- Financial Performance Evaluation Indicators

Financial indicators are typically used to assess the performance of banks in terms of profitability, liquidity, and solvency, as well as the efficiency of bank management in formulating and implementing their financial and investment policies.

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Financial performance metrics are considered one of the most important tools relied upon by bank management to analyze their financial statements to determine the soundness of their financial position and the profitability of the bank (Khaidar & Mariam, 2017: 60). Performance evaluation indicators are dynamic and continually evolving, especially in light of the rapid developments in the business environment, economic openness, and globalization, each period having its own standards and unique conditions.

Therefore, we will categorize these metrics into traditional and modern indicators. The following figure illustrates these indicators.

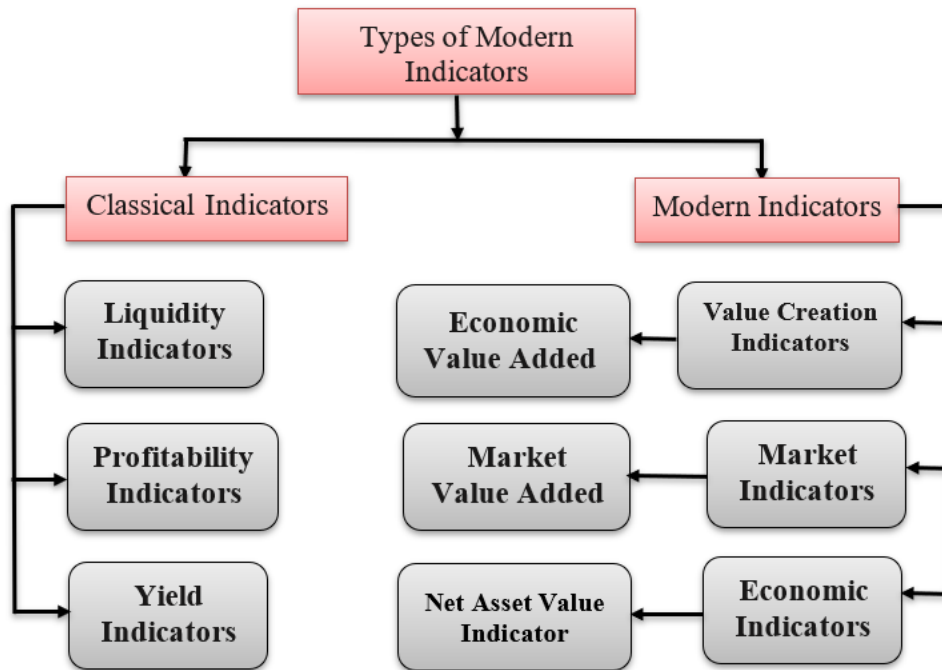


Figure (1): Traditional and Modern Financial Performance Indicators
 Prepared by the researcher based on (Khidar & Maryam, 2017: 60)

Secondly: The concept of growth

The concept of growth involves a series of increasing changes in the rate of the thing intended to be measured over time. It occurs in a manner influenced by a set of internal and external factors.

Banking growth is defined as the growth of deposits, which is a key indicator of banking growth. It requires an understanding of deposits as a primary form of private savings, as well as determinants of private savings behaviors. (Kasri, 2010: 43)

Banking growth refers to the increase in the size of banking activity in a specific economy over a specified period. Banking growth is typically measured by an increase in total banking assets, which includes deposits, loans, and other investments held by banks and financial institutions.

Banking growth is a crucial element in the economy, reflecting the ability of the banking system to provide the necessary financing and support for various economic activities. Accelerating banking growth may indicate an increase in economic activity and investments, and it may reflect a healthy economic growth. Conversely, if banking growth slows down or declines, it could be an indicator of economic slowdown or a lack of confidence in the banking system.

Banking growth depends on several factors, including central bank policies, interest rates, demand for loans and deposits, and general economic conditions. Banking growth can be achieved through increased financing provided by banks to companies and individuals, an increase in the volume of deposits received by banks, and the expansion of the range of banking services offered.

Therefore, banking growth is an important indicator for evaluating the health of the banking sector and economic activity in general.

1. The importance of growth

The significance of growth for banks is multifaceted and includes, but is not limited to, the following:

- a. Increased profitability: Growth can lead to increased profitability, which is one of the primary goals of banks.
- b. Maintaining competitiveness: Growth is essential for banks to maintain their position in the market and stay competitive.
- c. Meeting sudden demand: Growth allows banks to better cope with unexpected surges in customer demand for their deposits.
- d. Seizing investment opportunities: Growth enables banks to accept available investment opportunities.
- e. Market competition: Growth equips banks to compete with other financial institutions in the financial market.

2. Indicators of Measuring Banking Growth

A variety of indicators are used to measure banking growth. Among the most common of these indicators are:

- a. Increase in Total Banking Assets: Banking growth is typically measured through an increase in total banking assets, which include deposits, loans, and other investments held by banks and financial institutions.
- b. Annual Growth Rates
- c. Loans Granted
- d. Deposits Received
- e. Interest Rates
- f. Demand for Loans and Deposits
- g. Expansion of Banking Services

These are some important indicators used to measure banking growth, and the current study has focused on the deposit growth indicator and the cash credit growth rate for Rafidain Bank.

➤ **Deposits:**

Deposits are considered the primary and most important source of funds that banks use to achieve historical leaps. The banking sector relies primarily on deposits as a source of financing (Yaser & Mohammed, 2022: 415). Deposits refer to cash amounts deposited by individuals or institutions, which commercial banks are authorized to use with the commitment to repay them according to agreed-upon terms, considering these amounts as debts due to their owners (Al-Bashir, 2018: 20).

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To measure growth in deposits, this method relies on calculating the deposit growth rate using the following formula: (Yuksel & Umit, 2015: 3)

$$\text{Deposit Growth Rate} = ((\text{Current Year's Deposits} - \text{Previous Year's Deposits}) \div \text{Previous Year's Deposits}) \times 100$$

➤ **Loans:**

Loans are defined as advances and facilities provided by banks to their clients and are considered an important source of financing relied upon by projects to fund their operations. They represent a form of investing clients' money by serving their interests, whether they are suppliers or borrowers. Loans are used to finance various purposes: consumptive, commercial, investment, and more, depending on the needs of the credit applicant.

The process of granting loans and credit facilities is one of the key operations of commercial banks. Commercial banks provide loans and credit facilities in excess of their customer deposits, essentially creating credit. Through this process, banks play a crucial role in influencing the amount of money circulating in society. Bank loans are one of the functions performed by commercial banks, involving the provision of advances and credit facilities to customers over varying timeframes. Interest rates vary based on these timeframes, and they are considered the cost of providing these loans. These loans finance various economic sectors in which economic clients operate (Osmani, 2022: 26).

To measure growth in banking credit, this method relies on calculating the banking credit growth rate using the following formula: (Yuksel & Umit, 2015: 3)

$$\text{Banking Credit Growth Rate} = ((\text{Current Year's Banking Credit} - \text{Previous Year's Banking Credit}) \div \text{Previous Year's Banking Credit}) \times 100$$

The Third Section

Firstly: Financial Analysis

The process of evaluating the financial performance of the bank requires the availability of a set of indicators or criteria to calculate the level of financial performance achieved by the bank and to assess the evolution of any aspect of its activities. The use of financial indicators is an important tool that can be used to evaluate the bank's performance, identify the best possible performance methods, and uncover important relationships between the numbers appearing in these statements.

In this study, the revenue strength index and the capital utilization rate will be adopted as performance indicators, while the deposit growth rate and the credit growth rate will be used as growth indicators during the period from 2014 to 2020.

Description and Coding of the Study Indicators:

For the practical analysis of the study variables, a set of indicators was adopted for each variable, and a code was assigned to each indicator from the indicators used for each variable as follows:

1. Indicators used for financial performance analysis (Independent variable X)
 - a. Revenue Strength Index (X1)
 - b. Capital Utilization Rate (X2)
2. Indicators used to measure growth indicators (Dependent variable Y)
 - a. Deposit Growth Index (Y1)

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b. Credit Growth Index (Y2)

1. Financial Performance Indicators Analysis

This section aims to analyze the indicators related to the independent variable (financial performance) of the study sample of Rafidain Bank over the specified time period. The indicators to be analyzed include the Revenue Strength Index, Capital Utilization Rate, and growth indicators such as Deposit Growth Index and Credit Growth Index. This analysis can be presented as follows:

a. Analysis of the Revenue Strength Index (X1) for Rafidain Bank, the study sample

Revenue strength is a measure of the operational performance efficiency of the bank. Therefore, when calculating it, it is essential to focus on the assets actively involved in the bank's normal operations. Additionally, net profit from operations should be used, which means focusing on the profits generated from operating these assets before interest, taxes, expenses, and other revenues. (Maher et al., 2014: 175)

Table (1) illustrates the revenue strength of Rafidain Bank for the years (2014-2020) in millions.

NO	year	Gross income	Total deposit	Capital	revenue power %
1	2014	1,461,684	17,960,571	100,000	8.09
2	2015	386,102	14,658,245	50,000	2.63
3	2016	420,466	13,779,780	50,000	3.04
4	2017	384,884	14,705,183	50,000	2.61
5	2018	418,010	16,401,690	50,000	2.54
6	2019	365,922	15,505,275	50,000	2.35
7	2020	335,653	13,778,836	50,000	2.43
8	Average	531,519	15,258,228	57,143	3.38
9	MAX	1,461,684	17,960,571	100,000	8.09
10	MIN	335,653	13,778,836	50,000	2.35

Source: Prepared by the researcher based on the annual reports of Rafidain Bank, the study sample, using Excel software.

Table (1) reveals that Rafidain Bank achieved an average revenue strength of 3.38% during the study years. The highest revenue strength rate was 8.09% in the year 2014, and this increase in the indicator was due to significantly higher total income compared to the subsequent study years. The indicator remained relatively consistent in the following study years, with the lowest revenue strength rate being 2.35% in 2019.

b. Analysis of Money Employment Rate (X2) for Rafidain Bank - Study Sample

This ratio represents the relationship between the loans provided by the bank, given the nature of its business, and the total deposits. It indicates how much the bank utilizes its deposits to meet the loan needs of clients and institutions, which are the primary source of profit for the bank. An increase in this ratio implies the bank's ability to employ its funds. However, liquidity considerations should be taken into account when employing funds, as the relationship between the two is inversely proportional. Therefore, the central bank intervenes by setting a maximum limit for this ratio, which is 75%, to preserve liquidity (Khaled, 2019: 114).

The money employment rate can be calculated using the following equation:

$$\text{Money Employment Rate} = (\text{Cash Credit} \div \text{Total Deposits}) \times 100$$

Table (2) shows the Money Employment Rate for Rafidain Bank for the years (2014-2020) in millions.

S	year	The amount of cash credit	Total deposit	Fund Employment Rate%
1	2014	6,809,951	17,960,571	37.9
2	2015	6,581,875	14,658,245	44.9
3	2016	5,522,184	13,779,780	40.1
4	2017	5,207,955	14,705,184	35.4
5	2018	5,258,978	16,419,708	32
6	2019	5,633,268	15,505,275	36.3
7	2020	7,399,584	13,778,836	53.7
8	Average	6,059,114	15,258,228	40.04
9	MAX	7,399,584	17,960,571	53.7
10	MIN	5,207,955	13,778,836	32

Source: Compiled by the researcher based on the annual report of Rafidain Bank - study sample, using Excel.

Table (2) shows that Rafidain Bank achieved an average money employment rate of 40.04% during the study years, which is a low rate and lower than the Central Bank's specified percentage. The highest rate for the money employment was 53.7% in 2020. The ratio of cash credit to deposits for Rafidain Bank in the study sample recorded its lowest decrease at a rate of 32% in 2018. This decrease falls within the standard ratio set by the Central Bank of Iraq, which should not exceed 75%. This reflects the bank's ability to utilize the available funds from deposits to meet the demand for credit (Central Bank Financial Stability Report, 2021: 74).

Therefore, this reflects the bank's ability to utilize the available funds from deposits to meet the demand for credit.

2. Analysis of Growth Indicators

Measuring growth for the bank is a modern criterion and tool used to express the bank's expansion capability and financial performance evaluation. Financial managers work to achieve the maximum bank growth because it is a measure of maximum benefit and wealth for the shareholders. It was calculated based on the growth rate of deposits and the cash credit growth rate for each year of the study.

a. Deposit Growth Rate:

This indicator reflects the degree of change in deposits from one period to another by the bank's ability to satisfy the current and prospective customers. It can be measured using the following formula:

Deposit Growth = ((Current Year Deposits – Previous Year Deposits) ÷ Previous Year Deposits) %.

Table (3) shows the volume of banking deposits and the deposit growth rate for Al-Rafidain Bank for the years (2014-2020) in millions.

the years	deposits for the current year	Deposit growth rate %
2013	19,352,693
2014	17,960,571	-7.2
2015	14,658,245	-18
2016	13,779,780	-6
2017	14,705,184	6.7

2018	16,419,708	12
2019	15,505,275	-5.6
2020	13,778,836	-11
Average	15,258,228	-4.157
MAX	17,960,571	12
MIN	13,778,836	-18

Source: Prepared by the researcher based on the annual report of Al-Rafidain Bank, the study sample, using Excel software.

From Table (3), it is evident that Al-Rafidain Bank achieved an average volume of banking deposits of 15,258,228 for the study years. The highest deposit amount was 17,960,571 in 2014. It experienced a significantly low growth rate in the following year, 2015, with a negative growth rate of -18. However, the growth rate increased in the subsequent years, reaching 6.7 and 12 in 2017 and 2018, respectively. Then, the growth rate decreased in 2019 and 2020 due to COVID-19, with the lowest growth rate being -11% in 2020, equivalent to 13,778,836 in millions.

b. Cash Credit Growth Rate

This indicator is used to analyze the credit operations of the bank, serving as a diagnostic tool to identify the real growth factors in banking credit, as well as any flaws in the credit policy. It can be measured using the following formula:

$$\text{Cash Credit Growth Rate} = ((\text{Cash credit granted for the current year} - \text{Cash credit for the previous year}) \div \text{Previous year}) \%$$

The table (4) shows the size of credit and the growth rate for Rafidain Bank for the years (2014-2020) in millions.

the years	credit volume for the current year	credit growth rate %
2013	6,622,525
2014	6,809,951	2.8
2015	6,581,875	-3.3
2016	5,522,184	-16
2017	5,207,955	-5.7
2018	5,258,978	1
2019	5,633,268	7.1
2020	7,399,584	31
Average	6,059,114	2.41
MAX	7,399,584	31
MIN	5,207,955	-16

Source: Prepared by the researcher based on the annual report of Rafidain Bank, the study's sample, using Excel software.

The table (4) shows that Rafidain Bank achieved an average size of cash credit amounting to 6,059,114 for the study years, with the highest rate being 7,399,584 in 2020. This high growth rate in 2020 was due to the expansion in granting cash credit during the COVID-19 crisis. On the other hand, it recorded the lowest growth rate of -16 in 2016 and the lowest amount of 5,207,955 for the year 2017, with a growth rate of -5.7, which is the lowest growth rate among the study years.

Secondly: The Statistical Analysis

First Main Hypothesis: The researcher assumes that there is a statistically significant relationship between the variables x_1 , x_2 , and y_1 . This means that y_1 is a function of both variables, and any change in them will result in a change in y_1 . The proportion of each independent variable in the growth rate of deposits will be determined by the coefficient of determination, which shows the variance explained by the independent variables in the dependent variable (the growth rate of deposits). The extent of the influence will be identified through the Beta coefficient, which indicates the direction of the relationship between the independent variables and the dependent variable (the growth rate of deposits). The results are presented in Table (5). Thus, the growth rate of deposits (y_1) is a function of the revenue strength (x_1) and the capital utilization rate (x_2) according to the following equation:

$$y = a + \beta_1x_1 + \beta_2x_2 +$$

$$y_1 = 43.604 - (1.186)x_1 - (1.093)x_2$$

Table (5) Coefficients of the Relationship between Independent Variables in the Growth Rate of Deposits for Al-Rasheed Bank

independent indicators	Deposit growth rate				
	correlation	The coefficient of determination	impact coefficient	Calculated f-test	Level of morality F
	R	R ²	Beta		Sig.
Revenue Strength index	0.776	0.60	- 1.186	3.018	0.492
credit growth rate			- 1.093		0.073

Source: Prepared by the researcher based on the results of SPSS V.22 program.

From Table (5), we observe that there is a moderate positive relationship between financial performance indicators and the growth rate of deposits, with a correlation coefficient of approximately 0.78. It also shows that the revenue strength index (x_1) and the capital utilization rate (x_2) together explain about 60% of the variance in the growth rate of deposits. The computed value of (f) was 1.966, which is less than the critical table value of 6.944.

Furthermore, the significance level for x_1 was 0.492, which is greater than the assumed significance level of 0.05, indicating a lack of statistically significant relationship between the revenue strength index and the growth rate of deposits based on a significance level of 0.492.

Similarly, for x_2 , the significance level was 0.073, which is greater than the assumed significance level of 0.05, indicating a lack of statistically significant relationship between the capital utilization rate and the growth rate of deposits based on a significance level of 0.073.

The Second Main Hypothesis: The researcher assumes the presence of a statistically significant relationship between the variables x_1 , x_2 , and y_2 . This means that y_2 is a function of both independent variables, and any change in them leads to a change in y_2 . The proportion of each independent indicator in the credit growth rate will be determined through the determination coefficient, which shows the variance explained by the independent indicators in the dependent variable (credit growth rate). The extent of the effect will be identified through the Beta coefficient, which indicates the direction of the relationship between the independent indicators and the dependent variable (credit growth rate). The results are

presented in Table (6). Thus, the credit growth rate (y2) is a function of the revenue strength index (x1) and the capital utilization rate (x2) according to the following equation:

$$y = a + \beta_1x_1 + \beta_2x_2 +$$

$$y_2 = -48.127 + (0.134)x_1 + (1.251)x_2$$

Table (6) displays the coefficients of the relationship between the independent indicators in the credit growth rate for Al-Rasheed Bank.

independent indicators	credit growth rate				
	correlation	The coefficient of determination	impact coefficient	Calculated f-test	Level of morality F
	R	R ²	Beta		Sig.
Revenue Strength index	0.618	0.382	0.134	1.238	0.964
credit growth rate			1.251		0.193

Source: Compiled by the researcher based on the results of SPSS V.22 program.

From Table (6), we observe that there is a significant overall relationship between financial performance indicators and the cash credit growth rate, with a coefficient of approximately 0.62. Furthermore, the revenue strength index (x1) and the capital utilization rate (x2) together explain about 0.38% of the variance in the credit growth rate. The calculated value of (f) is 1.238, which is smaller than the tabulated value of 6.944.

In addition, the significance level for x1 is 0.964, which is greater than the researcher's assumed significance level of 0.05. Based on these results, it is confirmed that there is no statistically significant relationship between the revenue strength index and the credit growth rate at the 0.964 significance level.

Similarly, the significance level for x2 is 0.193, which is greater than the researcher's assumed significance level of 0.05. Based on these results, it is confirmed that there is no statistically significant relationship between the capital utilization rate and the credit growth rate at the 0.193 significance level.

Chapter Four: Conclusions and Recommendations

First: Conclusions

1. Financial analysis reveals that the total income of Al-Rasheed Bank constitutes a very small percentage of the bank's capital and deposits. This is due to the bank's limited activity in accepting deposits and granting loans, effectively reducing its role in the local banking sector and impacting the bank's profits.
2. Financial analysis indicates that Al-Rasheed Bank has been compliant with the lending regulations set by the Central Bank, as the utilization rate of funds during the study years did not exceed the prescribed rate of 75%.
3. The practical aspect of the study found no statistically significant relationship between performance indicators and the deposit growth rate of the bank under study.
4. The practical aspect of the study also found no statistically significant relationship between performance indicators and the cash credit growth rate of the bank under study.

5. Al-Rasheed Commercial Bank's failure to comply with the Basel Committee's recommendations, which involve enabling banks to increase their capital at rates proportional to the risks of the operations they undertake, poses a threat to the national economy. In such cases, the bank's capital becomes the real guarantee instead of relying on government funds, potentially endangering the country's economy.

Second: Recommendations

The study has provided several recommendations, among the most important are:

1. The need for the management of Al-Rasheed Bank to strengthen its capital through its accumulated reserves to align with the increase in its deposits. This will enable the bank to contribute more significantly to financing the economic sectors with their medium and long-term loan needs.
2. Al-Rasheed Bank's management should pay special attention to the banking credit department due to its importance and impact on the bank's activities. This department is responsible for granting loans, analyzing the environmental conditions affecting its operations, and conducting financial analyses to make sound credit decisions characterized by a high degree of accuracy and reliability.
3. Al-Rasheed Bank's management should expand the bank's activities to play a more significant role in the financial sector.
4. It is advisable to conduct further studies comparing government-owned banks with private-owned banks.
5. Enhance financial services provided by the bank, especially in the context of financial inclusion, which will contribute to the community's development by empowering individuals.
6. Increase awareness among individuals about the importance of deposits, which play a role in Iraq's economic growth.

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