Analysis Of Indicators of Financial Recovery for Iraqi Banks in the Iraqi Stock Exchange

Assistant Professor Dr. **Abdullah Kazem Hassan Al-Saeedi** [1]

Researcher. **Safaa Abdel-Hussein Badawi**[2]

Abstract

The indicators of financial recovery for the selected banks from the Iraqi Stock Exchange have a major role in saving the financing structure from financial crises. Many financial indicators were used and the results were extracted in measuring the financial recovery and enhancing it through indicators, interpretation and analysis to contribute significantly in determining the relationship between the variables of the selected banks and access To explanatory results to ward off financial risks and prepare to achieve financial recovery by basing the financing structure.

Because financial recovery in commercial banks is linked to the strategic goals of profitability, liquidity and security, a set of indicators have been adopted to achieve these goals to judge the financial recovery.

The financial data published in the annual reports of the Iraqi Stock Exchange and the annual financial reports of the banks for the time period (2008-2017) was relied upon. In order to process the data, many financial indicators and statistical methods were used, and the results were extracted using the statistical program (spss-V26) and the Excel 2016 program).

And he concluded that the Middle East Bank is the highest-indicator of all the sample banks in terms of the rate of return on assets as it reached (2.086) and with a standard deviation of (5.715). the other.

It became clear that Cihan Bank for Investment and Finance is the bank with the highest index of all sample banks in terms of indicators of return on deposits, suitability of capital to total loans and advances, and suitability of capital to total deposits, which amounted to (1.869) and with a standard deviation of (1.318). Which is superior to other banks.

The research reached a set of conclusions, the most important of which are the varying correlations between the indicators of the financing structure and the financial recovery of the banks in the study sample. And that the various risks that banks are exposed to would affect the financing structure and make it difficult to achieve financial recovery. The study also recommended that Iraqi commercial banks should Relying on the indicators of the financing structure to know its financing performance as well as the ratios of each source of financing in it

المستخلص

ان مؤشـــرات التعافي المالي للمصـــارف المختارة من ســوق العراق للاوراق المالية لها دور كبير في انقاذ الهيكل التمويلي من الازمات المالية وتم اســتخدام العديد من المؤشــرات المالية واســتخرجت النتائج في قياس التعافي المالي وتعزيزه من خلال المؤشــرات وتفسيرها وتحليلها لتساهم بشكل كبير في تحديد العلاقة بين المتغيرات للمصـارف المختارة والوصول الى نتائج تفسيرية لدرء المخاطر المالية والاستعداد لتحقيق التعافي المالي باسناد الهيكل التمويلي .

لارتباط التعافي المالي في المصـارف التجارية بالأهداف الاستراتيجية المتمثلة بالربحية والسيولة والأمان تمَ اعتماد مجموعة من المؤشرات المعنية بتحقيق هذه الاهداف للحكم على التعافي المالي.

وتم الاعتماد على البيانات المالية المنشورة في التقارير السنوية لسوق العراق للأوراق المالية والتقارير المالية السنوية للمصارف وللفترة الزمنية (2008-2017)، ولأجل معالجة البيانات تم استخدام العديد من المؤشرات المالية والاساليب الاحصائية واستخرجت النتائج باستخدام البرنامج الاحصائي ((spss-V26) وبرنامج .(Excel 2016).

وتوصـــل البحث الى مجموعة من الاســتنتاجات أهمها علاقات الارتباط متفاوتة بين مؤشــرات الهيكل التمويل والتعافي المالي للمصـــارف عينة الدراســة .وان مختلف المخاطر التي تتعرض لها المصـــارف من شــانها أن تؤثر في الهيكل التمويل وتجعل من الصــعوبة

[1] Head of the Department of Business Administration/College of Administration and Economics/University of Al-Qadisiyah

[2] Master's student at the Department of Business Administration/College of Administration and Economics/University of Al-Qadisiyah

تحقيق التعافي المالي .كما اوصت الدراسة بانه ينبغي على المصارف التجارية العراقية الاعتماد على مؤشرات هيكل التمويل لمعرفة أدائها التمويلي وكذلك نسب كل مصدر من مصادر التمويل فيها

وتوصل الى ان مصرف الشرق الأوسط هو المصرف الأكثر الأعلى مؤشراً من مصارف العينة جميعاً من حيث مؤشر معدل العائد على الموجوداتإذ بلغ (2.086) وبانحراف معياري قد بلغ (5.715) وهذا يعني ان مصرف الشرق الأوسط لدية استثمارات كبيرة في موجوداته تحقق ارباح عالية وبمستوى يفوق المصارف الاخرى.

واتضح أن مصرف جيهان للاستثمار والتمويل هو المصرف الأكثر الأعلى مؤشراً من مصارف العينة جميعاً من حيث مؤشرات نسبة العائد على الودائع وملائمة رأس المال الى مجموع القروض والتسليفات ،و ملائمة رأس المال الى مجموع الودائع ،والتي بلغت (1.869) وبانحراف معياري قد بلغ (1.318) الذي يفوق المصارف الاخرى.

Keywords: financial recovery, financial risks, indicators.

1- the methodological framework of the research

1-1-Introduction

The financial events that the world has experienced demonstrated the need for a serious pause by those concerned with this matter for the purpose of putting an end to the financial crises facing business establishments first, and preparing for any financial crisis that could occur second, and at the same time working to restore the organization's status to what it was before crisis or better, by achieving recovery or financial recovery.

Financial crises are one of the main features of our current era, which threaten workers' companies and their sustainability. The research aims to delve into the contents of the current financial crisis, identify its causes and repercussions and choose appropriate ways to address it by diagnosing the impact of the financing structure and its role in promoting financial recovery.

1-2-search problem

The structure of finance has gained great importance after the emergence of the assumption (Modigllini & Miller, 1958), which was built on the assumptions of the ideal world, and concluded that there is no difference between the use of external and internal sources of financing or debt and equity, and this result is incorrect because we live in a real world. In theory, there can be optimal financing that will reduce the company's cost of capital to a minimum.

Is there a role for financial recovery with its indicators in staving off financial crises and risks?

1-3- Research objectives

• Diagnosing the level of financial recovery enhancement in establishments.

• Applying financial recovery indicators to identify risks and get rid of them using sound financial plans, including: the ratio (rate) of return on assets, the rate of return on deposits, suitability of capital to total loans and advances, and suitability of capital to total deposits.

• Studying the factors that affect the decision to trade off the financial situation and choosing the best one.

1-4- Study population and sample

The study population is represented by the total of the Iraqi commercial banks listed in the Iraq Stock Exchange, and an intentional sample was chosen from it representing seven Iraqi commercial banks that were selected by the researcher and these banks (Cihan Bank for Investment and Finance, Commercial Bank of Iraq, Bank of Economy, Investment and Finance, Elaf Bank, Bank of Business Bay, Middle East Bank, Ashur International Bank) The selection of banks as a sample of the study was based on the following reasons:

1- All of these banks are listed in the Iraqi market for securities, and their statements and lists are officially fixed in the market, available and can be used.

2- All of these banks continue to practice their banking activities throughout the study period.

3- The shares of these banks are not subject to suspension from trading in the financial market

2- The theoretical framework for research

2-1- Financial Recovery: Financial Recovery

The financial events that the world has experienced demonstrated the need for a serious pause by those concerned with this matter for the purpose of putting an end to the financial crises facing business establishments first, and preparing for any financial crisis that could occur second, and at the same time working to restore the organizations' status to what it was before crisis or better, by achieving recovery or financial recovery.

(Harvey, 2012) described the financial recovery as the new phase of rising stock prices after a period of decline in bond values, while (Farlex Financial Dictionary, 2012) referred to the recovery as the rise in stock prices or GDP growth in the wake of the recession or a period of stunted growth.

It is also known that comprehensive and efficient plans must be developed to recover from the risks threatening the work of financial infrastructure systems, in order to ensure their compatibility with international principles to reduce the level of potential confusion on the financial system as a result of the failure of the systems to provide their services. (Al-Hamidi, 2018: 10),

And financial recovery is a description of that state of improvement in the financial situation after exposure to a financial crisis and the resulting complications that restricted the work of the financial policy correctly.

In order to learn more about the concept of financial recovery, it is necessary to define the most important models on which it is based, and for the purpose of measuring any topic, there must be tools and the availability of a set of models through which the extent of improvement in the financial situation is measured, and the extent to which financial recovery has been achieved in the general situation, (Al-Rubaie, Hindi, 2016:303).

2-2- The importance of financial recovery:

Financial recovery is an advantage that all business establishments seek to possess to overcome the financial crises they are exposed to and return to their previous situation, and it has a distinct importance, which is represented by the following points: (Al-Amri, 2018: 68)

1- It enhances the position of the organization and the bank in the market because restoring recovery is a sign of strength, clarity of goals and overcoming crises

2- It is a strong point for the organization or the bank because only strong business establishments can achieve financial recovery.

3- It helps to gain new customers, whether it is within the scope of the bank or the organization, because the restoration and recovery of the previous situation creates a kind of reassurance in the hearts of customers and attracts others.

2-3-Financial recovery goals

The financial recovery plan pursued by any country or organization that suffers from the consequences of a financial crisis that has befallen it, must depend on a set of necessary goals; To achieve success in implementing these plans, among these objectives are the following:(Homovec , 2014 : 5)

1- Determining the basic frameworks of the case, and the way through which the current financial situation is evaluated.

2- Determining the ways in which public income can be increased and expenditures reduced.

3- Develop the general plan for financial recovery, and the related complementary sub-plans.

4- Helping to set precise timelines for presenting and reviewing the recovery plan to ensure success in its implementation.

2-4- Steps to achieve financial recovery:

In order for the proper application and the achievement of financial recovery in its correct form, a set of sequential and systematic steps must be followed. (Homovec, 2014: 5) indicated three basic steps:

1- Determining the financial position now: This is done by evaluating the current financial situation by following up on spending cases and looking at cash flows, as well as giving priority to important expenses, and through sub-steps:

1- Assessing the current financial situation, and this is done through a number of things, including:

• Determining the volume of total revenues.

• Determining spending priorities.

• Reducing extravagant expenditures.

2- Develop a financial recovery plan.

3- Executing the financial plan.

4- Evaluate, adjust and modify the plan.

2- Determining where we want to be: This can be done by creating, formulating, and properly implementing a recovery plan.

3- Putting in place measures that prevent future setbacks: Such a thing can be done through the evaluation and modification of the financial recovery plans in order to be flexible and adaptable. Among these measures: (Suppel, 2003: 55)

- Work to reform the economic situation of the country, and quickly.
- Continuous expansion of production or output.
- Strengthening the external balance and the real exchange rate.
- Raising the rate of tax collection and budget surpluses.
- Stabilizing the political situation

2-5- Financial risks

result from the possibility of losses resulting from failure to achieve the financial objective that reflects the risk of uncertainty about foreign exchange rates, interest rates, commodity prices, stock prices, credit quality and liquidity (Woods & Kevin, 2008: 3.) (Maryam, Noor Religion, 2021:439),

There are many definitions about financial risks that can be summarized:

1- Financial risk is a relative measure of the extent of volatility in the return that will be obtained in the future or is the loss that can be incurred as a result of uncertain changes (Shaheen, 2017: 147-148)

2- It is the probability of realizing resources or returns less than the expected return or return, the higher the probability of achieving returns or returns that are less than expected or negative, the higher the risk (Al-Ali, 2013: 205)

3- Financial risks are risks stemming from potential losses in the financial markets as a result of fluctuations in financial variables. These risks are usually associated with the debt system (financial leverage) and the institution is in a financial position in which it cannot meet its obligations from its current assets. (Khan and Ahmed, 2003: 29)

4- The issue of risk is an essential part of any institution's preoccupations, as it is considered a real obstacle to the sustainability of the benefits granted by the various financial activities by mobilizing the state of uncertainty, reducing the chances of success, reducing opportunities and increasing the threats resulting from those activities in three dimensions: profitability, security and liquidity (Mohsen and Khamisi). ,, 2016: 62)

2-6- Reasons for financial risk:-

The causes of financial risks are divided into internal and external factors, and external causes mean those reasons that do not fall under the control of management, and internal causes are those that fall under the control of management. The internal causes are more important than the external causes, as about 90% of the risk cases are attributed to them, which confirms that the management is primarily responsible for bringing the institution to a state of danger. Note Figure (9).

First: External causes of risks: External factors are generally related to the external environment of the institution, which is the factor that has a greater impact on the latter, but it does not arise from it. And the elements that belong to this ocean, and from the external causes are the following: (Sima Brawal, 2010-2011: 83-85)

1- Technology: The technological factor affects the activity of the institution a great deal, as technology is closely related to the methods of production and available equipment. More in the application of a particular production process there will be opportunities to improve the technical methods of production, and that the greater motivation for adopting new technologies is to increase profitability and strengthen opportunities for marketing success.

2- Customers: Customers are identified in a narrow economic sector or on an international level, then the diversity of markets harms the diversity of customers, and the institution is forced to diversify and multiply its products, and because sales and marketing develop with the development of science and technology of the age, institutions change media efforts to improve the selection of target markets for distribution Goods and services, and what this requires of market analysis, which requires access to marketing decisions.

3- Competition: the institution may be exposed to regional, national or international competition, so that all its activities are subject to this competition, as from other institutions belonging to the same sector in which it is active and from the supplying institutions that are necessary for the functioning and development of the institution and to the client institutions.

4- Economic environment: The economic environment refers to the characteristics of the economic system in which the institution operates, such as: income, demand, availability of production factors...etc.

Among the economic variables that currently play a tangible and influential role on the economic environment of the institution is the trend towards globalization, the liberalization of the economy in many countries and the trend towards privatization.

5- Social and cultural environment: The social environment greatly affects the cash flows of the institution, and this is because it significantly affects the demand side of the institution's products, as well as the values, rules and practices of workers within the organizations, in addition to the cultural environment, which means a set of general determinants of consumer tastes and prevailing values In this area.

6- The political and legislative environment: the legal environment affects the labor legislation, tax law, investment, import and export laws, and this is proven by a study conducted by the World Bank that political risks, especially in developing countries, are the main element when making an investment decision.

7- The natural environment: It includes the environmental elements dependent on nature itself, which in turn affect the institution in terms of providing it with opportunities or threats.

Second: The internal causes of risks:

The internal factors are linked to several elements, and on top of these elements is management in the first place, which must contain various options. The management manages people, money, materials, machines, markets, and time. Maintaining the survival of the institution and improving its competitiveness on an ongoing basis assumes the confluence of two basic elements, namely, the events of the latent ability to achieve the performance of the institution. The operation of this ability, which are the two essential types of the management process, will be exposed to the other internal reasons, which are individuals and strategy, products, structures, media and communication, which are: (Nasima Berwal, aforementioned reference, 86:-89)

1. Management (management): Management allows managers to know the results at the level of various activities in the organization. Therefore, it must be flexible, adaptive, encouraging and not centralized. It is the work of management. Therefore, it is always linked to the future, and since the future is always surrounded by uncertainty represented in the absence of all facts. And information about what might happen later, this constitutes an important dimension of control in the responsibility of management and the ability of the people entrusted with the management of enterprises in general and industrial ones in particular, because in light of uncertainty and danger, decisions must be taken whose effects do not appear until after a time, whether short or long, based on To an incomplete amount of information, and accordingly it was the ability of the management in terms of efficiency, there is always the possibility that the results achieved exceed what was expected or fall short of what is estimated.

2. Individuals: The working individuals who create the added value must be studied in terms of the wages granted to them and with knowledge of their psychological and social conditions, as well as their absenteeism factor and their level of productivity, where wages constitute a restraining factor or a driving factor to increase labor productivity and improve the quality of products or services. One of the main tasks of the institution is to choose the best method for calculating the wages of workers, which causes them to feel satisfied,

Also, knowledge is an essential factor for individuals to improve production, and therefore it is necessary to assign the tasks of acquiring knowledge to an efficient community system, characterized by activity and flexibility, and to gain individuals efficiency and effectiveness.

Education also has its role in acquiring knowledge and experience and raising the productivity of workers, and the training that it provides has clear consequences for operators and managers, because education gives great flexibility to work skill, as increasing productivity related to education and training is the effective way to raise the standard of living

2-7- Achieving financial recovery and the success of managing default and financial risks:

Exposure to sudden financial crises and their rapid effects leads largely to financial default and severe financial risks. Therefore, reaching a financial recovery requires strong and efficiently organized measures. In this regard, among (Report 2 about Recovery of financial market infrastructures, 2014:5), a group of Steps to achieve such a matter, and perhaps the most important of them is proper planning. Financial recovery of course needs to be integrated with financial risk management, and default management, provided that this process includes a state of contingency planning, and as a result access to financial recovery, because such a matter will contribute to addressing Extreme circumstances that could threaten the integrity of the financial system, and the financial strength of the country and organizations in particular.

And (Kannan, et al, 2009: 19) stressed the need to commit to achieving medium-term financial sustainability, which will keep pace with any stage of short-term financial stimulus, and in such a case a slowdown may occur in the process of achieving financial recovery as a result of the decline in consumer spending And the rise in long-term interest rates; therefore, the incentive measures for financial recovery must be implemented within the framework of financial sustainability, in order to ensure the effectiveness of the financial policy set for the organization. (Al-Ali, 2016: 58).

2-8- Indicators of financial recovery:

Because financial recovery in commercial banks is linked to the strategic goals of profitability, liquidity and security, a set of indicators have been adopted to achieve these goals to judge financial recovery, including: (Al-Amri, 2018:115), (Mc Call, Karen, 2011:75.)

2-8-1- The ratio (rate) of return on assets:

This ratio is an indicator of the commercial bank's ability to generate profits from the assets available with the bank, and this ratio is also called the rate of return on investment (ROI) in commercial banks.

Return on assets = net profit after tax / total assets * 100

2-8-2- The percentage of return on deposits:

This indicator measures the extent of the bank's ability to generate profits from the total deposits that it succeeds in obtaining, and through which the financial recovery of the banks is judged.

Return on deposits = net profit after tax / total deposits * 100

2-8-3- Adequacy of capital to total loans and advances:

This ratio states the bank's ability to face the risks represented in not recovering part of the money that was invested, and this ratio reflects the degree of risk expected in the loan portfolio (Abu Hamad and Qaddouri, 2005: 153).

Equity of equity for loans and advances = Equity Ratio / Loans and advances

2-8-4- Adequacy of capital to total deposits

This ratio measures the total deposits on the capital, and it should not exceed ten times it (Al-Shama`a (11,2004):

Equity of capital to total deposits = ratio of capital owned / total deposits

3- the practical aspect of the research

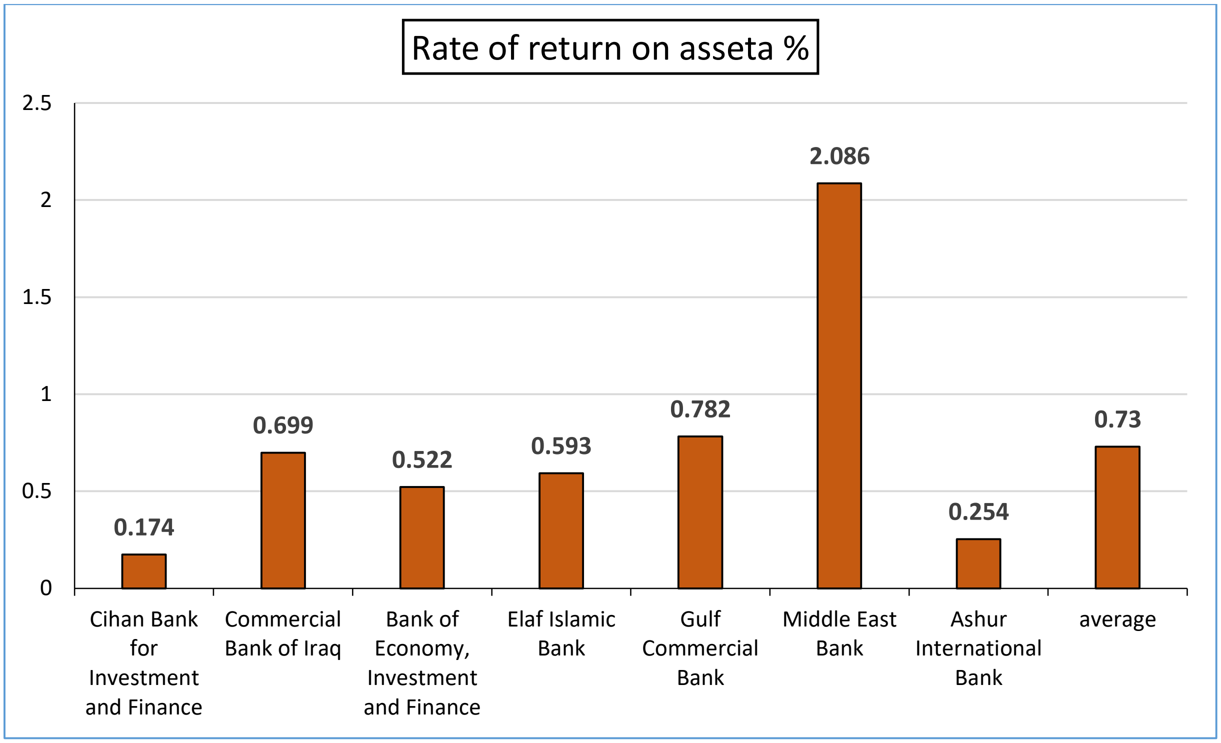
3-1-Indicators of financial recovery

Through the field study and data from the relevant authorities and the Iraq Stock Exchange for Iraqi banks for a period of 10 years (2008-2017), and from calculating them and taking the average for them and their ratios, the results that were analyzed for the indicators of financial recovery showed that these indicators vary in the percentages achieved at the level of Individual banks from one year to another compared to the years of analysis, and their annual averages vary at the level of (banks) of the study sample, and thus the ability of those banks to achieve their goals, as Table (1) shows the rates of those indicators during the years of analysis for each bank and during the years approved in the study, Where the results and percentages mentioned in the table indicate that the financial recovery, the high rate of change, the changes and indicators that show an improvement in the effectiveness and ability of most banks to achieve acceptable financial performance indicators, especially in recent years for analysis, compared to the annual rates that were considered a “criterion” for comparing indicators achieved in the banks approved in this study, and the results of Table (1) indicate that the highest rate of return on assets was achieved by the Middle East Bank, while the rate of return on assets In terms of deposits, we find that Cihan Bank for Investment and Finance is the highest bank in this ratio during the years of analysis. As for the suitability of the capital to the total loans and advances, it appears that Cihan Bank for Investment and Finance is higher than the rest of the other banks, as it appeared that Cihan Bank for Investment and Finance is ahead of The rest of the banks in the suitability of capital to total deposits.

Table (1): Indicators of financial recovery for Iraqi banks (2008-2017) and their standard deviation

Bank name	rate of return on assets %	standard deviation SD	Return on deposits %	standard deviation SD	Adequate capital to total loans and advances%	standard deviation SD	Compatibility of capital to total deposits%	standard deviation SD
Cihan Bank for Investment and Finance	0.174	0.110	1.869	1.318	1.436	1.226	2.821	1.835
Commercial Bank of Iraq	0.699	0.409	0.628	0.527	1.149	1.172	0.367	0.211
Bank of Economy, Investment and Finance	0.522	0.365	1.295	1.071	0.918	0.671	1.627	1.832
Elaf Islamic Bank	0.593	1.147	1.009	1.112	2.177	2.869	2.115	1.606
Gulf Commercial Bank	0.782	1.484	0.359	0.770	1.317	1.421	0.287	0.243
Middle East Bank	2.086	5.715	0.224	0.476	2.224	2.492	0.379	0.300
Ashur International Bank	0.254	0.325	0.699	0.957	1.460	1.258	1.424	1.094
average	0.730	0.831	0.869	0.583	1.526	1.163	1.289	0.732

Source: Prepared by the researcher based on: http://www.isx-iq.net/isxportal/portal/homePage.html



Figure(1): rate of return on assets for the banks

Source: Prepared by the researcher based on table 1.

3-2-Analysis of financial recovery indicators

3-2-1-Ratio (rate) of return on assets

This ratio is an indicator of the bank's ability to generate profits from the assets available with the bank, and that the increase of this ratio indicates the efficiency of the management policies towards the efficiency of investment, operational and financial financial performance. The average rate for the sample banks of the study for the rate of return on all assets was for the Middle East Bank, which amounted to (2.086) and with a standard deviation of (5.715), and this means that the Middle East Bank has large investments in its assets that achieve high profits and at a level that exceeds other banks, and the lowest rate of banks is the study sample. Cihan Bank for Investment and Finance had a value of (0.174) and a standard deviation of (0.110), which is an indicator of the weak ability to generate profits through assets in Cihan Bank for Investment and Finance during this year compared to the annual rate of return on assets for the sample.

Summary of the rate of return on assets in the sample banks for the time series approved by the study for the sample of banks.

3-2-2- Return on deposits:

The results of Table (1) indicate that Cihan Bank for Investment and Finance is the most reliant of banks to achieve the highest rates of return on deposits, which is an indicator of the effectiveness and ability of the bank to achieve profits by investing in deposits expressed by the bank’s return on deposits, which amounted to (1.869) and with a deviation It has a standard deviation of (1.318), which is higher than other banks. As for the lowest rate of banks in the study sample, it was for the Bank of the Middle East Bank, which amounted to (0.224) and with a standard deviation of (0.476), which means that the Middle East Bank does not have large investments other than deposits.

3-2-3- Adequacy of capital to total loans and advances:

This ratio indicates the bank's ability to face the risks of not recovering part of the money that was invested, and this ratio reflects the degree of risk expected in the loan portfolio.

The results of Table (1) indicate that the Middle East Bank is the most reliable bank to achieve the highest ratios of owned capital to total loans and advances, which is an indicator of the effectiveness and ability of the Credit Bank to grant loans and advances to the strength of its capital during this year, which was expressed by the ratio of owned capital to total Loans and advances to the bank, which amounted to (2.224) and with a standard deviation of (2.492), which exceeds other banks. Sufficient funds to enable him to grant loans and advances.

3-2-4- Adequacy of capital to total deposits:-

This ratio is based on the extent of the ability to control the risks resulting from an increase in deposits of 10%, and it is an appropriate measure for measuring capital adequacy. It is withdrawn from deposits, and due to the importance of the owned capital in commercial banks, and the extent of its impact on the expansions and profits of the bank, the ratio of owned capital to the total deposits was adopted to show the extent of the ability of the study sample banks to generate profits from the owned capital to the total deposits, through which the judgment is made on financial recovery.

The results of Table (1) indicate that the highest rate of the sample banks for the suitability of the owned capital to the total of all deposits was for Cihan Bank for Investment and Finance, which amounted to (2.821) and with a standard deviation of (1.835), which means that Cihan Bank for Investment and Finance has a strong capital, It can face withdrawals by depositors with the bank at any time, and at a level that exceeds other banks. As for the lowest rate of banks in the study sample, it was for Al Khaleeji Commercial Bank, which amounted to (0.287) and with a standard deviation of (0.243), which means that Al Khaleej Commercial Bank has a high percentage of deposits. More than the prescribed percentage, which makes the capital insufficient to pay it, and exposes the bank to the risk of not paying on time.

Conclusions

1. The necessity for banks to pay attention to their current and fixed assets, and do not depend on only one account in it, but rather make a balance between them and strengthen their investments and try to enter into new and developed projects that serve the community and have an impact.

2. Banks’ adoption of a conservative credit policy as a result of fears and turmoil in the banking business environment for various security and political reasons that prevented them from investing money, which contributed to a very high level of cash flow, which is idle money that should have been invested in various aspects of the activity of the sample banks.

3. It turns out that the Middle East Bank is the bank with the highest index of all sample banks in terms of the rate of return on assets index.

4. It turns out that Cihan Bank for Investment and Finance is the bank with the highest index of all sample banks in terms of indicators of return on deposits, suitability of capital to total loans and advances, and suitability of capital to total deposits.

5. There is no banking awareness on the part of customers, and there is a constant fear on the part of the customer of losing his money when depositing it in the bank, and most of those dealing with the bank are ignorant of the policies and rules of bank work, and what governs their work.

6. The indicators of financial recovery are necessary and important in financial analysis and saving banks from financial risks. Each indicator gives an impression and a complete picture of the financial situation.

Recommendations

1. Commercial banks adopt the indicators of the financial structure, and support and enhance them in their work because of their role in the development of banks in the future and in facing and overcoming crises by increasing their assets in relation to debt, providing cash and adhering to the liquidity ratio.

2. Focus on studying all aspects affecting the organization's strategy before formulating it, and before choosing the appropriate strategy, because it focuses on studying the organization's surroundings.

3. The study sample banks that avoid debt financing should rely on sources of financing for their investment projects according to alternative formulas that reduce the risks that banks may be exposed to as a result of the obligation to pay fixed interest rates such as financing at the floating interest rate or any other formulas.

4. The study sample banks should create investment opportunities that suit investors from inside and outside Iraq, and give them guarantees that make them an attractive factor for investment.

5. Iraqi commercial banks should rely on financial recovery indicators to know their financial performance and risks.

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