Evaluation of the Financial Performance of the Ashur Bank According to (GAMELS) Standards: An Analytical Study[1]

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DOI:10.37648/ijrssh.v13i03.011

Received: 27 April 2023; Accepted: 20 June 2023; Published: 04 July 2023

ABSTRACT

In recent years, the business environment has witnessed great developments as a result of technological development and openness to global markets, which led to an increase in competition between economic units. It serves as a control tool that shows the strengths and weaknesses of the economic unit, which helps in the decision-making process. Therefore, the research deals with the subject of performance evaluation of the Ashur International Bank, using the CAMELS criteria, and the research reached 1. The application of the CAMELS evaluation system is of great importance as it supports the control and inspection process and achieves the goals of customers and shareholders, in terms of highlighting the negative and positive points in the banking work, which leads to an increase in the efficiency of the bank's work and the search for the cause of shortcomings and addressing its causes. Ashur International Bank was classified according to the criteria of Kamles combined into the second category, as it was classified as category (B2) after obtaining (2.062). The research also recommended the need for the Central Bank of Iraq to reconsider the indicators of the CAMELS system in a way that suits the nature of the local banking environment and what can be added to these indicators, especially the customer satisfaction index. In addition to the necessity of urging banks to exploit liquidity, employ deposits and exploit them in new projects, and provide investment loans in order to increase profitability in particular and support the national economy in general.

Keywords : *Financial performance; performance evaluation; GAMELS standards*

INTRODUCTION

Performance evaluation has always been a crucial aspect in management and accounting fields as it directly relates to control structures within organizations. Companies, past and present, have sought to achieve their set objectives to ensure their sustainability and continuity in challenging conditions such as increased competition and advancements in information and communication technology. They have also pursued new and contemporary methods that align with the evolving external environment, including globalization and modern management concepts, which have garnered significant attention and elevated performance within the banking sector.

The importance of performance evaluation is particularly highlighted in the banking sector, especially after the global financial crises in 2008, which heavily impacted the US economy. The banking sector played a major role in these crises primarily due to granting high-risk loans based on weak collateral and relying heavily on mortgage securities. When loan recipients defaulted on their payments, banks were forced to sell the mortgage securities, resulting in an oversupply and a significant decline in real estate prices, leading to a global financial crisis.

Therefore, survival and success in the banking industry rely on effective performance evaluation processes. Choosing the most suitable method for evaluating institutional performance enables informed decision-making by providing policymakers with valuable insights. There are numerous methods and standards for performance evaluation used worldwide, emphasizing the significance of this process. One widely employed approach is performance evaluation based on CAMELS criteria. CAMELS stands for Capital adequacy, Asset quality, Management efficiency, Earnings, Liquidity, and Sensitivity to market risks. Applying CAMELS criteria allows for assessing Ashur International Bank's compliance with instructions and regulatory guidelines issued by the Central Bank of Iraq.

[1] *How to cite the article*: Ali H.J. (July, 2023); Evaluation of the Financial Performance of the Ashur Bank According to (GAMELS) Standards: An Analytical Study, *International Journal of Research in Social Sciences and Humanities*, Jul-Sep 2023, Vol 13, Issue 3, 88-98, DOI: http://doi.org/10.37648/ijrssh.v13i03.011

In summary, performance evaluation plays a pivotal role in organizational success, and the process gains particular importance in the banking sector. By utilizing appropriate evaluation methods such as CAMELS criteria, institutions can assess their performance, ensure regulatory compliance, and make informed decisions to drive growth and sustainability in the future.

Research Problem

The banking sector plays a crucial role in the Iraqi economy, given the significant economic developments characterized by the local and international business environment. As a result of the sector's growth and its connection to the global and regional financial markets, it faces numerous challenges, one of which is the evaluation of banks' performance. The evaluation of performance has implications for the banks' ability to continue operating and the expansion or undermining of their banking activities. This assessment depends on the classification of banks according to CAMELS criteria, which are adopted by the Central Bank of Iraq.

Research Importance

The significance of this research stems from the essence of the performance evaluation process, which is the fundamental step in the supervisory process. The core of this process lies in comparing the actual performance of each banking activity against specific predefined indicators. This comparison is essential to assess the overall success of the bank or the level of its internal activities. The purpose of performance evaluation is to serve as a tool for diagnosing and reviewing the individual performance and the performance of banks in general. Banking performance is a reflection of the financial position of the bank, represented by items such as the general budget, profit and loss account, and cash flow statement, which depict the actual state of the bank's operations over a specific period of time. It reflects the extent of the bank's success or failure in achieving its goals according to predefined criteria set by the bank based on its requirements and nature of operations.

Research Aims

The research aims to achieve several goals:

1. Identify the nature of banking performance, its evaluation process and its importance

2. Learn about CAMELS banking performance evaluation criteria

3. Applying CAMELS banking performance evaluation standards to the Ashur International Bank

4. Identify the classification score of the Ashur International Bank according to CAMELS standards

Research hypothesis

The research stems from the hypothesis that "compliance with CAMELS standards contributes to evaluating the performance of the Ashur International Bank in raising the level of the bank's classification.

Spatial and temporal boundaries

1. Spatial boundaries include the Ashur International Bank.

2. The time limits include the period 2015-2020.

Research structure

In order to take note of all aspects of the research, the research was divided into three sections: The first topic included: Banking Performance Evaluation: Concept, Importance, and Objectives, while the second topic was devoted to studying the CAMELS banking performance evaluation system and its indicators. Among the fourth topic, the most important conclusions reached by the research and the most prominent recommendations proposed in this regard.

FIRST TOPIC: EVALUATION OF BANKING PERFORMANCE: CONCEPT, IMPORTANCE AND OBJECTIVES

First : Concept Of Performance Appraisal

The process of performance evaluation for banks is a highly important issue that has gained increased attention due to the rise in competition in the business environment, particularly with globalization and the entry of foreign banks that possess significant advantages in terms of technology and banking knowledge. This has intensified competition, forcing banks to reassess their performance in order to improve it and keep up with developments (Manandhar & Tang, 2002:2). It has been observed that banks that use efficient performance evaluation programs are more profitable, have higher cash flows and sales, and possess solid financial securities compared to banks that do not employ such programs. The success of banking institutions stems from their ability to focus on their internal operational performance, giving them a competitive edge. Moreover, a comprehensive performance evaluation model is key to the sustainability of a bank (Wu et al., 2009:10135).

The process of evaluating bank performance measures the degree to which management and stakeholders achieve their defined objectives, with varying objectives among different banks. Some banks strive to achieve rapid growth and long-term growth objectives, while others prefer a more stable and less risky approach. Effective bank governance plays a crucial role in ensuring control over bank performance, providing information, complying with international accounting standards, and initiating performance evaluation as an initial step in future performance planning. This process involves comparing the actual performance of employees against the organization's general performance standards and determining the level of alignment between actual performance and those standards (Dahkoul, 2018:84).

The evaluation of banking performance achieves several benefits (Sammah, 2014:24):

1. It is one of the most important and successful pillars upon which monitoring and control processes are built. It directly helps in identifying problems and finding solutions, as well as recognizing the strengths and weaknesses of the bank.
2. Performance evaluation assists decision-makers in making sound and effective decisions for the bank, whether they are related to development, investment, or significant changes.
3. It helps in formulating business strategies (service, customer, marketing, and competition) for the bank.
4. It reveals the progress achieved by the bank by disclosing the actual performance level.
5. Performance evaluation highlights the strategic position of the bank within the banking environment, thereby determining priorities and required changes.
6. It demonstrates the efficiency of resource allocation and utilization for the bank.
7. Banking performance evaluation helps in disclosing the degree of alignment and consistency between the adopted goals and strategies and their relationship to the competitive environment.
8. Banking performance evaluation creates a sense of competition among different departments within the bank, contributing to the improvement of performance levels.

The researcher believes that the performance evaluation process is a means through which a unit can objectively review its performance to identify areas of weakness for removal or reduction and areas of strength for enhancement. However, it is essential for this evaluation process to be practically prepared in an acceptable and convincing manner to achieve the desired objectives.

Second : Importance Of The Performance Appraisal Process

The importance of performance evaluation stems from its role in ensuring whether the goals set by the senior management of the bank have been achieved or not. It also verifies whether the utilization of available resources, whether human or material, has been done correctly. This includes assessing the effectiveness of control measures by examining how these resources have been managed during the current and previous periods and determining the degree of success or failure in achieving the objectives of the economic unit. The importance of performance evaluation can be summarized as follows : (Dahkoul, 2018: 84); (Taleb, Al-Mashhadani, 2011: 76); (Nama, 2014: 61)

1. Assessing goal achievement: Performance evaluation helps determine whether the set goals have been met, providing insights into the effectiveness of the bank's operations.

2. Resource utilization: Evaluation ensures that available resources, both human and material, have been utilized efficiently and effectively.

3. Effective control: Performance evaluation assesses the effectiveness of control measures and identifies areas where improvements or corrective actions are needed.

4. Enhancing decision-making: Evaluation provides valuable information for decision-makers to make informed and effective decisions, including investment, development, and strategic planning.

5. Identifying strengths and weaknesses: Through performance evaluation, strengths can be identified and further strengthened, while weaknesses can be addressed and improved.

6. Accountability and transparency: Evaluation promotes accountability within the bank by measuring performance against predetermined indicators and standards, ensuring transparency in operations.

7. It helps evaluate the alignment between the bank's goals, strategies, and the competitive environment in which it operates.

8. In terms of marketing, performance evaluation focuses on achieving profitable sales volumes, customer retention, and customer growth as indicators of competitiveness. It ensures marketing efficiency in operational and pricing aspects, as marketing efficiency indicates the strength and sustainability of the organization's economic performance.

9. On the financial level, performance evaluation emphasizes the importance of liquidity and profitability in investment and financing decisions, taking into account the associated risks. It also considers dividend distribution policies within the context of maximizing the present value of the organization, aiming to increase its value, maintain liquidity to mitigate bankruptcy risks, and achieve a satisfactory return on investment.

The researcher believes that the process of evaluating bank performance helps verify that the bank is effectively and efficiently managing all its functions. It also plays a role in identifying qualitative and quantitative deviations that may occur in the practical implementation field and addressing these deviations by identifying their causes. This, in turn, helps make the right decisions to address these deviations, thereby achieving the bank's continuity and growth. Therefore, central banks prioritize monitoring banks through the performance evaluation process because banking operations, which revolve around collecting and managing funds, involve various conditions that create opportunities for manipulation. Trust is a significant factor in the banking sector, which is why the performance evaluation process serves as a strong guarantee for banking operations.

Third : Objectives Of The Performance Appraisal Process

The purpose of the performance evaluation process is to provide qualitative and quantitative data gathered from the financial statements of economic units and non-financial operations. It serves as a strategic tool to transparently assess the performance of units and work towards improving any identified weaknesses (Buyukozkan & Karabulut, 2018: 254).

Performance evaluation helps achieve several objectives, including : (Al-Douri, 2013: 24) ; (Armstrong, 2014: 336) ; (Jerry et al., 2019: 114)

1. Evaluating the performance of the economic unit in terms of its production goals.

2. Identifying and analyzing imbalances and weaknesses in the activities of the economic unit, determining their causes, and developing appropriate solutions to address them. Providing guidance to prevent similar problems in the future.

3. Assigning responsibility to each department or division within the economic unit for any deficiencies or weaknesses in their respective areas of expertise. Measuring the productivity of each department in the production process, evaluating their achievements, and fostering competition among departments to improve overall performance.

4. Evaluating the efficient utilization of available resources to increase returns, reduce costs, and ensure high-quality outcomes.

5. Facilitating a comprehensive performance assessment at the national level by leveraging performance evaluation results from individual projects and industries across sectors, contributing to the overall assessment of the economy.

6. Adjusting planning budgets and aligning performance indicators to achieve a balance between aspirations and available resources. The results of performance evaluation provide valuable information for developing evidence-based, realistic policies and plans, avoiding arbitrary decisions and unrealistic estimations.

SECOND TOPIC: CAMELS BANKING PERFORMANCE EVALUATION SYSTEM AND ITS INDICATORS

First : CAMELS Banking Performance Evaluation System

The CAMELS framework helps banks assess their financial soundness and alerts them to take necessary precautionary measures for continuity. It is considered an effective method for evaluating banking performance and determining the strength and stability of banks in the face of changes and risks, as well as diagnosing strengths and weaknesses in banking performance (Ferrouhi, 2014: 624).

The CAMELS rating system is defined as a system for evaluating bank safety, identifying and predicting various risks that may lead to bank failure (Sarker, 2005: 8). It is also defined as a system for evaluating financial and non-financial performance commonly used in the banking sector. It was developed by the Uniform Financial Institutions Rating System (UFIRS), which is a composite rating system primarily based on financial ratios derived from the bank's financial statements. Banks are evaluated on a scale of (1) being the best to (5) being the worst in each component of the CAMELS criteria to determine the best and worst-performing banks (Desta, 2016: 3).

Therefore, the CAMELS performance evaluation system functions as a comprehensive framework for assessing the overall condition of a bank and identifying its strengths and weaknesses across financial, operational, and managerial dimensions. This system utilizes a set of integrated financial and non-financial indicators in a cohesive manner to evaluate performance, taking into account the unique characteristics of the banking industry.

Second : Indicators (criteria) for evaluating banking performance CAMELS

CAMELS banking performance evaluation indicators can be stated as follows :

1. Capital adequacy

Capital adequacy refers to the relationship between a bank's capital and the risks associated with its assets. The capital adequacy ratio is used as a measure of the bank's financial solvency, indicating its ability to meet its financial obligations. Higher levels of solvency indicate lower risks of bank insolvency (Qaron, 2013: 57).

Banks engage in various transactions that involve inherent risks, such as providing loans and advances to different sectors. To mitigate potential losses resulting from these activities, it is necessary for banks to maintain sufficient capital. Adequate capital enables banks to protect their depositors, enhance their stability, and improve the efficiency of their internal systems (Fatima, 2014: 772).

2. Quality of the assets

Asset quality is an important indicator for assessing the level of financial strength, and maintaining asset quality is a fundamental advantage in banking operations. The primary goal of measuring asset quality is to ensure that non-performing assets constitute a percentage of the total assets. Assessing assets helps facilitate the measurement of the level and magnitude of credit risks associated with operational activities. It focuses on the quality of loans, which generate profits for the bank. Loan quality is synonymous with asset quality and is commonly used in banks to identify assets that are exposed to financial risks and the potential losses associated with these assets. Loans and advances are the banking assets that typically require strict measurement of their quality (Nzoka, 2015: 4).

3. Management efficiency

Management efficiency refers to adhering to defined standards, the ability to plan and respond to environmental changes, leadership, and ensuring the secure operation of the institution. It also includes the management's commitment to internal and external regulations and laws (Babu & Kumar, 2017: 3).

4. Quality Of The Earnings

Profitability refers to the bank's ability to achieve sustainability in returns and forecast future returns, as well as predict the future performance of the economic unit. Profitability reflects the bank's ability to support future financial operations by determining its capacity to absorb losses through building an appropriate capital base, financing expansions, and paying sufficient dividends to shareholders. The quality of profits not only reflects the amount and direction of profits but also factors that may impact profit sustainability. Inefficient management can lead to loan losses, necessitate increased loan provisions, or pose a high level of market risk. Profits serve as the traditional measure for evaluating financial performance. Profitability demonstrates the bank's ability to achieve regular profits by measuring income from core activities (Kr Nag, 2014: 76).

5. Liquidity

Liquidity refers to the availability of cash or assets that can be easily converted into cash to meet financial obligations, and it plays a crucial role in determining the level of bank performance. Mismatch between assets and liabilities poses additional risks to banks. Considering that bank liabilities are typically short-term while assets are long-term, maintaining favorable liquidity ratios is necessary. Monitoring the loan-to-deposit ratio is one way banks can manage their liquidity. Insufficient liquidity levels can negatively impact profitability indicators. Conversely, excessively high liquidity ratios indicate underutilization of capital, leading to decreased profitability (Chen et al., 2018: 4). Liquidity is important for financing assets and meeting obligations as they come due. It serves as a barrier against expected and unexpected changes in the overall balance sheet and provides funds for growth. Liquidity risks refer to the possibility of being unable to obtain funds at a reasonable price within a reasonable timeframe to meet obligations (Hawkins, 2017: 11).

THIRD TOPIC: PERFORMANCE EVALUATION OF THE ASHUR INTERNATIONAL BANK ACCORDING TO CAMELS STANDARDS

First : An Overview Of The Ashur International Bank

The bank was established according to the incorporation certificate numbered (M.S / 25812) on 4/25/2004 issued by the Registrar of Companies, with a capital of (25) billion dinars, and it obtained a license to practice banking from the Central Bank of Iraq on 9/22/2005 and in letter No. 9 3/2627 and commenced its banking business on 1/8/2006. The bank also started with a capital of (25) billion Iraqi dinars in 2005, and it was doubled to (50) billion Iraqi dinars on 3/19/2010, and in 2011 it was increased. The capital reached (100) billion Iraqi dinars, and on 10/22/2012 the capital reached (150) billion Iraqi dinars, until the bank settled on a capital of (250) billion Iraqi dinars on 8/29/2013 and the bank owns 9 He branched out in his banking operations.

Second : Evaluating The Performance Of The Ashur International Bank According To Camels Standards

The central bank supervises all banks, whether they are private or government-owned, through continuous performance evaluation. One of the performance evaluation tools used by the central bank is the CAMEL framework. The central bank uses this framework to assess the performance of Iraqi commercial and Islamic private banks. However, foreign banks operating in Iraq are not evaluated by the central bank using the CAMEL framework; instead, the assessment relies on the evaluation conducted by the parent bank in the country of origin. The CAMEL criteria have been used to evaluate the performance of banks in the Central Bank of Iraq since 2007 until 2010, and then in 2013 and 2017. The evaluation is based on three consecutive years, and interim financial statements are relied upon due to the delay in issuing and auditing the annual financial statements.

(IJRSSH) 2023, Vol. No. 13, Issue No. III, Jul-Sep **e-ISSN: 2249-4642 p-ISSN: 2454-4671**

Here is a general overview of how banks are evaluated according to CAMEL in the Central Bank of Iraq :

1. Rating scores for each element of CAMEL

Table (1) Classification of camels elements

1 thumbs up	2 very good	3 good	4 limit	5 weak

Source : *prepared by the researcher based on the instructions of the Central Bank to use the Camels Standard (2010).*

2. The weights of the CAMEL elements

Table (2) Weighted weights of CAMEL elements

Capital adequacy 20%	Asset quality 20%	management efficiency 25%	profitability15%	liquidity 20%

Source : *prepared by the researcher based on the instructions of the Central Bank to use the Camels Standard (2010).*

3. The aggregate percentage and classification scores

Table (3) aggregate percentage and classification scores

grades	Category	Ratio
excellent	A1	1 – 1
	B1	1.3 – 1.2
	C1	1.4 – 1.3
very good	A2	1.8 – 1.5
	B2	2.1 – 1.9
	C2	2.4– 2.2
good	A3	2.8 – 2.5
	B3	3.1– 2.9
	C3	3.4– 3.2
limit	A4	3.8 – 3.5
	B4	4.1 – 3.9
	C4	4.4– 4.2
weak	A5	4.7-4.5
	B5	4.9-4.8
	C5	5-5

Source : *prepared by the researcher based on the instructions of the Central Bank to use the Camels Standard (2010).*

From the table above, it can be observed that the A1 rating indicates the highest level of excellence, B1 indicates average excellence, and C1 represents the lowest level of excellence, closer to a very good rating (2). Similarly, for the A2 rating, it represents the highest level of very good and is closer to excellence (C1), while the B2 rating indicates a very good and average performance, and the C2 rating represents a very weak and closer to a good rating (A3). The same applies to the remaining ratings. This dual classification method has been adopted by the Central Bank of Iraq because many banks fall within the same category (from 1 to 5), but there is variation in the performance of these banks within the same category. Therefore, this dual classification was adopted to provide a more accurate rating.

Furthermore, in this part of the research, we attempt to apply the CAMELS criteria in evaluating Ashur International Bank during the period 2015-2020, based on indicators for each element of CAMELS :

1. Capital adequacy index

Ashur International Bank manages its capital structure and makes necessary adjustments in light of changes in the conditions and the banking environment. This is done on a consistent basis to cover the risks associated with financial and banking activities. Capital management includes assessing the adequacy of capital based on the ratios set by the Central Bank of Iraq, which are derived from international institutions, particularly the Basel Committee. The Basel agreements, Basel I in 1988 and Basel II in 1999, set the minimum capital adequacy requirement at 8%. However, the Central Bank of Iraq, in Article 16 of the Iraqi Banking Law No. 94 of 2004, stipulated that banks must maintain a capital adequacy ratio of no less than 12%.

The primary purpose of capital management for the bank is to ensure compliance with regulations and instructions, thereby protecting the interests of shareholders and depositors, while supporting the bank's financial operations. Table (3) demonstrates that the capital adequacy ratio has fluctuated during the study period, sometimes increasing and other times decreasing. This fluctuation depends on the bank's ability to effectively utilize its resources, avoiding freezing or restrictions on providing banking facilities, and avoiding the detrimental bureaucracy that may lead to client dissatisfaction.

Table (3) The development of the capital adequacy index, Ashur Bank, for the period 2015-2020

Years	capital adequacy ratio
2015	%118.00
2016	%52.00
2017	%105.00
2018	%267
2019	%262
2020	%222

Source : *Bank table.*

The capital adequacy ratio (using the Cook ratio) witnessed a decrease in 2016 to 52% compared to its level in 2015, which was around 118%. This decline can be attributed to the increase in the bank's credit activity and its ability to utilize its resources optimally, which helps achieve the overall development goal as well as the bank's objectives, primarily maximizing revenues. It is worth noting that the ratio significantly increased after 2016, reaching 267% in 2018. This can be attributed to the weakened operational capacity and decreased efficiency of investment in the available financial resources of the bank. Although the ratio decreased in the following two years, it remained at a high level, reaching 222% in 2020. This high ratio indicates the bank's weak financial performance. Overall, these ratios exceed the requirements of international standards, including the Basel Committee and the Central Bank's instructions.

2. Asset quality index

This indicator is considered important in assessing the ability to collect non-performing loans and, therefore, the possibility of benefiting from them and maximizing revenue. The non-performing credit ratio to total credit reflects this indicator. It is evident that the ratio of non-performing credit to total credit is significantly high in Ashur Bank, indicating a significant weakness in credit granting, credit terms, and the guarantees used. Furthermore, from Table 4, there is an increase in the value of the asset quality index from around 81.39% in 2015 to approximately 96.8%, indicating that the bank does not have a clear strategy for recovering non-performing loans. This leads to an increase in the volume of non-performing credit to total credit provided by the bank, which negatively affects its classification according to CAMELS indicators.

Table (4) The evolution of the asset quality index in the Ashur Bank for the period 2015-2020

Years	Asset quality
2015	%82.39
2016	%94.78
2017	%97.01
2018	%95.4
2019	93.7
2020	%96.8

3. Profitability Indicator

From Table 5, it is evident that the profitability ratio of Ashur International Bank, as measured by net income to average assets, has experienced a noticeable decline during the study period. This can be attributed to the general economic conditions prevailing during this period and their negative impact on the overall economic sectors, including the financial sector. The ratio decreased from approximately 4.6% in 2015 to around 3.2% in 2020. This decline is primarily due to the national economy being affected by the COVID-19 pandemic and the resulting economic contraction witnessed in Iraq. Additionally, the bank incurred higher costs as a result of its banking operations and its commitment to regulatory instructions and regulations, as it acquired systems and programs to comply with the regulations imposed by the Central Bank of Iraq. Moreover, the decrease in the number of working days during the year had a negative impact on the bank's ability to attract and retain customers and, consequently, its ability to generate higher revenues.

Table (5) The evolution of the profitability index in the Ashur Bank for the period 2015-2020

Years	profitability ratio
2015	%4.60
2016	%3.79
2017	%3.47
2018	4.8
2019	2.1
2020	3.2

4 - liquidity index

The Central Bank of Iraq has set instructions specifying that the allowed liquidity ratio should not be less than 30%. This is intended to enable the bank to meet sudden withdrawals that may occur from customers. From Table 6, it is evident that Ashur Bank achieved a high liquidity ratio that exceeded the limit set by the Central Bank of Iraq by three times. The ratio increased from approximately 83.10% in 2015 to around 90.3% in 2020, indicating the bank's ability to meet sudden withdrawals. This is a positive indicator, but at the same time, it indicates the bank's weakness in utilizing available resources and maximizing potential revenues, which is a negative aspect.

Table (6) The evolution of the liquidity index in the Ashur Bank for the period 2015-2020

Years	liquidity index
2015	%83.10
2016	%87.00
2017	%88.30
2018	%84.4
2019	86.7
2020	%90.3

5 - Management efficiency

The evaluation of management efficiency is based on various criteria that are directly related to profitability, liquidity, the ability to withstand market risks, and the quality of investments. Management efficiency also depends on the proper and secure management of the bank, compliance with regulations and laws, responsiveness to regulatory authorities and auditors' recommendations, the effectiveness of internal control, and the ability to respond to risks arising from changing business conditions and keeping up with developments.

Ashur International Bank has strengthened its Anti-Money Laundering and Terrorism Financing Department, as well as its Risk Management Department, with highly competent professional staff in order to enhance effective control over banking operations. The bank has also focused on training and developing its banking staff by providing comprehensive information about banking through in-house and external training courses, including courses held outside of Iraq. Additionally, job rotation has been implemented to accumulate experience and enhance professional competence.

The bank has taken necessary measures to combat money laundering and terrorism financing by complying with the regulations and directives of the Central Bank of Iraq and the Anti-Money Laundering and Terrorism Financing Law No. 39 of 2015. Regarding the internal control department, it has been reinforced with a specialized and experienced management, and the department's reports cover the bank's activities comprehensively, except for the credit department, which has not been adequately covered. There is a weakness in monitoring the implementation of internal control department's observations, and therefore, management should pay attention to this aspect.

Ashur International Bank has worked on modifying the organizational structure related to compliance and risk departments, directly linking them to the Board of Directors to achieve independence and increase supervisory effectiveness. As for human resources, the bank continues to train and develop its employees and enhance their skills to enable them to perform their duties efficiently and effectively.

The final evaluation of Ashur International Bank according to the Capital Adequacy Index, as shown in Table 7, indicates that it achieved a rating of (C2) with a weighting factor of (2.2). The Preferred Rating according to the Asset Quality Index is (B2) with a weighting factor of (2.01). The Management Efficiency Index recorded a rating of (A2) with a weighting factor of (1.7). The Profitability Index achieved a rating of (B2) with an impact factor of (2.1), and finally, the Liquidity Index achieved a weighting factor of (2.4), resulting in a (C2) classification. The overall rating of Ashur International Bank according to the Capital Adequacy Index is (B2) with a score of (2.062).

Table (7) The final classification of the Ashur International Bank

CAMELS Elements	Weighted Weight (1)	Classification (2)	Weighted Rating (1*2)
capital adequacy	%20	2.2	0.44
Asset quality	%20	2.01	0.402
Management efficiency	%25	1.7	0.425
profitability	%15	2.1	0.315
Liquidity	20%	2.4	0.48
final rating	%100		2.062

FOURTH TOPIC: CONCLUSIONS AND RECOMMENDATIONS

First : Conclusions

1. The CAMELS system helps in the performance evaluation process, creating confidence in the banking system among stakeholders such as depositors and investors, which in turn enhances the sector and positively impacts the economy due to its vital role in the economic process.

2. The application of the CAMELS evaluation system is of great importance as it supports the process of supervision and inspection and achieves the goals of customers and shareholders. It highlights the positive and negative aspects of banking operations, leading to increased efficiency and the identification and resolution of deficiencies.

3. The bank can benefit from the performance evaluation report prepared in this study according to the CAMELS system to achieve its future goals.

4. The Capital Adequacy rating of Ashur International Bank is classified as second category (C2) in the Capital Adequacy criterion, indicating a level and ratio of capital that complies with all regulatory requirements. The management is capable of analyzing risks associated with activities and determining appropriate capital levels to hedge against risks. However, there is a weakness in the level of investments. According to the Asset Quality Index, the bank achieved a rating of (B2), and the Management Efficiency Index achieved a rating of (A2). The Profitability Index achieved a rating of (B2), and finally, the Liquidity Index achieved a weighting factor of (2.4), resulting in a classification of (C2). There are some weaknesses that the management can address without the need for regulatory supervision.

5. According to the consolidated CAMELS criteria, Ashur International Bank is classified in the second category, with a rating of (B2) and a score of (2.062).

Second : Recommendations

1. The need to urge banks to utilize liquidity and employ deposits in new projects and provide investment loans in order to increase profitability, particularly supporting the national economy in general.

2. The importance for regulatory institutions to publicly disclose the evaluation results of banks along with financial statements to enhance transparency and disclosure, considering that the banking sector is more exposed to risks in the evolving financial environment.

3. The Central Bank of Iraq should reconsider the CAMELS system indicators to align with the nature and characteristics of the local banking environment. Additional indicators, especially customer satisfaction, could be incorporated to enhance the evaluation framework.

4. Banks should conduct regular performance assessments to evaluate their support in the supervisory process and provide comprehensive information that assists management in identifying and addressing strengths and weaknesses.

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