

The Role of Commercial and Islamic Banks in Promoting Comprehensive Investment in Light of Banking Performance: Iraq Case Study¹

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DOI:10.37648/ijrssh.v13i03.029

Received: 30 May 2023; Accepted: 17 August 2023; Published: 21 August 2023

ABSTRACT

The banking sector is one of the leading sectors in many economies and an important driver of development. It plays a vital role in mobilizing domestic and foreign savings and contributes to financing investments that represent the backbone of economic activity. This research aims to .Studying the role of Iraqi banks (commercial and Islamic) in promoting comprehensive investment, and their impact on banking performance in Iraq. Keywords: Islamic banks, commercial banks, financial investment. The researcher used the inductive approach in presenting the research problem and discussing the theoretical side, and used the case study approach and the statistical method in analyzing the primary data obtained by the researcher through a questionnaire designed for this purpose, using the spss statistical program, and the researcher concluded with several results, the most important of which The application of the comprehensive investment functions that the study dealt with in the Iraqi banks included in the study was moderate, as all banks tended towards benefiting from the advantages of comprehensive investment and their impact on the final results of the bank's business. The study showed that the most widely applied comprehensive investment functions in the surveyed banks were providing innovative financing activities, and one of the most frequent of these activities was electronic cards. At the level of applying comprehensive investment functions, the estimate was significant. The researcher recommended the need to develop a strategic plan for comprehensive investment applications and their multiple functions in Iraqi banks that include following up and employing the developments of this concept and benefiting from its multiple benefits. As well as setting up a mechanism to ensure continuous evaluation of the extent of harmony and compatibility between the functions of comprehensive investment and emerging ideas that would enhance banking performance and between the performance of Iraqi banks and their work that would affect the competitive advantage of the bank.

Keywords : *Islamic banks; commercial banks; financial investment.*

INTRODUCTION

The banking sector is considered a leading sector in many economies and an important driver of development. It plays a crucial role in mobilizing domestic and foreign savings and contributes to financing investments, which represent the backbone of economic activity. Moreover, it actively meets the requirements of society and facilitates transactions between individuals and institutions within the community. Commercial banks have proven their role in financial intermediation, while Islamic banks have emerged and gained extensive experience through practical experiences in the field of banking in Islamic countries over the past three decades. Islamic banks offer distinct investment and financing methods that set them apart from commercial banks. These banks have witnessed widespread growth, with a presence in over 60 Islamic and non-Islamic countries. As of 2013, the number of Islamic institutions and banks worldwide exceeded 700. Most studies that evaluate the performance of Islamic banks compared to commercial banks aim to assess their performance and determine their competitiveness. While both commercial and Islamic banks serve as financial intermediaries, commercial banks operate based on interest-based systems, whereas Islamic banks operate according to rules and principles that comply with Islamic Sharia.

¹ *How to cite the article:* Bueawi A.F. (August, 2023) The Role of Commercial and Islamic Banks in Promoting Comprehensive Investment in Light of Banking Performance: Iraq Case Study; *International Journal of Research in Social Sciences and Humanities*, Vol 13, Issue 3, 307-322, DOI: <http://doi.org/10.37648/ijrssh.v13i03.029>

Importance of research : The importance of this research lies in evaluating the performance of both Islamic and commercial banks and highlighting the extent of their differences and their role in correcting imbalances in economic sectors by promoting financial investment.

Research problem: The research problem lies in the fact that Islamic and commercial banks face unified challenges, as they both engage in financial and banking functions and activities. However, they differ in the nature and foundations of their operations. Each of them strives to improve its performance to be able to compete, as their financial performance varies depending on their operating mechanisms, nature, and foundations.

Research objectives : This research aims to. Studying the role of Iraqi banks (commercial and Islamic) in promoting comprehensive investment, and their impact on banking performance in Iraq.

CONCEPTUAL FRAMEWORK

The nature of commercial and Islamic banks and their historical development : Islamic banks are banking institutions that differ from commercial banks in that they do not deal with interest and comply with the provisions of Islamic law. They employ deposits received from individuals and companies on the basis of profit and loss sharing, and seek to achieve justice and distribution in society. They use resources collected in accordance with Islamic law to invest in economic and social activities. This requires the presence of an organized institutional framework, whether a bank or a financing institution, and a focus on the economic and social dimensions of the development process. Important indicators used to measure and evaluate the performance of Islamic and commercial banks include profitability, cash liquidity, activity, and business. At present, Islamic banks are more committed to Islamic legislation due to the establishment of legal and regulatory bodies that review their operations and ensure their compliance with Islamic law. It should be noted that Islamic banks have also begun to practice social responsibility, where Zakat (charity) is taken out of their profits and loans are granted to individuals and small projects. Profit is achieved in Islamic banks through investment formulas and methods that are characterized by renewal and are in line with the needs of society (Drid, 2019 : 29).

The first bank was established in 1157 AD in the city of Venice, and later the Deposits Bank was founded in Barcelona in 1411 AD. The commercial bank is known as an institution that accepts deposits from individuals and companies over time, and then uses these deposits to grant loans and earn profits through lending interest. The commercial bank is also considered a financial institution that collects money from individuals in the form of current deposits and loans with specified interest rates, and then lends it to those who need it at higher interest rates, with the bank making a profit from the difference in interest. In addition, the bank provides banking services related to the processes of borrowing and lending. The bank is also a financial facility that aims to collect savings and invest them or borrow money at a specific interest rate and invest it at a higher interest rate than the borrowing rate. Additionally, the bank offers several services related to capital utilization (Shawqi, 2013 : 57).

Principles and core resources of commercial banks

The functions of commercial banks are based on several principles, including treating money as a tradable commodity and collecting deposits and savings based on debt. Their main function is to utilize available resources by granting loans and credit facilities, and providing banking services to individuals and organizations in need of financing, excluding cash and interest needs. The primary income of commercial banks comes from the difference between lending and borrowing interest rates, and banks obtain funds from various sources with different maturities from depositors. Banks also manage the maturity transformation of deposits and invest them in short, medium, and long-term loans for borrowers (Jalal, 2013 : 12).

As for the resources and uses of commercial banks, they can be divided into two main categories :

- **Internal sources :** The bank's capital consists of contributions from founders and the issuance of new shares. It includes mandatory reserves, which encompass legal reserves formed at a certain percentage of net profits, and statutory reserves defined by the bank's bylaws at a certain percentage of the capital. The bank can also form optional general reserves to strengthen its capital, as well as other reserves to deal with lending-related risks and emergencies. The bank may also retain a portion of undistributed profits for investment in expanding and supporting its activities during periods of declining profits.

- **External sources :** The sources of resources for commercial banks include the amounts received by the bank from individuals and external entities. These sources include deposits and loans obtained by the bank from external parties. Deposits are classified into several types, with demand deposits being the most common, as they can be withdrawn

upon request. Fixed deposits are divided into time deposits and notice deposits, which require prior notice. Savings deposits are characterized by their small size and numerous accounts, as they serve as a means to accumulate savings. Additionally, obtaining bank loans from other banks, whether domestic or foreign, is one of the important primary sources for commercial banks.

Concept and Evolution of Islamic Banks

Islamic banks are financial institutions that operate in accordance with Islamic law (Shariah). They engage in financial, banking, commercial, and investment activities without relying on interest (riba), whether in lending or borrowing. The aim of Islamic banks is to uphold Islamic values and achieve financial justice by organizing their banking activities in accordance with the principles of Islamic law. These institutions are characterized by their ability to attract financial resources from individuals and companies and deploy them in ways that are compatible with Islamic law, with the goal of achieving economic growth and development.

Islamic banks adhere to the principles of Shariah and work to implement the rules and regulations derived from Islamic law in their banking operations. Among these principles is the prohibition of interest (riba), and a focus on achieving financial justice and directing investments in a manner that promotes economic development.

The concept of an Islamic bank revolves around it being an Islamic financial institution that provides various banking services. It operates in accordance with the principles and regulations of Islamic law (Shariah) in the fields of finance, investment, and different forms of short-term and long-term investments. Islamic banks focus on both the economic and social aspects of development by mobilizing resources and savings. To ensure the proper functioning of these activities, there is a need for an institutional framework, whether in the form of Islamic banks or Islamic financial institutions (Adel, 2015 : 13).

The first Islamic bank was established in Pakistan in 1949, marking the initial stage of implementing Islamic banking. Cooperative credit societies were also established in 1951, which served as institutions that utilized deposits from high-income individuals to provide loans to the poor and those with limited incomes, without granting any interest or returns to depositors and without charging interest to borrowers.

The establishment of local savings banks took place in 1963 in the city of Mit Ghamr, Egypt, by Dr. Ahmad El Najjar. This experiment lasted for four years, followed by the establishment of Nasser Social Bank, which was the first bank to operate under a law that prohibited interest-based transactions. The focus of this bank's operations was primarily on social activities rather than banking activities. The emphasis was placed on establishing Islamic banks in accordance with the principles of Islamic law, based on the recommendations of the Conference of Foreign Ministers of Islamic Countries in Jeddah, Saudi Arabia, in 1973.

An Islamic Development Bank was formed for Islamic countries, and Dubai Islamic Bank became the first fully integrated Islamic bank operating in accordance with Islamic law in 1975. Since then, more Islamic banks have been established worldwide, with over 267 banks and a total business value of approximately \$250 billion.(Abdulhamid, 2015: 17)

Principles and fundamental resources of Islamic banks

The principles and foundations of Islamic banks, according to (Shihata, 2018: 33), can be summarized as follows :

- Islamic methodology: It requires adapting bank operations to comply with the principles and rules of Islamic law (Sharia).
- Money as a means of transaction and work for achieving development: Islamic banks work on designing and providing financial services with the aim of directing funds and providing financing to individuals and businesses in accordance with the principles of Islamic law.
- Investment as the core activity of Islamic banks: Islamic investment focuses on real investment, dealing with tangible assets and properties, rather than purely financial assets.
- Achieving social solidarity: Islamic banks seek to achieve social solidarity through Zakat funds, which are financed through multiple sources. These funds include the Zakat that is religiously imposed on the bank's capital, as well as Zakat from investment accounts that the bank is authorized to distribute. Additionally, the bank receives donations and grants from individuals and organizations.

As for the resources and uses of Islamic banks:

The resources of Islamic banks can be summarized as follows:

- **Internal sources** : These include capital, reserves in all their forms and types. Internal sources of Islamic banks are not different from those of commercial banks and also include undistributed profits.

- **External sources** : External sources of Islamic banks are similar in form to those of commercial banks, but they differ in their treatment based on the principles of Islamic law. These sources include deposits, where Islamic banks receive deposits in a manner that differs from commercial banks and utilize them in different ways. Charging interest is prohibited according to the principles of Islamic law. These sources include demand deposits or current accounts, which are not significantly different from commercial banks. The current account functions as a benevolent loan provided by the depositor to the bank until it is needed. External sources also include investment deposits or investment accounts, which differ from investment deposits in commercial banks. Investment deposits in Islamic banks are met with term deposits, where the bank invests these deposits and informs the depositor of this investment. Investment deposits in Islamic banks are considered a mudaraba contract between the bank and the depositor.

The Differences between Commercial and Islamic Banks : There are several differences between commercial and Islamic banks.

- In terms of concepts, principles, and nature of transactions

Commercial banks were originally established as individual initiatives to generate wealth and profit through money trading. Money was considered a commodity to be traded, and profit was derived from the difference in interest between debts and liabilities. On the other hand, Islamic banks emerged as an Islamic alternative to the interest-based banking system, aiming to apply economic principles within Islamic thought and being based on religious foundations. There are differences between Islamic and commercial banks in several areas.

- In terms of resources and utilization

There are no significant differences in the core items of internal resources in both types of banks, except for reserve sources and undistributed profits. The reserve source and profits in commercial banks are derived from interest, while Islamic banks rely on investment profits in transactions compliant with Sharia principles and fees for banking services. Differences are evident in the structure of deposits, where fixed deposits and savings deposits in commercial banks involve loans and obligations that are paid with their interest at a specific date or upon request. In contrast, Islamic banks have alternative forms of circulating financing deposits. Islamic banks are characterized by not committing to specific interest rates for depositors and by the absence of speculation between the bank and depositors. The difference lies in the item of balances at the central bank and the imposed ratio as a cash reserve on deposits. Researchers believe that this ratio should differ in Islamic banks compared to commercial banks. This is because the relationship between the depositor and the Islamic bank is not a borrowing and lending relationship as in commercial banks, but rather a partnership relationship between the Islamic bank and the depositor as a capital provider. Profits are distributed between them according to the agreed-upon ratio without any violation or diminishment by the bank. Therefore, the relationship is a mutual partnership and cooperation between the parties (Al-Masri, 1998: 44).

METHODOLOGY

Study population and sample

The study population consists of all Iraqi commercial and Islamic banks operating in Iraq, the total number of which is 67 banks (38 commercial banks and 29 Islamic banks). Ten banks were chosen randomly, and questionnaires were distributed to the senior management staff in these banks (randomly), 140 questionnaires were distributed, 136 questionnaires were retrieved (valid for analysis).

Study tool

The study tool is the statistical questionnaire that was designed to collect data that measure the study variables. This questionnaire was divided into three parts as follows:

- The first part: It includes a set of paragraphs about identifying data about the bank, such as the type of bank (commercial, Islamic), whether the bank is foreign or local.

The second part: includes a set of paragraphs with the aim of measuring the extent to which the bank applies the concept of {inclusive investment} by investigating the level of its performance of a set of functions stipulated in recent literature, namely: diversification in financing sources, diversification in the field of investment, diversification into non-banking fields, introduction Innovative financing activities.

- Part Three: It included a set of paragraphs with the aim of measuring the extent to which the dimensions of strategic financial performance are available at the bank, and previous literature in this field was used to determine these dimensions, namely: increasing the operating profit margin, continuity and sustainability of improvement, optimal use of assets, enhancing effectiveness and efficiency and its sustainability, change In debt policy and capital structure policy. Increasing and sustaining future free cash flow, balancing future return and risk, achieving and sustaining competitive advantage.

- The weights and paragraphs of the questionnaire were determined within the Likert scale for multiple choices, which calculates the weights of those paragraphs in a five-pointed manner as follows: the option (always applies) and represents (5) degrees, the option (mostly applies) and represents (4) degrees, and the option (sometimes applies) It represents (3) degrees, the option (rarely applies) represents (2) degrees, and the option (not applicable at all) represents (1) degrees.

Test validity and reliability of the questionnaire

An arbitral validity of the questionnaire (virtual validity) was conducted to ensure that the paragraphs of the questionnaire actually measure the variables of the study. In order to identify the extent of clarity and ease of the words used and the extent of their understanding of the paragraphs contained in this questionnaire, and then the necessary adjustments were made according to the opinions of the arbitrators and the results of the survey sample.

The Cronbach Alpha internal consistency coefficient was also used in order to ensure the consistency of the measurement tool, and the computer-processed results were as shown in Table (1), where the results indicate that the stability coefficient for all dimensions is not less than (0.60). And that the stability coefficient for all items of the questionnaire was (0.88), which means that the study tool is stable and valid for the purposes of statistical analysis and scientific research.

Table No. (1) Crumbach-alpha results for the study variables

No.	Variable	The number of paragraphs	alpha value
1	Diversification of funding sources	9	0.72
2	Diversification in the field of investment	5	0.8
3	Diversification by entering non-banking areas	8	0.62
4	Providing innovative financing activities	5	0.83
5	Increase operating profit margin	2	0.9
6	Continuity of improvement and its sustainability	3	0.89
7	Optimal use of assets	3	0.88

8	Enhancing and sustaining effectiveness and efficiency	2	0.75
9	Change in debt policy and capital structure policy (csp)	2	0.74
10	Increase and sustain future free cash flow	2	0.79
11	Balance between future return and risk	2	0.82
12	Achieving and sustaining competitive advantage	2	0.82
	The whole questionnaire	45	0.88

Study variables and procedural definitions

-The independent variable: applying the concept of comprehensive investment: This means that the bank performs the commercial functions of commercial banks such as accepting deposits and making loans in addition to the non-commercial functions that investment banks perform, such as trading in Islamic currencies, as well as trading in financial instruments and their derivatives and undertaking new issues of debt and equity. Carrying out diversified financial brokerage activities, managing investments, marketing industrial products, and carrying out insurance operations. This variable will be measured by the extent to which the bank provides a number of banking services at the level of a number of its branches that are characterized by diversity and inclusiveness, i.e. diversity in banking services and their comprehensiveness to all sectors and their extension to all regions of the Arab Kingdom of Iraq until the extent of the bank's adoption of the concept of comprehensive investment is judged as this variable was measured The extent to which the bank implements the following functions: diversification in financing sources, diversification in the field of investment, diversification by entering non-banking areas, providing innovative financing activities.

-The dependent variable: Enhancing the components of strategic financial performance: This variable consists of the following eight items, which are the basic dimensions of strategic financial performance: (Palepu, et. Al, 2000)

Increasing the operating profit margin: which is the profits achieved in excess of the normal level, and identifying the sources of improvement and development of the margin, which is the operating profit for a certain period divided by the revenues of that period. and its pricing strategy.

-Continuity and perpetuation of improvement: It is the act that is taken to change the organization's operations so that it meets the organization's work needs and achieves its work goals more effectively (Buglione and Alain, 2000). It is worth noting that the used performance measurement systems must be constructive tools, not punishment tools. and focused on process and product improvements. It has been proven as a result of many studies and researches that when examining successful establishments in the long term, it can be noted that these companies are working continuously

towards making improvements in many different sectors, including: cost reduction and raising the level of the company's value, that is, increasing the market value of its shares. (Sullivan and Needy, 2000).

- Optimal use of assets: In order to optimize the use of assets, managers try to reduce the levels of working capital required to support the assumed business mix and size, and they also strive to obtain the greatest use of their fixed asset base by directing new business towards the use of existing assets that are not fully utilized, using scarce resources effectively. More, with the exclusion of assets that provide insufficient returns according to their value, all of these actions enable the activity unit to increase the returns achieved on its financial and physical assets, and there are other measures for the use of assets that may focus on improving capital investment procedures to improve productivity from capital investment projects and accelerate the capital investment process. Therefore, the cash returns from these investments are realized early.

-Enhancing and sustaining effectiveness/efficiency: effectiveness is a measure of the level of value that can be generated from the available level of resources, and the evaluation of effectiveness is important related to how the organization meets its products and services with the needs of the selected customers and the competencies that stimulate that effectiveness.

-Change in the debt policy (capital structure policy): The optimal capital structure is that structure that maximizes the share price of the enterprise so that the debt ratio is less than that ratio that maximizes the expected revenue per share.

Increasing and sustaining future free cash flow: Free cash flow attributable to debt and ownership is equal to the net operating profit after tax, minus the increase in operating working capital minus the increase in net long-term assets. As for the free cash flow attributable to equity, it is net income minus it. The increase in operating working capital minus the increase in net long-term assets and plus the increase in net debt.

Balancing between future financial return and risk: risk is the possibility of undesirable results occurring or obtaining, but risk has other definitions within different contexts, but what we care about is the effects of risk on the evaluation of assets or securities, and in this context the risk is due to the probabilities that returns as well as values. For a particular asset or security, it may have alternative outcomes, and the probabilities of alternative outcomes are mainly related to relative frequencies.

-Achieving and sustaining a competitive advantage: The added value has been recognized as an important factor in maintaining the competitiveness of the enterprise by achieving harmony between internal operations and activities with business objectives. The fact represented by the emergence of new information technologies and the opening of global markets has changed many of the basic assumptions of the modern enterprise. As enterprises will no longer be able to gain a permanent competitive advantage only through the deployment of tangible assets, and therefore the information age environment requires both production and service organizations new capabilities for competitive success, and the ability of the enterprise to mobilize and invest its intangible assets has become decisive in generating and sustaining competitive advantage.

Statistical analysis

The following is a presentation of the results of the descriptive statistical analysis of the data collected by the questionnaire, which is the value of the arithmetic averages, standard deviations, and the level of appreciation for all the study variables, and the paragraphs for each variable. For evaluation purposes, the arithmetic mean values reached by the study will be dealt with to interpret the data as follows: 3.5 and above represents a high level, 2.5-3.49 represents a medium level, less than 2.5 represents a low level. The results of the analysis were as follows:

The concept of comprehensive investment in Iraqi banks in general:

Table No. (2) The arithmetic means and standard deviations of the respondents' estimate of the level of application of comprehensive investment functions

Paragraphs/Functions	SMA	standard deviation	appreciation level
Management of current accounts in commercial and Islamic currency	3.51	0.83	High
Internal and external bank transfers	3.7	0.81	High
Issuing traveler's checks.	3.38	0.68	Middle
Issuing savings certificates in commercial and Islamic currencies.	2.98	1.24	Middle
Granting credit facilities and financing foreign trade	2.86	0.88	Middle
Issuing negotiable certificates of deposit, which the holder can buy and sell in money markets without referring to the bank that issued them.	2.6	0.72	Middle
Long-term borrowing from outside the banking system in the form of issuing bonds in the capital markets, or by borrowing from insurance companies and financial institutions.	2.47	0.68	Low
The bank takes the form of banking holding companies to which it includes industrial, commercial, and financial companies in order to diversify financing sources and increase financial resources.	2.65	0.85	Middle
Providing securitization financing services	3.98	0.79	High
Diversification of funding sources	3.13	0,64	Middle
Diversifying a portfolio of securities that includes different maturity dates, and companies with diversified activities that have a weak degree of correlation, ensuring a low degree of risk.	3.33	0.72	Middle

Diversifying the loans granted from short, medium, and long-term loans, diversifying their maturity dates, and the companies to which they provide loans.	3.86	0.66	High
Entering new investment fields through attribution, which means buying the newly issued shares from the issuing company for the purpose of promoting and selling them to others while bearing the potential burdens as a result of the decrease in the price during the period of possession of them and before the completion of their marketing, and in return the bank gets all commissions and other expenses when paying the value The share of the exporting companies	3.4	0.69	Middle
Entering new investment fields through marketing, which includes the bank marketing securities for the benefit of the issuing company, using its capabilities of experts, specialized units and extensive contacts with other financial intermediaries.	3.22	0.7	Middle
Entering new investment fields by providing consultations on corporate securities issuances in terms of their returns and risks in light of the reality and circumstances of the companies that issued these securities.	3.44	0.82	Middle
Diversification in the field of investment	3.45	0.62	Middle
Carrying out financial leasing activity, by participating in the establishment of financial leasing companies	3.88	0.76	High
Trading currency in the present market to complete international commercial deals for the benefit of institutions, with the aim of achieving returns	3.66	0.68	Middle
Issuing securities, such as shares and bonds, on behalf of other business establishments, in return for a commission.	3.3	0.7	Middle

Supporting the financial activity of clients, by providing financial investments and businesses that will facilitate clients' business of investing their money in the market and maintaining their financial balance.	3.1	1.12	Middle
Create investment funds.	3.48	1.08	Middle
Establishment of venture capital companies	2.45	1.09	Middle
Carrying out debt deductions	2.6	1.2	Middle
Revitalization of the capital market and the field of privatization	3.51	0.88	High
Diversification by entering non-banking areas	3.25	0.69	Middle
Retail banking, which includes many financing services that are witnessing significant expansion in many banks	2.77	0.55	Middle
Electronic cards, which allow immediate payment as an accepted method of payment.	5	0	High
Providing personal loans such as consumer loans that serve many categories of individuals working in the public or private sectors for consumption purposes such as buying cars or furniture..., in exchange for easy and simple terms.	4.55	0.72	High
Mortgage financing.	4.66	0.75	High
Insurance activity through an organizational form of a sister company that is included in a holding company	3.41	0.66	Middle
Providing innovative financing activities	4.08	0.79	High
All-inclusive investment functions	3.48	0.61	Middle

Table No. (2) shows the arithmetic mean, standard deviation, and level of appreciation of the sample's estimate of the extent to which comprehensive investment functions are applied in their banks. (3.48), most of the respondents' answers about the paragraphs related to these jobs were within approval, as it was found that the most jobs are to provide innovative financing activities with an arithmetic mean of (4.08), while the diversification function in funding sources was the least applied of these jobs, as the arithmetic mean of the estimation of individuals Sample (3.13). This means that Iraqi banks adopt the concept of comprehensive investment within the acceptable level, and that they perform new and contemporary functions that keep pace with global banking developments to some extent.

Comparison between Islamic banks and commercial banks in applying the concept of comprehensive investment:

Table No. (3) Arithmetic means and standard deviations for the application of comprehensive investment functions in both Islamic and commercial banks

Jobs	Islamic banks			commercial banks		
	SMA	standard deviation	appreciation level	SMA	standard deviation	appreciation level
Diversification of funding sources	3.6	0.55	High	2.7	0.77	Middle
Diversification in the field of investment	3.8	0.52	High	3.1	0.69	Middle
Diversification by entering non-banking areas	3.4	0.6	Middle	3.1	0.64	Middle
Providing innovative financing activities	4.16	0.62	High	4.01	0.63	High
Application of the concept of comprehensive investment as a whole	3.74	0.51	High	3.22	0.59	Middle

It is clear from the results presented in Table No. (7) that the arithmetic mean for the application of comprehensive investment functions in Islamic banks is higher than in commercial banks, as the arithmetic mean in each of them, respectively, was (3.74) (3.22), and the most applied functions in both are (Providing innovative financing activities), while the least applied functions in Islamic banks were (diversification by entering non-banking areas), while the least applied functions in commercial banks were (diversification in funding sources). This means that Islamic banks adopt the concept of comprehensive investment more than commercial banks.

Comparison between commercial banks and Islamic banks in the application of the concept of comprehensive investment:

Table No. (4) Arithmetic means and standard deviations for the application of comprehensive investment functions in each of the commercial and Islamic banks

Jobs	commercial banks			Islamic banks		
	SMA	standard deviation	appreciation level	SMA	standard deviation	appreciation level
Diversification of funding sources	3.15	0.58	Middle	3.11	0.69	Middle
Diversification in the field of investment	3.57	0.6	High	3.33	0.68	Middle
Diversification by entering non-banking areas	3.3	0.57	Middle	3.2	0.61	Middle
Providing innovative financing activities	4.13	0.68	High	4.03	0.59	High
Application of the concept of comprehensive investment as a whole	3.54	0.64	High	3.42	0.67	Middle

It is clear from the results presented in Table No. (4) that the arithmetic mean for the application of comprehensive investment functions in commercial banks is higher than in Islamic banks, as the arithmetic mean in each of them, respectively, was (3.54) (3.42), and the most applied functions in both are (Providing innovative financing activities), while the least applied functions in both were (diversification in funding sources). This means that commercial banks adopt the concept of comprehensive investment more than Islamic banks.

Respondents' estimates of the dimensions of strategic financial performance in Iraqi banks:

Table No. (5) The arithmetic means and standard deviations of the respondents' estimate of the strategic financial performance dimensions

Paragraphs/Dimensions	SMA	standard deviation	appreciation level
The available resources and capabilities are exploited with mechanisms that enable profits above the usual level.	3.13	0.9	Middle
Tools are used that enable the identification of factors to improve the operating profit margin and then develop it.	3.26	0.89	Middle
After increasing the operating profit margin	3.2	0.67	Middle
The bank's operations are designed so that sufficient flexibility is exercised to achieve the desired objectives.	3.35	0.75	Middle
The permanent improvement processes carried out by the bank include work mechanisms and the banking product.	3.47	0.66	Middle
Comprehensive improvement processes aim to achieve real cost reduction and increase value creation.	3.8	0.77	High
After the continuity of improvement and its sustainability	3.54	0.68	High
Public capital reductions are aimed at improving the mechanisms of using assets	3.33	0.83	Middle
New businesses are created to use scarce resources more effectively to exploit existing assets to their full capacity.	3.56	0.88	High
Work is being done to improve capital investment procedures to raise production capacity and accelerate investment operations.	3.22	0,70	Middle
after optimal use of assets	3.37	0.79	Middle
Effective measures are taken to achieve the highest level of value generated from the available level of resources.	3.5	0.92	High
The higher level of various needs of customers are met by producing suitable products	3.4	1.05	Middle
After enhancing effectiveness/efficiency and sustaining it	3.45	0.77	Middle
Deliberate and continuous changes are made in the debt policy to reach the lowest cost of debt paid	3.66	0.81	High
A balance is achieved between the two sides of all capital to achieve the highest added value in the share price.	3.32	0.89	Middle
After the dust in the politics of the city, like the capital	3.49	0.76	Middle
Takes actions to increase and sustain future free cash flow by increasing net operating profit.	3.45	0.88	Middle
Effective mechanisms are used to increase and sustain future free cash flow by increasing net income.	3.53	0.85	High
After increasing and sustaining future free cash flow	3.49	0.82	Middle
Strenuous efforts are made to achieve a balance between the desired future financial return and the potential for undesirable results.	3.51	1.02	High
Work is well done to reach accurate knowledge of the effects of risk on the asset evaluation mechanism.	3.47	0.85	Middle
After balancing between future return and risk	3.49	0.82	Middle
There is a full awareness of the importance of achieving added value as a basic factor for maintaining an effective competitive ability.	3.43	0.81	Middle
It takes effective measures to achieve harmony between internal operations and general goals as a means to achieve and sustain competitive advantage.	3.25	0.78	Middle
After achieving and sustaining competitive advantage	3.34	0.77	Middle

Strategic financial performance in banks as a whole	3.42	0.71	Middle
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It is clear from the results presented in Table No. (5) that the arithmetic mean of the individuals' estimate of the level of strategic financial performance in the Iraqi banks surveyed was average, as the arithmetic mean of the sample's estimate was (3.42), as most of the respondents' answers about the paragraphs related to the dimensions of this variable were within approval. It was also found that the most estimated dimension is the "continuity and perpetuation of improvement" dimension, with an arithmetic mean of (3.54), while the dimension of increasing the operating profit margin was the least estimated of these dimensions, as the arithmetic mean of the sample's estimate of this dimension was (3.20). This means that the strategic financial performance of Iraqi banks is within the acceptable level from the point of view of the branch managers who were included in the study.

Hypothesis testing

The first main hypothesis: There is no significant difference between the average estimate of branch managers in Iraqi banks operating in Iraq for the extent to which the concept of comprehensive investment is applied in the banks in which they work, and the hypothetical average (3). To test this hypothesis, we will use the results contained in Table No. (2), which indicated that the general average of the sample's estimate of the extent to which the comprehensive investment concept was applied in Iraqi banks was average (in terms of the arithmetic mean). The sample for the level of application of the comprehensive investment concept is larger than the hypothetical level (3). In order to test the significance of the difference between the real average of the variable of applying the comprehensive investment concept and the hypothetical average (3), the (T) test will be used for one sample, and Table No. (7) shows the results:

Table No. (6) Arithmetic means, standard deviations, and results of the One Sample T Test for the internal risk variable

NO	variable	standard deviation	SMA	value T	significance level	degrees of freedom	the decision
1	Diversification of funding sources	3.15	0.58	20.604-	0	67	to reject
2	Diversification in the field of investment	3.57	0.6	18.688-	0	67	to reject
3	Diversification by entering non-banking areas	3.3	0.57	9.422-	0	67	to reject
4	Providing innovative financing activities	4.13	0.68	9.48-	0	67	to reject
5	Applying the concept of comprehensive investment	3.54	0.64	25.443-	0	67	to reject

We note from the results presented in Table No. (6) that there is a significant difference between the true average of the variable of applying the concept of comprehensive investment and its constituent dimensions and the hypothetical average (3), as the value of the significance level is less than (0.05) for all dimensions and for the variable as a whole, and therefore the hypothesis is rejected and the hypothesis accepted The alternative, which considers the existence of a significant difference between the hypothetical average (3) and the real averages for estimating the dimensions that make up the variable, and this means the significance of the individuals' appreciation for each of the comprehensive investment functions and the overall application of the comprehensive investment concept.

The second main hypothesis: There is no statistically significant effect at the level ($\alpha \leq 0.05$) of the bank's application of the concept of comprehensive investment in enhancing the strategic financial performance components available from the point of view of the bank's branch managers. To test this hypothesis, we will use multiple regression analysis, and the results are as follows:

Table No. (7) Multiple regression of the effect of independent variables on the level of strategic financial performance of Iraqi banks

independent variables	B	T	Sig
Diversification of funding sources	0.113	2.738	000.*
Diversification in the field of investment	0.181	3.854	000.*
Diversification by entering non-banking areas	0.258	6.045	000.*
Providing innovative financing activities	0.115	3.045	003.*
Adj R² =0.419 R² = 0.428 F= 49.695 Sig = 0.000			

***Statistically significant at the level of $\alpha \leq 0.05$**

- The explanatory power of the model: the value of the interpretation coefficient (R^2) was (0.428), and the adjusted interpretation coefficient (Adjust R2) was (0.419), and this means that the independent variables together are responsible for (42.8%) of the change in the dependent variable (the level of strategic financial performance) and the rest is due to other factors including random error.
- The overall significance of the model: The results presented in Table No. (11) indicated that the independent factors in the model significantly affect the level of strategic financial performance, as the P-Value of the statistical (F) was (0.000), which indicates the existence of a statistically significant effect of the variables The independent variable (as a whole) in the dependent variable and that the model is valid for testing, which means that at least one of the regression coefficients differs from zero.
- The partial significance of the model: To identify the significant regression coefficients, we will use the P-Value of the statistic (T), where the data in the table above indicate that the model variables (diversification in funding sources, diversification in the field of investment, diversification into non-banking fields, offering activities Innovative financing) significantly affects the dependent variable (the level of strategic financial performance) based on the value of (T) and its level of significance, which was less than the approved significant level (0.05), and the degree of their influence, respectively, was (0.113, 0.181, 0.258, 0.115).

- Decision: Based on the above, the null hypothesis of the model is rejected and the alternative hypothesis is accepted, which assumes that the model is moral, i.e. there is a significant effect of the independent variables in the model (diversification in funding sources, diversification in the field of investment, diversification into non-banking areas, provision of innovative financing activities) in The dependent variable is the level of strategic financial performance in Iraqi banks.

The third main hypothesis: There are no statistically significant differences at the level ($\alpha \leq 0.05$) in the estimates of the respondents for the level of application of the comprehensive investment concept in Iraqi banks operating in Iraq due to the following intermediate variables: type of bank (commercial or Islamic), bank association (local, foreign). Table No. (12) shows the results of the multiple variance analysis of the perception of Iraqi bank branch managers towards the application of the comprehensive investment concept according to the variables (type of bank, bank association).

Table No. (8) Results of multiple variance analysis of the perception of Iraqi bank branch managers towards the application of the comprehensive investment concept according to the variables (type of bank, bank association)

Variable	Hotellings Trace value	The corresponding (q) value	significance level
Bank type	0.061	5.739	0
Bank link	0.013	1.598	0.658

* $\alpha \leq 0.05$

To answer this hypothesis, multiple analysis of variance (MANOVA) was used, considering that the functions of comprehensive investment from the point of view of the respondents (diversification in funding sources, diversification in the field of investment, diversification into non-banking areas, provision of innovative financing

activities) dependent variables and organizational variables (type The bank, the bank's correlation) are independent variables. The following is a presentation of these results:

First: the differences in the perception of branch managers in Iraqi banks towards the application of comprehensive investment functions according to the variable "type of bank" when conducting a multivariable analysis of variance for the differences between the type of bank (commercial, Islamic) on (diversification in funding sources, diversification in the field of investment, diversification Entering non-banking areas, providing innovative financing activities) Combined, the value of the hotellings statistic was (0.061), and the corresponding (q) value was (5.739), which is statistically significant at the level of ($\alpha = 0.05$). This indicates that there are differences in the perception of Branch managers in Iraqi banks towards the application of comprehensive investment functions according to the "type of bank" variable. Which requires rejecting the hypothesis regarding this variable.

A Univariate F-test was also conducted for the differences between the surveyed banks according to the type of bank in each of (diversification in financing sources, diversification in the field of investment, diversification by entering non-banking areas, providing innovative financing activities) each separately and the table No. (13) shows the results of these tests, which indicated the existence of statistically significant differences between Islamic banks and commercial banks in the application of comprehensive investment functions, with the exception of the function of providing innovative financing activities, where the estimate was not significant.

Table (9) Results of one-way variance analysis of branch managers' perception of Iraqi banks towards the application of comprehensive investment functions according to the "type of bank" variable

dependent variable	sum of squares	degrees of freedom	mean of squares	f value	significance level
Diversification of funding sources	4.746	1	4.746	*5.152	0.011
Diversification in the field of investment	9.917	1	9.917	*8.123	0
Diversification by entering non-banking areas	11.722	1	11.722	*13.344	0
Providing innovative financing activities	3.469	1	3.469	5.597	0.132

Second: Differences in the perception of branch managers in Iraqi banks towards the application of comprehensive investment functions according to the variable "bank correlation": When conducting a multiple variance analysis of differences between Islamic banks and commercial banks on the application of comprehensive investment functions (diversification in financing sources, diversification in the field of investment, diversification Entering non-banking areas, providing innovative financing activities) Combined, the value of the Hotellings statistic was (0.013), and the corresponding (q) value was (1.598), which is not statistically significant at the level of ($\alpha = 0.05$). This indicates that there are no differences in the perception of branch managers in Iraqi banks towards the application of comprehensive investment functions, according to the "bank association" variable. Which requires accepting the hypothesis regarding this variable.

FINDINGS AND RECOMMENDATIONS:

Results:

1- The study showed that the level of application of the comprehensive investment functions that the study dealt with in the Iraqi banks included in the study was medium, as all banks tended towards benefiting from the advantages of comprehensive investment and their impact on the final results of the bank's business.

2- The study showed that the most applied comprehensive investment functions in the surveyed banks were providing innovative financing activities, and one of the most frequent of these activities was (electronic cards, which allow for immediate payment as an acceptable payment method.), and this reflects the banks' endeavor to provide distinguished services that help in winning new customers and achieving the bank's competitive distinction. It also helps in achieving the bank's strategic goals, primarily survival and growth.

3- The study showed that Islamic banks outperformed commercial banks in achieving the concept of inclusive investment, as they outperformed them from the point of view of the respondents in the level of applying comprehensive investment functions, and the estimate was significant.

4- The study showed that commercial banks outperformed Islamic banks in achieving the concept of comprehensive investment, as they outperformed them from the point of view of the respondents in the level of application of

comprehensive investment functions. However, this difference between commercial banks and Islamic banks is not statistically significant.

5- The study showed that the surveyed banks enjoy a medium level of strategic financial performance from the point of view of the sample, and it was also found that the most appreciated dimension is the dimension of "continuity and sustainability of improvement", and this means that the administrations of Iraqi banks realize that their success in the competition market, and their ability to survive and persevere and continue in the market, requires them to work diligently and seriously; to enhance strategic financial performance, which gives them the ability to achieve visions. Its own strategy represented in reaching a financially strong banking sector. Technically, it works efficiently, effectively and with high competitiveness.

6- The study concluded that there is a significant effect of the level of application of comprehensive investment functions in the dimensions of the strategic financial performance of the surveyed banks. Comprehensive and enhance its benefits to enhance the indicators of strategic financial performance.

Recommendations:

Based on the foregoing, the study makes the following recommendations:

- 1- Developing a strategic plan for comprehensive investment applications and their various functions in Iraqi banks, including following up and employing the developments of this concept and benefiting from its multiple benefits.
- 2- Developing a mechanism to ensure continuous evaluation of the extent of harmony and compatibility between the functions of comprehensive investment and new ideas that would enhance banking performance and between the performance of Iraqi banks and their work that would affect the competitive advantage of the bank.
- 3- Enhancing the factors affecting positively the indicators of strategic financial performance in Iraqi banks in the light of the findings of the study.
- 4- Conducting more studies to reveal other factors that help in enhancing the strategic financial performance of banks, as well as conducting studies that will reveal the benefits of applications of the comprehensive investment concept and its various functions.
- 5- Re-testing the hypotheses of the study in other studies applied in different environments to verify the effectiveness of the approach used by the study in enhancing the dimensions of the strategic financial performance of banks in the light of the concept of comprehensive investment and its various functions.

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