

# The relationship between Financial Safety and Sustainability in Banking Industry: An Analytical Study

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## Abstract

in accordance with the Camels model of supervision, which is used by the monetary authority's model to examine and determine In a quantitative manner, random, sample-based approach, we use eight private-listed Iraqi banks, as well as private-listed Iraqi banks. The study's findings show that safety indicators affect the three aspects of banking sustainability. Furthermore, the results show that the safety indicators have the greatest impact on outcomes, even more so than purely economic indicators return on investment is (Y2) at a rate of 53% Second to the existing market value, the effect took place. The impact on deposits was minimal (Y3). Furthermore, the asset quality and liquidity indices for safety are the most influential dimensions. It can be shown that the main impact on the economic dimension was found in the number of employees (Y5) and the number of branches (Y6), but the best on this dimension was the liquidity index, the degree of risk management, and the vulnerability of management. The economy (X2, X3, and X5). As was unclear, the results showed that the impact of safety indicators on the environmental dimension was negligible. The results of this study describe the relationship between tuberculosis The idea of banking as a nation. The findings of this study can be used to design a sustainable development strategy at the country level and measure the reality and future potential of Iraqi banking viability.

**Keywords:** Financial Safety, Sustainability, Camel Model, Banking Industry.

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## 1. Introduction

Sustainable development has received a lot of attention, but good economic sector development requires a sound and secure banking sector. The importance of the issue also appears to be illustrated by the profits of commercial banks and their level of safety and stability. Financial studies do not exist that examine banking sustainability indicators and their relationship to banking safety in Iraq. Banking sustainability is quite recent in the Iraqi and Arab financial sectors. By utilizing the CAMELS model, Bashatweh & Ahmed (2020) defined it as a mechanism for measuring banking security. Ramezani (2017) indicates that the financial security/stability and general economic indicators in Iraq. Despite these reasons, there is a lot of disagreement in developing countries as to the impact of this relationship. The goal of this study is to examine the reality of Iraqi banks' financial safety and sustainability indicators. It is also important to

demonstrate the effects of banking indicators on financial sustainability.

## 2. Literature Review

due to the various factors and trends, the current banking environment has made banking security and stability a prominent issue (Amagtome, & Alnajjar, 2020). This environment has made this environment a challenging environment that has produced many financial problems and crises, which made the efforts of financial, international, and supervisory institutions focus on how to achieve preservation. Using different models, indicators, and techniques to ensure security Many scientific studies have attempted to show the importance of both sustainability and security (Ali, Almagtome, & Hameedi, 2019). the Proposes in his Onyekachi in his research note the relationship between financial indicators of safety and stability in Nigeria, which the results show that both strength and weakness. Asset-based indicators

revealed systemic crises when the ratio of bad loans to total loans exceeded 30 percent in the second quarter of 2010, and the ratio of liquid assets to short-term liabilities decreased to less than 12 percent in the third quarter of 2009. The outcome is important not only for the years ahead but for many years, and the financial indicators must be considered when making decisions. The government needs to improve them further as it enables regulators to make assessments based on objective measures. Some researchers also point to developing solutions as (Cristina Gutiérrez-López and Julio Abad-González (2020) presented in his Study of Sustainability in the Banking Sector: A Predictive Model for the European Banking Union in the aftermath of the Financial Crisis. Future research could look into whether these results apply in other locations where stress testing is common, such as the US. Moreover, the impact of corporate social responsibility on the safety and credibility of banks can be measured by analyzing the contents of sustainability reports rather than simply disclosing them. To succeed in the European business model, Semper recommends a more sustainable evaluation of the European business models. Future studies are recommended for creating a more sustainable business model for

this study, with the approach resulting in total sustainability. As for our current study, it seeks to test the impact of banking safety indicators on banking sustainability in the Iraqi environment, using indicators inspired by the CAMELS model of supervision approved by the monetary authority. The research in question is based on the following assumptions: There is a statistically significant relationship between safety and financial and economic sustainability. The second theory also examines the statistically significant relationship between safety and social viability. Additionally, the third hypothesis postulated the existence of a statistically significant relationship between the banking environment and safety measures.

### 3. Materials and Methods

The paper measured the indicators of the impact of the independent variable (bank security) on the dependent variable (bank viability) for a duration of (2005-2019) using the available statistical program (Eviews-9). This diagram represents the research model.



Figure 1. Research Model

From figure (1) above, it becomes clear to us that the independent variable is represented by banking safety. It is measured by banking safety indicators, which is a new branch of economic statistics that deals with the specializations of economic measurement. It relies on advanced and supervisory financial accounting concepts to monitor the status of individual financial institutions and information related to the banking

sector and macroeconomic indicators. This is based on economic statistical measures. Taking into consideration the conceptual framework of developments in national accounting systems related to international and organizational accounting and whenever possible (Al-Wattar, Almagtome, & AL-Shafeay, 2019). These indicators are:

### 1. Assets Quality indicators

The main purpose of measuring the quality of assets is to determine the composition of the defaulted assets or the allocations that have been put in place to address default as a percentage of the total assets. What concerns all banks is how to maintain the number of bad loans at a low level due to the fact that high loan losses negatively affect the profitability of the bank (Almagtome, Khaghaany, & Önce, 2020). Asset quality is measured through the equation:

Assets quality = bad loans ÷ total loans

### 2. Liquidity Indicator

The concept of liquidity is the ability of banks to meet depositors' withdrawals from one side and, on the other hand, to meet the needs of lenders in a timely manner. Without having to sell securities at large losses or borrowing at high-interest rates (Almagtome, Al-Yasiri, Kadhim, & Bekheet, 2020). It is calculated from the following equation:

Liquidity ratio = liquid assets ÷ total assets

### 3. Management soundness indicators

This component shows whether the top management of the bank is successful in determining the measure and control of any significant risks to the bank. This means that the quality of management shows whether the necessary measures have been taken to mitigate these risks (Khaghaany, Kbelah, & Almagtome, 2019). Management is the key to the performance of financial institutions, but most of these indicators are applied in individual institutions, and it is not easy to take aggregate indicators in this context (Lucky, 2017). It is calculated from the following equation:

Management Soundness = Total Expenses-Interests ÷ Total Income

### 4. Revenue and Profitability Index

It reflects the current operating performance of the bank and is a good indicator for predicting the future operating performance of the bank as well as being very important ratios that express the bank's ability to maintain quality and stability in the volume of profits (Battisti, & Campo, 2019) and calculated from:

Return on Assets = Net Income ÷ Total Assets

### 5. Sensitivity to Market Risk Indicators

This component was added to the CAMELS model in 1996. Due to changes in the market, such as interest rate and currency ratios, banks are exposed to risks according to the characteristics of their balance sheets. Thus, controlling bank balance sheets with respect to sensitivity to market risk is important (Chodnicka-Jaworska, & Jaworski, 2017) and calculated from the equation:

Market risk sensitivity = Total securities ÷ Total assets

### 6. Capital Adequacy Index

The adequacy of capital embodies the financial solidity and soundness of banks for the purpose of granting confidence to stakeholders, including depositors and investors, as capital is considered as a source that provides protection by enhancing the stability of banks and improving their efficiency (Park, Shin, & Heo, 2021). It is calculated from several ratios, including:

Capital Adequacy = Capital ÷ Risk-weighted asset ratio

As for the dependent variable represented by banking sustainability, which means the ability of banks to continue protecting the environment and achieving social justice along with achieving growth in economic profits (Mendoza, & Rivera, 2017). Among these indicators:

A- Indicators of the economic and financial dimension: it includes:

1- The market value-added index: It is calculated by the difference between the market value of the property right and the book value of the property right and as in the equation (Kristensen, & Mosgaard, 2020):

Market value added = market value - book value

2- Earning per share: This indicator is calculated based on the following equation:

Earnings per share = Net profit after tax ÷ number of shares

3- The deposit growth rate

Deposits are of importance to the liabilities (financing) aspect of the bank and are of high

relative importance among other sources of financing, and the sustainability of banking activity depends on the growth rate of deposits and the type of deposit:

$$\text{Deposit growth rate} = \frac{\text{Current year deposits} - \text{previous year deposits}}{\text{Previous year deposits}}$$

**B- The social dimension of banking sustainability:** The application of the concept of social responsibility for banks comes through good business practices that are well built and socially acceptable and which enhance the credibility of the bank in society as a whole (Aras, Tezcan, & Furtuna, 2018), as confirmed by the modern instructions on corporate social responsibility (CSR), an integrated program used to assess the environmental and social impact of business and manage it in a strategic and sustainable manner (13: 2006, Jonker and Witte). The social dimension of sustainability includes the number of branches of the bank and the number of employees, as well as credit to the community services sector and spending on development research.

**C- The environmental dimension of banking sustainability:** Banks are part of a relatively clean Table (1). Ranking of the Sample banks

sector compared to other sectors (Aras, Tezcan, & Furtuna, 2018) as many studies have indicated that although the environmental impact of the bank itself may not have a direct impact on the environment, on the other hand, it is the banks that facilitate many businesses including industrial business by providing the necessary capital, and credit to the agricultural sector is one way to measure the environmental dimension of sustainability (Schneider, Kläy, Zimmermann, Buser, Ingalls, & Messerli, 2019).

*4. The results*

Through the results of the financial analysis and according to the indicators of the banks' sample study, The Bank of Sumer topped the first in terms of the quality of assets, where the lowest ratio of non-performing loans was 2.4%, while the Bank of Iraq ranked last with an average of 10.6%, which is higher than the standard ratio of 10%, while the rest of the banks achieved acceptable rates in terms of the degree of risk, all of which were within the standard ratio and according to table 1.

T	Asset Quality Index		Index Liquidity		Safety Index Management		Revenue and profitability index		Allergy Index		Capital adequacy index	
	Bank	Average %	Bank	Average %	Bank	Average %	Bank	Average %	Bank	Average %	Bank	Average %
1	Summer	2.4	Summer	36	Ashur	43	Ashur	3.9	Baghdad	17	Credit	256.27
2	Baghdad	3.2	East	59.4	Summer	44	Gulf and Investment	2.9	Gulf	13.7	Summer	150.07
3	Investment	3.7	Ashur	59.6	Credit	51			Credit	10.3	Civil	130.67
4	Civil	4.6	Gulf	63	Investment	52	Baghdad and East	2.8	Civil	7.8	Ashur	120.33
5	Ashur	4.9	Investment	68	Baghdad	56			East	5.8	Investment	86.73
6	East	6.2	Civil	72	Gulf	58	Credit	2.5	Ashur	3.1	Gulf	75
7	Gulf	6.4	Baghdad	78	Civil	65	Civil	1.7	Summer	1.9	East	72.65
8	Credit	10.6	Credit	83	East	69	Summer	1.4	Investment	1.7	Baghdad	64.93

Source: Prepared by the researcher based on the financial analysis tables of banking safety indicators

As for the level of liquidity index, we also noted that The Bank of Sumer came in first place in terms of the employment of funds, and its ratio

was on average about 30%, which is equal to the standard ratio set by the Central Bank, which is sufficient to meet its obligations and takes into

account the harmonization of liquidity, employment, and risk, while the Iraqi Credit Bank occupied the last place with an average of 84%, which is high, while the rest of the banks have also progressed in high proportions, which means that most banks did not employ their money and kept high percentages of liquidity on the expense of return and risk. At the level of the management safety index, we note that Ashur Bank topped the list of banks in the sample in terms of the decrease in the percentage of its funds on operating expenses when compared to the rest of the banks, where it reached an average of 43% as the high percentage means there is a large waste of money which amounted to expose the bank to financial stumble as it appeared clearly in the Middle East Bank, which reached its ratio As for the revenue and profitability index, we noted through financial analysis that Ashur Bank achieved first place when its returns averaged 3.9%, while Sumer Bank ranked last at an average of 1.4% which is low. At the level of the market risk sensitivity index, The Bank of Baghdad led the list of banks in the sample with an average of 17 percent, while the Iraqi Investment Bank recently came up with an average of 1.7 percent, while the rest of the banks were below the standard 6 percent rate and listed according to their ratios. Finally, for the capital adequacy index, all the banks in the sample achieved very high percentages above the standard

rate set by the Basel Committee of 12%, and set by the Central Bank of Iraq by 12% for government banks and 15% for private banks, which means that all banks had a little risk for Keeping the funds without investing in the investment areas came first with an average of 256.3%, while the last place was the share of The Bank of Baghdad despite its high percentage, but it is considered the lowest percentage when compared to the rest of the banks where it was 64.93%.

Through the results of the financial analysis we conducted on the variable (bank sustainability), the Iraqi Credit Bank came first among the banks' sample study with added value on the book value of (2.182) DINARS, while the last rank of Ashur Bank when it achieved an average negative value of (-0.413) meaning that it bears a loss in the book value of the share, while the rest of the banks achieved our section negative values and the other positive but With low levels arranged according to the table (2). In terms of deposit growth index, the results of the financial analysis were shown despite the instability and regularity of the rate of growth of deposits, but the Bank of The Iraqi National Bank came first by achieving better growth of deposits between the banks' sample despite an average of 25% while the last rank was the credit bank with an average of 8.3%.

Table (2). Ranking of Sample banks by order

T	Market Value Added Index / JD		Earnings per share index Dinar		Deposit Growth Index %		Credit Growth Index %	
	Bank	Average	Bank	Average	Bank	Average	Bank	Average
1	Iraqi Credit	2.182	Middle East	0.181	Iraqi Ahli	25.1	Iraqi Ahli	38.1
2	Baghdad	0.754	Credit	0.154	Summer	21.3	Ashur	35.3
3	Commercial Bay	0.130	Baghdad	0.138	Commercial Bay	17.7	Commercial Bay	27.3
4	Summer	0.003	Commercial Bay		Ashur	16.1	Summer	15.6
5	Middle East	(0.003)	Iraqi investment	0.112	Baghdad	11.7	Middle East	15.5
6	Iraqi investment	(0.110)	Ashur	0.088	Middle East		Iraqi investment	11
7	Iraqi Ahli	(0.155)	Iraqi Ahli	0.046	Iraqi investment	8.4	Baghdad	10.8
8	Ashur	(0.413)	Summer	0.024	Iraqi Credit	8.3	Iraqi Credit	9.1

Source: Prepared by the researcher based on financial analysis tables for bank sustainability indicators

From the results of the financial analysis and at the level of the index of the number of employees, we noticed the upward trend in the number of employees for most of the banks' sample until the

end of 2015 and then began to decline and the reason due to the unstable security conditions that caused the suspension of some branches of banks, and at the level of the best employment, we find

that The Bank of Baghdad ranked first in the number of its employees where it averaged about (761) Employees, while the last rank of Assyria Bank when the number of employees averaged about (145) employees, but at the level of one branch and from the division of the number of Table (3). Ranking of sample banks

employees by the number of branches we find that there is a density in the number of employees of the Bank of the Middle East compared to the rest of the banks sample where it averaged about (36) employees according to the following table (3).

T	Number of employees index		Number of branches index		Credit Index for Community Services / Million Dinars		Index on expenditure on development research and training / million dinars	
	Bank	Average	Bank	Average	Bank	Average	Bank	Average
1	Baghdad	761	Baghdad	33	Baghdad	36308	Baghdad	2603
2	Middle East	678	Iraqi investment	19	Middle East	33572	Ashur	211
3	Commercial Bay	433	Middle East	18	Commercial Bay	23960	Iraqi Ahli	197
4	Iraqi investment	339	Commercial Bay		Iraqi Ahli	10242	Commercial Bay	191
5	Iraqi Credit	324	Iraqi Credit	11	Iraqi investment	9707	Middle East	100
6	Iraqi Ahli	253	Summer	9	Ashur	5717	Iraqi Credit	92
7	Summer	237	Iraqi Ahli	8	Iraqi Credit	3409	Summer	66
8	Ashur	145	Ashur	5	Summer	318	Iraqi investment	35

Source: Prepared by the researcher based on financial analysis tables for bank sustainability indicators

At the level of the index of the number of branches of the bank, we find that there is a widespread of branches of the Bank of Baghdad, where it reached an average of about (33) branches, which made it rank first among the banks' sample, while the lowest number of branches of the bank Assyrian bank where it reached the average (5) branches to occupy the last place among banks, then came investment bank and the Middle East in second and third place respectively after the Bank of Baghdad and arranged the rest of the banks according to their branches as described in the table above. The first place with an average of about (36308) billion dinars while the last place of Sumer Bank was an average of (318) million dinars, which is lower than the general average of about (15.4) billion dinars and the rest of the banks were arranged according to the preference at the level of credit granted after the Bank of Baghdad. The last position of the investment bank in terms of spending was when it averaged about (35)

million dinars. Thus, the Bank of Baghdad is the best among the sample banks at the level of the indicators mentioned as it tops the rankings.

From the results of the financial analysis of the environmental dimension index represented by credit granted to the agricultural sector, which plays a prominent role in reducing pollution and achieving the sustainability of the environment, we found that the credit granted at the level of the sample banks does not correspond to the importance of this dimension and the amounts spent on average about (3355) billion dinars, either On the best level of prospects, Gulf Commercial Bank achieved the first place in terms of the best spending when it reached an average of (15.7) billion dinars while the last ranking belonged to the Iraqi Investment Bank (90) million dinars and the rest of the banks included in their spending ratios as described in table (4) following.

Table (4). Ranking summary of sample banks by spending ratios

<b>Credit Index for the Agricultural Sector - 1 million dinars</b>		
<b>T</b>	<b>Bank</b>	<b>Average</b>
1	Commercial Bay	15702
2	Middle East	4772
3	Baghdad	2431
4	Iraqi Credit	1593
5	Summer	1172
6	Ashur	600
7	Iraqi Ahli	482
8	Iraqi investment	90

Source: Prepared by the researcher based on the financial analysis schedules of bank sustainability indicators.

Table 5. Descriptive statistics

	X1	X2	X3	X4	X5	X6	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9
Mean	0.052 54	0.6 44	0.548	0.0 24	0.0 77	119.5 8	0.29 84	0.1 1	0.2 32	0.270 3	396. 258	15. 06	336484 .5	153792 62	335 408
Median	0.041 5	0.6 67	0.539 5	0.0 21	0.0 7	90	- 0.17 5	0.0 7	0.0 71	0.000 5	349	12	77000	206800 0	198 000
Maximum	0.355	0.9 79	0.963	0.0 8	0.2 49	399	17.5 11	0.7 4	8.8 73	4.407	1082	46	310831 0	0	457 050 00
Minimum	0	0	0	- 0.0 12	0	0	- 1.03 4	- 0.0 2	- 0.5 22	- 0.855	31	1	0	0	0
Std. Dev.	0.048 39	0.2 23	0.173	0.0 2	0.0 69	90.32 5	2.07 57	0.1 32	0.8 87	0.801 1	229.0 79	9.5 85	613. 353	331. 32866	824. 184 7
Skewness	1.655 95	- 0.6 2	0.040 4	0.5 79	0.7 34	1.333 9	1.75 34	1.1 78	1.8 71	0.716 4	0.918 74	1.1 01	1.6492 58	0.4252 37	0.15 845 9
Kurtosis	1.940 8	1.6 67	1.499 5	1.7 28	1.5 72	1. 8838	1.63 4	1.9 26	1.6 7	1.928	1.232 95	1.2 81	1.8302 11	1.4523 8	1.76 119
Jarque-Bera	3.991	2.2 98	1.28	4.0 78	1.7 1	4.523	3.72 2	2.4 21	2. 837	2.640	1.153 1	3.3 21	3.73	1.139	4.92 15
Probability	0	0.0 16	0.052 7	0.0 29	0.0 03	0	0	0	0	0	0.000 19	0	0	0	0

Sum	6.305	77.25	65.765	2.847	9.223	14.350	35.805	13.24	27.84	32.436	47551	1807	40378135	1.8231	4.021
Sum Sq. Dev.	0.27868	5.922	3.5634	0.046	0.559	9.7087	512.7	2.076	93.53	76.364	6244807	10933	4.480	13.213	8.081
Observations	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120

Source: Eviews10 estimate results

Table 6. the results of the unit root test for Dickie Fuller.

Significant level	Level of differences	Slope shape	Appreciation		Variables
			Probabilities	t	
5%	Level	Cross	0.0191	-2.07190	X1
5%	Level	Cross	0.0259	-1.94430	X2
1%	Level	Cross	0.000	-4.57660	X3
1%	Level	Cross	0.0088	-2.37354	X4
1%	Level	Cross	0.0016	-2.13571	X5
5%	Level	Cross	0.0178	-2.10250	X6
1%	Level	Cross	0.000	-4.13324	Y1
1%	Level	Cross	0.0003	-3.44026	Y2
1%	Level	Cross	0.000	-3.90558	Y3
1%	Level	Cross	0.0003	-3.47846	Y4
5%	Level	Cross	0.0164	-2.13571	Y5
5%	Level	Cross	0.0350	-1.81235	Y6
5%	Level	Cross	0.0184	-2.08773	Y7
1%	Level	No section and one direction	0.0002	-3.60935	Y8
1%	Level	No section and one direction	0.0099	-2.33053	Y9

Source: Eviews10 estimate results

From the table above, we note that the time series of panel unit root test analysis of eight banks in Iraq has settled in X2, X1 Y7, Y5, Y6. X6, at the level and with a section and significant level 5%, as for variables X5, X4, X3 Y9, Y8, Y4, Y3, Y2, Y2, Y1 has settled at the level with a section also except for both; Y9, Y8 was without a section and general trend Exogenous-None and all were at a significant level of 1%, thus accepting

the alternative hypothesis (H1: B =1) and rejecting the hypothesis of zero (H0: B = 0), which indicates that these variables for the duration of (-) panel unit root test of the studied banks are free of the root of the unit and are stable, and this indicates the existence of an integrative relationship between variables in the short term at least.

Table (7). Results of estimating the impact of bank safety indicators

Dependent Variable: Y4	Dependent variable: Y3	Dependent Variable: Y2	Dependent Variable: Y1	Independent Variable
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Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	
0.518202	0.303278	-0.615655	-0.344875	0.607406	3.140346	8.882893	2.1580	X1
0.084016	0.227249	-0.488145	-1.263782	0.066980	1.600447	1.838890	2.0647	X2
0.058491	0.172872	0.412056	1.165666	-0.029098	-0.759727	-1.48665	-1.8239	X3
4.789888	1.237426	16.03445	3.964876	3.397851	7.754513	-2.90048	-0.3110	X4
0.656566	0.541953	-0.116565	-0.092094	0.160364	1.169352	2.204341	0.7553	X5
-0.000183	-0.216054	-0.000118	-0.133301	-0.000349	-3.633591	-0.00536	-2.6282	X6
0.011438		0.118971		0.534085		0.145543		R <sup>2</sup>
0.010320		0.080329		0.513650		0.108066		R <sup>-2</sup>
1.839746		2.007358		1.827108		0.672237		D.w

Source: Eviews10 estimate results

Table (8). Results of estimating the impact of bank safety indicators (2005-2019)

Dependent Variable: And8		Dependent variable: And7		Dependent Variable: Y6		Dependent Variable: Y5		Independent Variable
Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic	
-145.3271	-2.107541	-314.87	-2.507568	-61.40535	-3.596923	-733.8752	-1.808034	X1
513.1225	0.344795	486.95	1.792280	16.00041	4.331667	259.6229	2.956150	X2
291.77413	2.142306	382.1598	1.536950	13.35239	3.949820	477.8041	5.944670	X3
141.6521	0.903879	-661.1019	-0.232403	0.807376	0.020876	314.4230	0.341940	X4
524.55046	1.075644	708.0795	0.795323	41.98279	3.468456	953.2418	3.312284	X5
-354.2501	-1.037772	-569.3114	-0.913528	-0.025285	-2.984286	-0.697550	-3.462668	X6
0.063662		0.089314		0.310702		0.317831		R <sup>2</sup>
0.02595		0.049372		0.280469		0.287911		R <sup>-2</sup>
1.905261		1.694759		1.439070		1.410096		D.w

Source: Eviews10 estimate results

Table 9. Results of estimating the impact of banking safety indicators (2005 - 2019)

Dependent Variable: Y9		Independent Variable
Coefficient	t-Statistic	
314. 5255	0.184613	X1
-605. 0981	-1.641465	X2
912. 2726	2.704113	X3
-903. 0262	-0.233969	X4
216. 20273	1.789815	X5
458. 9943	0.542831	X6
0.071525		R <sup>2</sup>
0.030802		R <sup>-2</sup>
1.520543		D.w

Source: Eviews10 estimate results

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#### . Conclusions and discussion

through the investigation and analysis of risk factors that influence the independent variables of banking sustainability, it was found that some indicators of banking security, such as quality of assets and liquidity, also have an impact on the economy. A big reason why banks want to be influential is that their market share in that market must be raised in order to have more of an impact on it. It was also revealed that the share price performance compared to the rest of the indicators depended greatly on the quality of the assets, revenue, and profitability. It must be taken into consideration, strengthened, and developed in order to make a greater impact on shareholder wealth. Additionally, it reveals that asset quality, corporate management safety, and the market risk indicators have the greatest influence on the social dimension of banking sustainability. As more influential than the number of employees, it should be developed. Revenue and profitability have a direct impact on the number of bank branches (Y6). Requiring the establishment of new branches where there are none to reach additional customers. Furthermore, it was mentioned that the asset quality had an impact on expenditure, which is good for research and training. As

was noted in the latest report on credit provisioning, the same applies to asset quality. Thus, attention must be paid to this indicator to have a more significant impact on the social dimension. Banking survival indicators failed to demonstrate a connection to environmental sustainability, except for the management index, which proved accurate. Finally, the management of banks must pay attention to the issues of safety and sustainability in the context of development. Influencing the overall economy and supporting its sectors with banking services is critical to a long-term development strategy.

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