

THE IMPACT OF SELF-OPERATED FINANCING INDICATORS ON MARKET CAPITALIZATION-RESEARCH ON SELECTED BANKS IN THE IRAQI BANKING SECTOR

Researcher: Youssef Hassan Ali
College of Administration and Economics
Tikrit University
Im_li2001@tu.edu.ig

Prof. Dr. Ibrahim Ali Kurdi
College of Administration and Economics
Tikrit University
yh230116pad@st.tu.edu.iq

ABSTRACT

The study aims to demonstrate the impact of the relationship between self-financing indicators and market value added. The study uses a sample of Iraqi banks listed on the Iraqi Stock Exchange between 2014 and 2023 (10). Real estate financing indicators are measured through capital adequacy and debt ratios to measure the studied variables. The increase in market value is measured by the market value of new property rights minus the book value of equity. In statistical analysis, correlation and regression coefficients are used to test research hypotheses, determine the magnitude of correlation and influence, study the significance level between variables, and use statistics programs (SPSS) and (AMOS). There is a negative (inverse) moral link between the self-financing indicator (indexed as equity to total assets) and market residual value, which means that the ratio of equity to total assets will increase accordingly. There is a positive moral correlation (direct) between the financing ownership indicator (according to the debt ratio indicator) and the market value increase through the decrease in market residual value. This means the debt level ratio will increase as the market value decreases. Add to. The study suggests that bank management must pay attention to the relationship between financing needs and the bank's market capitalization and determine the bank's capital needs by measuring the bank's financing needs.

Keywords: Equity funding indices, market value added.

INTRODUCTION

Measuring financing needs and selecting the optimal combination of financing sources and bank market value is one of the critical issues for various operating organizations, especially the banking industry. It is an important issue that banks need to pay attention to and consider—developments in Bank Management. Financing decision-making is one of the critical decisions that bank management must attach great importance to and is related to maximising shareholder wealth. The main goal of bank management is to maximize bank market value, which is the measure by which bank owners evaluate the efficiency of bank management. The bank's sources of financing include liabilities and equity to fund its

investments. Deposits are the primary source of asset financing for commercial banks because deposits are the key to distinguishing commercial banks from other financial institutions.

The first topic

The methodological framework of the study

The purpose of research is to clarify and identify the research problem and its significance and to state and establish its objectives

Assumptions and discussion of study variables:

First: The problem of the study:

The problem with the Iraqi Commercial Bank, which is listed on the Iraqi Stock Exchange, is that due to various factors and circumstances, such as the political and economic situation in the country, the bank's stock price is low, and there is a lack of essential measures to take advantage of. The most critical indicators are market value and economic value added. The research question is how financing indicators influence bank market value creation. The research raises questions such as:

- ❖ What is the significance of financing in adding market value?
- ❖ Will the increase in bank financing indicators lead to increased market value?

Second: the importance of research:

The importance of this study arises from previous and subsequent developments resulting from ongoing and new changes in local or global currency markets, which mislead the status of regional banks that are obliged to disclose the results of their work. Why is this study so important? Taking into account the contribution of financing indicators to market value added as financing increases traders' confidence in banks as banks invest funds in long-term investments as well as acquisitions, some corporate debt types can be financed as it increases lenders' confidence as the study's Cognitive significance is usually presented through theoretical and practical attempts to highlight property finance and its increasing importance in banks and to show how these banks sustain it, develop and can be based on existing principles, methods and procedures and emphasize self-financing and the importance of the concept of market value creation indicators to address.

Third: Research purposes:

The purpose of the study is to produce results, with the primary objective being to determine the impact of real estate financing indicators on the value added of banks in the market by achieving the following objectives:

- ❖ To determine the role of real estate financing indicators in increasing the market capitalization of banks.
- ❖ Analyze the market capitalization index and indicate the extent of its decline or volatility.
- ❖ Determine the proprietary financing indicators of the bank under study and determine the nature of the relationship between these indicators and the bank's market value.

❖ Demonstrate the implications of the relationship between self-financing and market value creation.

Fourth: Study Assignments:

Based on the research questions, are the following hypotheses put forward to achieve the purpose of the research?

(H1). The first primary hypothesis: There is a statistically significant relationship between self-financing indicators and market value creation.

(H2): The second primary hypothesis: The impact of critical self-financing indicators on value creation is statistically significant.

From this central hypothesis, two sub-hypotheses are as follows:

(H2.1): Sub-hypothesis 1: The financial ownership indicator (corresponding to the ratio of capital ownership to total assets) statistically impacts market value creation.

(H2.2): Second sub-hypothesis: Self-financing indicator (corresponding debt ratio) statistically impacts market value creation.

Fifth: Study variables:

1- Independent variable: **Ownership financing indicators:** Financing is at the forefront of a financial manager's responsibilities as it permeates all investment and operating processes and involves how to build the mix of financing sources required for long-term investments and how to measure financing.

A- Capital owned to total assets = capital owned ÷ total assets

A measure of a bank's ability to fund its total assets with capital.

B- Debt ratio = Total liabilities ÷ total assets

It indicates owners' perceptions of financing contributions when a bank's high debt levels may expose it to financial risks, shareholders' demands for higher returns to bear those risks, and when the bank cannot pay interest and repay loans. However, if the gearing ratio decreases, it indicates that the bank's fees are fixed and the risk to shareholders is lower.

2- **Dependent variable: Market value added:** Market Value added is a measure of external performance, and the market evaluates a bank's performance based on the market value of its shares relative to its book value. Market value added is the difference between total market value and quoted prices on major financial markets. It is also defined as a cumulative measure of return on capital and is measured as follows:

Market value added = market value of the company's property - book value of the company's property.

The value of a bank is the sum of its liabilities and equity. (Johan, 2018: 24)

The second topic

Theoretical framework of the study

This section divides the research variables into three axes: self-profit and loss, self-profit and loss indicators, market value added, and the relationship between self-profit and loss indicators and market value added, including the theoretical roots of the research variables.

Owned financing and its indicators

First: The concept of owning financing: Self-financing is one of the most important aspects of financing decisions, which means establishing a series of financing sources necessary for all bank investment and operating activities. Self-financing is essential because it is directly linked to the bank's value in the region's financial markets and how it achieves its long-term strategic goals. Self-raised funds are one of the components of the liability side of a bank's balance sheet, an essential factor in establishing a bank, one of the crucial basic guarantees, and a necessary source of financing and value for customers to trust the bank. (Hantoush, 2017: 302) Many researchers have expressed their interpretations and opinions on this concept. Bai, 2021: 31 defines it as the funds provided by exchange owners, representing the primary source of financing for new banks and the basis for bank lending. (Abdulhadi, 2013): 218) This is part of a bank's financial structure and consists primarily of cash paid by shareholders to purchase assets required for the bank's operations. If you think about it (Bani Lam and Al-Obaidi, 2016: 188), this is one of the ways for banks to obtain the best combination of financial structure because the economic structure consists of a combination of equity financing and debt financing.

Second: The importance of financing ownership: Self-raised funds are the foundation of China Construction Bank and an essential source of financing. Self-financing is directly related to the bank's value in the financial markets and, in addition to its importance for achieving long-term goals and strategies, is also associated with the right to vote and to be elected as a candidate (Saeed and Mohammed, 2021: 278) The importance of self-financing can be explained from several points (Rehman), (68: 2012). (Yasiri and Radi, 2021: 442)

- 1- Financing some activities related to the bank's investment activities.
- 2- A bank's capital is everything a new bank has when it first opens, so obtaining funds from sources other than capital isn't accessible. Everything the bank has when it opens is opened for the first time, and bank capital is involved in financing activities and plays a vital role. Investments and bank loans in the early years.
- 3- —Assist banking organizations in purchasing land and buildings and using them for other banking activities. These fixed assets will not be converted into cash unless liquidated, as they are not paid for through deposits but through capital replenishment to finance. The only project yet to be completed is the bank liquidation.
- 4- It is helpful to ensure the stable growth of individual banks. Still, banks that rapidly expand their deposit and loan bases will receive cues from the legislative committee (Basel Committee) and the market that their growth will slow down during this period or need additional capital.

Third: Owned financing methods: Owned Capital is the best and most appropriate source for investment and financing needs and is the leading source banks rely on for their activities. The size of the bank must be large enough to be able to carry out operating activities. Activities and investment projects give it a chance of success and require a good reputation. It is considered the best resource in the project area and directly contributes to medium- and long-term loans. Private capital consists of the following essential components:

1- Ordinary shares: Common shares are understood as shares in the property of an institution, giving their owners the right to profits after paying obligations to others. Since common shares are issued by institutions, like other sources of capital structure, the cost is borne by the institution, so the cost of ordinary shares is the return per share required by investors in financial markets (Gitman: 2009: 512). The cost of common stock is the rate at which investors deduct the return on common stock that they must receive from the institution.

2- Preferred shares: Preferred stocks are a form of debt financing because they provide their holders with priority over common stockholders. Therefore, it is called a financial instrument (Hybrid) in which preferred shares have priority over ordinary shares in the profits of the institution and its assets. It is called shares because the issued shares are similar to debt instruments. Its profit share is determined as a percentage of its nominal value.

3- Retained earnings: Retained earnings represent the portion of shareholders' dividend rights that the company retains, rather than distributing it to shareholders as dividends to finance the foundation's investments (June 538: 2021), as retained earnings represent the annual undistributed profits that the company wishes to keep to shareholders profits to expand and develop the bank.

4- Reserves: Reserves are a part of retained earnings, added to the reserves item, used by institutions to expand their activities and manage future risks, as it is one of the internal sources of financing used by banks to finance their assets, which become part of the bank. Financing assets (Abd and Obaidi, 118: 2011) and deducting reserves from profits to meet certain financial obligations of the institution is an additional guarantee to lenders and traders and supports the bank in carrying out its business activities.

Fourth: Indicators of Owned Financing: Financial indicators are used to measure and analyze banks' capital efficiency (Abd and Al-Obaidi, 123: 2011) (Hadi, 2018: 249). Economic indicators are essential for measuring financial performance, so these metrics vary based on activity type to evaluate financial performance. The following metrics are used, as shown in the table below.

Table (1) Real estate financing indicators

No:		the scale	Guaranteed
1-	Adequacy of owned capital (shares)	$\frac{\text{Owned capital}}{\text{Total assets}} \times 100$	A bank's ability to finance its total assets is measured through capital (Al-Amin and Al-Siddiq, 2022: 768).
2-	Safety ratio (reserves)	$\frac{\text{Owned capital}}{\text{Total deposits}} \times 100$	This is considered a margin of safety, given the possibility of sudden deposit withdrawal. The importance of this ratio is that it best reflects the adequacy of real estate capital, and its increase can compensate savers for the additional risk incurred by risky assets. (Nazhar, 2018: 40).

3	Indebtedness	$\frac{\text{Total liabilities}}{\text{Total assets}} \times 100$	It is a measure of the owner's contribution to financing. When this ratio increases, banks face financial risks. Shareholders need higher returns to cover these risks and the inability of banks to pay interest and loans. However, if gearing falls, it would indicate that banks are bearing the fixed burden. (vijeyaratnam & Anandasayanan, 2015:60)
4-	Management efficiency	$\frac{\text{Net profit after interest and tax}}{\text{copyrights}} \times 100$	It is considered one of the most important financial indicators for measuring and evaluating financial performance. It measures the efficiency with which management uses owner funds and the ability to generate revenue from the financial resources represented by owner rights. It also provides essential information about short-term operating activities. (Hantush, 2017: 307)

The researchers compiled the table above based on the sources included in the table.

Market value creation and its influencing factors

First: the concept of market value creation: Modern financial management emphasises maximising shareholder value. Value can only be created when the bank's growth paves the way for additional market value beyond the capital provided by the bank, and this happens when managers invest in investments with a net worth When working on a positive project. :127 2014, Niresh and Alfred). Market value creation is defined as the difference between the market value of a stock and the equity offered by shareholders to the bank (Sani, A., & Irawan, I, 2021: 598) or the difference between what investors receive for selling shares to Get the current price of a stock at a particular time and the shareholder's investment in the bank. It demonstrates the bank's ability to utilize its available resources, control its operations and maintain its competitive position. It is also defined as an effective investment tool that represents the market valuation of a company's performance. Market value creation means the stock market's assessment of the net present value of all past, present and expected capital projects over a given period to determine whether the value is created or destroyed. (Quintiliani, 2018: 42) Market value added indicates a bank's external performance and a measure of its ability to maximize its assets or its success in maximizing shareholder wealth by allocating appropriate sources (Nurhayati et al., 2019: 262).

Second: The importance of market-added value:

Market value added measures bank management performance, reflecting the bank's efficiency and administrative effectiveness. It also reflects the bank's future direction and provides investors with a vision reflected in the price. The significance of market value creation can be divided into two general essential points (Saeed and Mazloum, 2021: 293). (Nayef and Kurdi, 2023: (569.

1. Additional market capitalization measures bank management's past and present performance in maximizing shareholder wealth and how management uses bank resources to achieve additional returns and operating solid capabilities, increase bank capital, and plan for future performance.

2. Bank management's main objectives are to maximize shareholder wealth and increase investment capital. Positive growth in market capitalization means an increase in the value of bank capital and shareholder assets.

Third: Factors affecting market value added: Extra market capitalization is the difference between the market value and book value of a company's shares and can be affected by many factors, the most important of which are the following:

1- **Growth rate:** A bank's sales growth ratio to its invested capital. For market capitalization to be favorable, sales growth must be greater than the bank's invested capital (Zubaidi and Mahmoud, 102: 2014).

2- **Profit margin:** The minimum profit margin a bank must achieve to increase shareholder value. The lower the profit margin required to raise equity, the higher the bank's market value.

3- **Invested capital intensity:** This is the amount of capital that must be invested in a bank to realize a monetary unit. The less capital invested to realise an economic unit, the higher the value the bank adds due to the low cost of capital. (Zubaidi and Mahmoud, (102:2014)

4- **Impact of inflation:** High inflation increases market value creation for banks. Because rising inflation leads to increased trading volume and demand for stocks, thereby increasing bank profits, higher prices encourage investors to avoid the inflation tax by investing in stocks rather than holding and reducing cash. (Mohammed and Abdulkarim, 2022: (779))

Fourth: Advantages in creating market value: Market value added has several characteristics that make it one of the most critical indicators of a bank's performance in maximizing shareholder value. These can be summarized as follows:

1. It is a measure of a bank's success in maximizing shareholder wealth through asset, liability, and capital management. However, applying net present value to measure performance, despite its positive aspects, is subject to accounting issues when calculating future cash flows and discount rates, so using market value is closer to net present value, thus avoiding all accounting issues (Nuhayati et al., 2019: 198-202)

2. Incremental market value is superior to other indicators in determining the future value of cash inflows because it represents the cost of capital and investor equity (Tweej and Al-Dhubhawi 2021, 31).

3. The added value of the market also exceeds the Tobin percentage because of flaws in the valuation of intangible assets since the added value of the market determines value creation without any flaws (Al-Suwaifi, 2020: 91).

The relationship between own financing and market value creation

Its financing and market value are not far from the theoretical framework of financial thought and the attention of academic and empirical research. Self-financing includes all elements that make up the liability and equity sides. Whether it is short-term financing projects measured by short-term leverage or long-term financing represented by long-term leverage or total leverage (equity funds) (Nicodano & Regis, 2019,721), this term is not significantly related to the terms of the financing structure concept. The former is more detailed and is different from the term "capital structure", which refers only to long-term and permanent sources of

financing, such as long-term debt, retained earnings, and common equity, since the capital structure is part of the financing structure (Uyar and Guzelyurt, 2015, 289). Theories on this topic revolve around how banks finance themselves through various forms of financing, each of which brings different levels of risk, return, and control. Determining these funding sources depends on the nature of the funding type needed. When making financing decisions, bank management examines and analyzes whether it uses its financing (Thalib et al. 2019, 87). Therefore, I delved into many financial theories to identify the most important factors that can be used to make appropriate financing decisions. and the resulting impact on bank market capitalization. Therefore (Maina et al., 2018, 217) state that one of the most important financial theories is that of (Modigliani & Miller) who tried to explain the financing behavior of banks after presenting their paper in 1958 that is, the topic of self-financing became one of the most fruitful areas of research. Since then, several theories have emerged, such as exchange theory, staged capture theory, signaling theory, and what he saw as market timing theory (Kruk, 2021, 156). Although these There are many theories. Still, the two main ones best known are the exchange and periodization theories. Two competing frameworks contain different and disparate arguments and predict appropriate proprietary financing methods. Swaps theory is the basis for empirical studies comparing the relationship between a bank's financing and its market value. The most prominent investigation on this relationship is a study (Modigliani & Miller), which concluded that the neutrality of the impact of own financing and the use of any financing source does not affect market value because comparable banks perform better in all aspects. There are differences. Their activities have the same financing elements and market value. In 1963, another study by the same scientists (M&M) pointed to a tax on bank profits. The market value of borrowing banks in terms of the present value of savings exceeds that of banks financed entirely by real estate funds (Cwynar et al. 2015, 1-2). Swap theory also predicts target debt ratios, which may vary from bank to bank, as banks with safe assets and high taxable income target higher ratios and should also rely on them. Non-profit banks with risky and intangible assets should rely primarily on equity financing. The results of a large body of financial research provide little support for the long-run trade-off theory. Managers tend to adapt to the required allocation of financing. However, this does not prevent them from deviating from this goal and taking advantage of financial market conditions and information inconsistencies. Since then, the progressive capture financing source theory proposed by (Myers & Majluf, 1984) has emerged, and they all assume information asymmetry when explaining the financing held by investors because of the lack of information differences between banks and financing sources. Financing results in different financing costs. This leads managers to prefer and select less sensitive financing sources over information sources, as financing costs increase with information asymmetry (Metwally, 2021: 876). In signaling theory, it is assumed that the financing allocation sends signals that express the bank's future financial status and opportunities to obtain many funds. information and make appropriate financing decisions. If a bank increases its gearing ratio, it sends a positive signal about its good financial health and ability to continue to meet its obligations in the future. And it will bring numerous tax benefits. If leverage is avoided, it sends a negative signal to the bank's financial condition and risks a financial crisis, leading to bankruptcy (Al-Sayed, 2016: 410). Regarding the free cash flow theory, it is pointed out that shareholders and

managers have conflicts of interest in the company's monetary policy. In the case of a company achieving free cash flow, the conflict lies in motivating managers to allocate free cash flow rather than doing so at an interest rate lower than the cost of capital. Investment (El-Sayed, 2016: 411) and (Jensen 1986) show that when free cash flows are larger, agency conflicts between directors and shareholders become more intense when flows are constant. Excess cash reduces the ongoing need for additional financing from money markets. When a company's growth potential is limited, and the cash cannot be better invested elsewhere, shareholders may prefer to have funds reallocated through stock buyback programs or dividends (Lin & Lin, 2013, 95 -96).

From the previous description, it is evident that there are differences between financial theories. The exchange theory is based on tax benefits. Progressive acquisition theory assumes information asymmetry. The theory employed involves information about a company's future financial position. Market timing theory assumes the timing of financing needs. In contrast, free cash flow theory focuses on agency costs and summarizes the (M&M) theory that there is no relationship between self-operated financing and market value. Various financial theories explain the link between self-financing and bank value by identifying two factors. The first is externality, which arises from the company's environment and is difficult to control, such as economic and political conditions. The second is the internal factors of bank characteristics that can be controlled by bank management. Such as the size and age of the bank, growth rate, liquidity ratio and asset structure (Mr. 2016412). A study (Abdullah et al., 2015, 11) shows that self-financing is an essential issue that banks should deal with because the quality of self-financing directly affects the future financial status of the bank. The final situation will affect its market value.

A study (Shafiq et al., 2020, 2-3) confirms that the market value of banks is maximized through expansion, as this leads to shareholder wealth maximization and continued investment in the bank. This is achieved through two types of decisions: Financing decisions, which refer to the optimal choice between multiple internal and external financing sources to fund all investment activities, represented by investment decisions, and the identification of investments that achieve investment objectives. This allows the bank to earn the highest possible returns, helping to maximize its market value.

The third topic practical aspects of learning

Introduction

This study accurately describes the study sample from which the study results can be derived, how the size of the sample and the reasons for its selection are determined, and the duration of the sample is defined as the study involves the mechanism of measuring independent and dependent study variables as well as the study Descriptive analysis of samples.

Study population and sample

This area of research is represented by banking due to the sector's importance in accelerating local economic development and strengthening global trade and financial linkages. The research group represents banks listed on the Iraqi securities market, including 46 banks, and

selected a sample of (10) banks for evaluation, with the evaluation period ranging from (2014) to (2023) (10) years.

Table (2): Banks examined in the study

No	The bank	code	٢	The bank	code
1	Union Bank of Iraq	BUOI	6	Bank of Baghdad	BOB
2	Credit Bank of Iraq	BROI	7	Mosul Bank for Development and Investment	BMFI
3	Iraqi Investment Bank	BIBI	8	Gulf Commercial Bank	BGUC
4	Ashur International Bank	BASH	9	Elaf Islamic Bank	BELF
5	Commercial Bank of Iraq	BCOI	10	Iraqi Middle East Investment Bank	BIME

Source: Table compiled by the researcher.

Measurement of study variables

The study includes two variables as follows:

1. The first category is independent variables (real estate financing indicators). Financing is at the forefront of a financial manager's responsibilities, permeating all investment and operating processes and structuring the financing sources needed for long-term investments.

A. Ratio of capital ownership to total assets = capital ownership ÷ total assets

A measure of a bank's ability to fund its total assets with capital.

B. Debt ratio = total liabilities ÷ total assets

This is an indicator of shareholders' contribution to financing. When a bank's debt is too high, it may expose it to financial risks. Shareholders require higher returns to bear these risks, and the bank cannot pay interest and loans. However, if the debt ratio decreases, banks will have lower fixed charges and lower risk to shareholders.

2. Type II: Dependent variable (market value creation)

Extra market capitalization is a measure of a bank's external performance. The market evaluates a bank's performance based on its stock market capitalization ratio to its book value. Extra market capitalization represents the difference between total and quoted prices on major financial markets. It is also defined as a cumulative measure of return on assets. The value of a bank is represented by the sum of the value of its liabilities and the value of its equity. Assuming that the market value of debt is equal to its book value, the equation becomes:

Market value creation = market value of equity – book value of equity

The market value of equity is calculated by multiplying the market price by the number of shares. In contrast, the book value of equity reflects the actual economic value of the asset. (Johan, 2018: 24).

Table (3): Measures of study variables

Type of variables	variable	code	Measurement	Data source
Independent variable	Real estate financing indicators include:			
	A. Property capital to total assets	X1	Property capital ÷ total assets	Financial Statements
	B. Indebtedness ratio	2-	Safety Ratio (Reserves)	Financial Statements
Dependent variable	Added market value	M	The market value of equity – book value of equity	Financial Statements

Source: Table prepared by the researcher

Description of study variables

Table (4) describes the levels of the study variables for each bank in the study sample, using each bank's ten-year arithmetic mean.

Table (4): Description of research variable levels by bank

No	Bank	X1	X2	M
1	Union Bank of Iraq	0.393	0.567	-80444360728
2	Union Bank of Iraq	0.362	0.529	46379610666
3	Iraqi Investment Bank	0.383	0.564	-53177513951
4	Ashur International Bank	0.561	0.386	-102553559300
5	Commercial Bank of Iraq	0.462	0.384	-69779039040
6	Bank of Baghdad	0.155	0.760	86104148065
7	Mosul for Development and Investment	0.508	0.425	-106221024023
8	Gulf Commercial Bank	0.372	0.581	-103003948233
9	Elaf Islamic Bank	0.485	0.469	-104343322794
10	Iraqi Middle East	0.271	0.667	-46026241518

Data source: Table produced by the researcher based on the SPSS program

Table (4) shows for each bank the ten-year arithmetic means of the levels of the study variables determined by the self-financing indicator variable, with the (Ashur International) bank having the highest equity ratio. Total assets measured by arithmetic mean is (0.561). At the same time (Baghdad Bank) has the lowest level by arithmetic mean (0.155), but by debt ratio, (Baghdad Bank) has the highest arithmetic mean of 0.760, the Iraqi Commercial Bank has the lowest arithmetic mean of 0.384, it is also worth noting that the Bank of Baghdad and the Credit Bank of Iraq). Iraq) was the only country to have a positive market value added as measured by the arithmetic mean of (86104148065) or (46379610666). At the same time, the remaining eight banks recorded negative values, with the arithmetic mean of (Mosul Development and Investment Bank) The market-added value obtained is the lowest (106221024023).

Table (5) also shows the arithmetic mean of the study variable levels for each year of the ten banks.

Table (5): Description of research variable levels by year

No	the years	X1	X2	M
1	2014	0.266	0.665	32746251878
2	2015	0.288	0.641	86556624405
3	2016	0.275	0.649	48483239043
4	2017	0.339	0.581	67433321048
5	2018	0.427	0.504	-21592356381
6	2019	0.446	0.506	-109515718107
7	2020	0.471	0.444	-131883857932
8	2021	0.461	0.413	-163242450447
9	2022	0.475	0.484	-150523548915
10	2023	0.502	0.446	-191526755447

Data source: Table produced by the researcher based on the SPSS program

Table (5) shows the arithmetic mean of the ten banks and the levels of the study variables in each year because, from the variable of the self-financing indicator, 2023 is the year with the highest proportion of equity to total capital, while the adult arithmetic in 2014 The mean value is the lowest (0.266), which indicates a higher ratio of equity to total assets in the study sample. The arithmetic average debt ratio was the highest in 2014 (0.665), and the arithmetic average debt ratio was the lowest in 2021 (0.413), indicating that the debt ratio in the sample years generally showed a downward trend. The study also pointed out that from 2014 to 2016, the first four years of the study period, the market showed positive growth, with the highest arithmetic mean occurring in 2015 of (86556624405), while the next six years recorded negative values, with the lowest market value added since 2023 calculated as an arithmetic mean being (-191526755447).

Discussing the results and testing hypotheses

Test the two hypotheses of the relationship.

(H1.1). The first primary hypothesis: There is a statistically significant relationship between self-financing metrics and value creation.

To test this hypothesis, the value of the Pearson correlation coefficient is used to determine the meaning, strength and direction of the relationship between financing ownership indicators (corresponding to its indicators: a. The relationship between capital ownership and total assets, b. Debt ratio)) and market increase value. Table (6) gives the results of the correlation coefficient value.

Table (6): Correlation coefficient value between self-raised funds indicator and market value added

Variables		Added market value	
Equity to total assets ratio indicator	X1	Pearson coefficient	-0.706**
		(Sig.)	0.000
Debt ratio index	X2	X1	0.661**
		Pearson coefficient	0.000

(*) Statistical function with 5% significance level 5%, (**) Statistical function with 5% significance level 1%.

Data source: Table produced by the researcher based on the SPSS program

Table 6 indicates the following:

1- There is a negative (inverse) significant correlation less than (5%) statistically significant level between the financing ownership indicator (according to indicator a. Capital ownership relative to total assets) and the attached market value, IE. h A decrease in market value creation accompanies an increase in the ratio of capital holdings to total assets.

2- There is a positive moral correlation (positive) less than (5%) statistical significance level between the financing ownership indicator (according to indicator b. Debt ratio) and the increase in market value, which means that an increase in the level of debt ratio is accompanied by with a decline in market value creation.

Therefore, accepting the first sub hypothesis.

Testing Hypotheses of Total Effect

This paragraph contains two sub-hypotheses of the second central hypothesis as follows:

(H2): The second primary hypothesis: The impact of critical self-financing indicators on value creation is statistically significant.

From this central hypothesis, two sub-hypotheses are as follows:

(H2.1): Sub-hypothesis 1: The financial ownership indicator (corresponding to the ratio of capital ownership to total assets) statistically impacts market value creation.

To test this hypothesis, a simple linear regression equation was established to estimate the growth of the capital index of market value relative to total assets to determine the latter's impact on market growth.

Table (7) shows the impact results.

Table (7) Results of the impact of equity index on market surplus and total assets

Variables	(R ²)	(Adjusted R ²)	(F)	(Sig.)
Owned capital to total assets	0.499	0.494	97.658	0.000
	Constant coefficient (0B)	Regression coefficient (B)	(T)	(Sig.)
	181118862221	-593346800239	-9.882	0.000

Data source: Table produced by the researcher based on the SPSS program

From Table (7), we can see the effectiveness of the regression equation model concerning the stability of the (F) value of (97.658) at the statistical significance (5%) level, which means the possibility of estimating additional markets. The value of the ratio of capital holdings to total assets, the (T) (-9.882) value at the statistical significance level (5%), indicates the significance of the effect, as shown in the beta regression value. The coefficient (β) is harmful, and adult (-593346800239) suggests that the effect is negative (inverse), that is, the proportion of capital held in total assets is higher, which affects the decrease in the market value added of the banks in the study sample. Therefore, the value of the coefficient of determination (R²) is (0.499), indicating that held capital relative to total assets explains the percentage (49.9%) of the variation in market value added, accepting the first sub-hypothesis.

(H2.2): Second sub-hypothesis: Self-financing indicators (corresponding debt ratio) impact market capitalisation creation statistically significantly.

To test this hypothesis, we create a simple linear regression equation estimating excess market value using the debt ratio index to determine how much the latter affects excess market value. Table (8) shows the impact results.

Table (8): The impact of debt ratio indicators on market value added

Variables	(R ²)	(Adjusted R ²)	(F)	(Sig.)
Debt ratio	0.437	0.432	76.203	0.000
	Constant	Regression	(T)	(Sig.)
	coefficient (0 β)	coefficient (β)		
	-340480174032	538556956775	8.729	0.000

Data source: Table produced by the researcher based on the SPSS program

From Table (8), we see evidence of the validity of the regression equation model at the statistical significance (5%) level for the (F) value of (76,203), which means estimating the likelihood of additional markets with liabilities Rate-related values, the (T) value for adults (8.729) at the statistical significance level (5%) indicates the significance of the effect, as shown by the value of the beta regression coefficient (β) being positive and for adults (538556956775) indicating that the effect is positive (directly), that is, high debt ratio affects the improvement and increase in the level of the added value of the bank market in the same study. The value determination rate (R²) of the coefficient is (0.437), indicating that the debt ratio (43.7%) explains the change in market residual value. It accepts the second sub-hypothesis, and based on the results of the first and second sub-hypotheses, it can be said to take the second central hypothesis.

Fourth Theme: Conclusions and Recommendations

Based on the theoretical framework of this study, the researchers drew some conclusions and recommendations.

First. Conclusions:

1. The growth of a bank's market capitalization is generally affected by any changes that occur within the bank, whether negative or positive. These changes directly affect value creation, whether increasing or decreasing. Many parties are associated with a bank, and

various indicators can measure the bank's performance and promptly provide valuable and necessary information to all parties.

2. Achieving profitability is a positive factor for all parties (banks and investors), directly reflected in the increase in market capitalisation. It indicates good management and the ability to use appropriate methods to utilise available resources best.

3. The neutrality of the impact of its financing and using any funding source does not affect the market value since banks are similar in all activities. Still, their financing elements are different and have the same market value.

4. Bank market value maximisation is achieved in a broader sense as it leads to shareholders maximizing wealth and continuing their investment in the bank. This is achieved through two types of decisions: Financing decisions, which refer to the optimal choice between multiple internal and external financing sources.

Second: Recommendations

Based on the conclusion, the researchers make the following recommendations:

1. Bank management needs to pay attention to the relationship between financing needs and the bank's market value and determine its capital needs by measuring its financing needs.

2. The study recommends that banks develop effective fund source diversification strategies between equity and debt financing to achieve the optimal combination of the two and minimize financing costs.

3. Bank managers and decision-makers should clearly understand financing costs and determinants. They should not focus on long-term goals or be biased towards self-raised funds and short-term financing. They should take measures to increase returns and avoid getting into trouble. Eventually, there will be a crisis.

4. Banks must maintain the minimum capital required to manage risks and absorb expected losses, giving shareholders and managers better incentives to manage the bank more effectively.

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