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Internal financing (ownership) and its impact on some financial safety indicators: An applied study of a sample of Iraqi private commercial banks for the period (2013-2022)

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Abstract

This study aims to identify the impact of financing indicators by ownership in investigation Safety Finance, and this study seeks to verify Safety Financial stability for the study sample, as the banking sector is the most volatile compared to other sectors. The study problem was launched from the main question: it is influential Financing by ownership In achieving financial safety For banks sample the study? The study was based on several hypotheses, the most important of which is the existence of a significant influence relationship between owned financing and its indicators on financial soundness. In terms of its indicators, if the indicators of the independent variable were internal financing through ownership (capital ratio - rate of return on equity). The study community was represented by private commercial banks operating in Iraq. 3 Banks by relying on the Annual reports, and the hypotheses were tested by using the descriptive and analytical method, as the data was collected from the financial statements for the duration (2013-2022 The study used the financial analysis method to measure internal financing by ownership with indicators Financial Safety For commercial banks, the study sample was determined by relying on statistical programs. 12 Eviews and the program Excel 16; to know the effect of internal financing on ownership In achieving financial safety the study sample included banks listed on the Iraq Stock Exchange. the study reached several results, the most prominent of which were: the existence of a co-integration relationship between the independent variable (internal financing by ownership) the dependent variable (Safety Finance) the study also recommended that: The necessity of banks relying on internal financing indicators based on ownership; To verify the health of banks in order to maintain a good level of financial safety.

Keywords: Internal financing with ownership, financial soundness

Introduction

Technological and economic developments the expansion of global financial market activities and the emergence of new financial institutions provide commercial banks and other institutions with new areas through which commercial banks can obtain the necessary financing in amounts, terms and periods appropriate to the bank. the process of finding other sources of financing is called, which includes obtaining funds from other financial institutions in various forms, such as borrowing, issuing and selling commercial papers and certificates of deposit, or securitizing debts and other sources, taking into account that there are some restrictions. all types of banks are the pillars of any banking system and an important pillar of economic activities in any country in the world, regardless of the considerations they carry, which are represented in many functions, some of which are traditional and some of which are modern, which have developed with the development of the global banking system on the one hand and the development of banks on the other hand. commercial banks are financial institutions operating in the field of credit and are sometimes called deposit banks. The most important thing that distinguishes them from other banks is that they accept deposits on demand and current accounts. In short, the function of the commercial bank is to accept all types of deposits, and a large part of these deposits is invested in the form of loans, and a part of them is kept in the form of cash reserves. The financial manager seeks to increase internal financing by ownership in order to provide a

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large capital for investment, increase customer confidence, and raise the value of the bank in the financial market, and to avoid financial distress and strengthen and enhance financial performance known as financial safety. Measuring financial safety inside the bank, it is very important to visualize the results of the bank's operations that are available in its financial reports during a certain period, as they are manifested in a form of financial performance. Among the most important indicators that we will address in our study are the internal financing indicators by ownership, which are important indicators for the bank, as a result of which effective practices are implemented to avoid financial distress in order to achieve the safety and health of the financial position and increase its ability to absorb losses with all financial risks.

Chapter One: General Framework of the Research

Research methodology

First: The research problem

Commercial banks work on diversifying new and innovative sources of financing to ensure their continuity, growth and sustainability in the market. Therefore, sources of financing are the lifeblood of commercial bank activities. Banks try to arrange their situation to obtain their sources of financing in a way that enables them to confront the lack of liquidity and cash flow, due to the major role of commercial banks, which is reflected in their financial health. However, their mismanagement in the field of investments and the procrastination of commercial banks in their commercial activities may eliminate the owned capital, which is the main pillar for protecting depositors' money, and thus threaten the financial safety and continuity of these banks in achieving their goals, and lead to their collapse and bankruptcy due to the financial crises and various risks that banks are exposed to. Hence, the main question of the study is raised, which is: "Does Affects Internal financing by ownership in achieving Indicators Financial Safety for banks sample the study?"

Second: The importance of research

The importance of the research comes from the nature of the topic that we study it, addressed one of the important topics for any commercial bank in the world, it is related to the sources of financing by indebtedness to banks Commercial, the importance of the research stems from what Comes:

1. Study two variables of financial and banking variables in general, and financial management in particular, represented by the internal financing structure of ownership, which is one of the important topics on which financial management makes the financing decision and chooses the best alternative; with the aim of achieving financial safety which shows the extent of management success.
2. Defining an accurate concept of proprietary financing and explaining the factors that affect financing decisions, which allows banks to benefit from them and achieve management efficiency by achieving financial safety.
3. The importance of the study is evident by providing libraries in Iraqi universities with scientific sources for variables that have not been studied previously, to the best of the researcher's knowledge.

4. The importance of the study focused on studies that focused on the importance of financial safety. For Iraqi banks and their role in addressing financial imbalances and crises.

Third: Research objectives

The study seeks to achieve the objectives the following

1. Seeking to analyze internal financing indicators of ownership for considering it an important source of funding in the Banks Study sample to achieve financial safety.
2. Identify the impact of internal equity financing on financial soundness
3. Make recommendations that will improve financial safety. For banks Commercial in Iraq.
4. Drawing the attention of senior management in the studied banks to benefit from sound scientific foundations in measuring internal financing by ownership.

Fourth: Research hypotheses

Your right hand Add From this study several main hypotheses are as follows:

- The study was based on the following main hypothesis, which states: (There is a significant effect of internal financing indicators in ownership on financial soundness), and the following sub-hypotheses branch out from it:
 - There is a significant effect of equity capital indicators on the turnover ratio.
 - There is a significant effect of the equity capital index on solvency ratio. -There is a significant effect of the index.return on equity in the trading ratio.
 - There is a significant effect of the index.return on equity in financial solvency.

Section Two: The Theoretical Aspect

First: The concept of internal financing (ownership)

Some sources of funds come from within the bank, such as selling assets or using reserves and retained earnings, etc., and the other part comes from outside the bank, such as borrowing. these sources differ from deposits in many ways, the most important of which are: (Shwaish, 185: 2019) ^[4], They are: sources of funds that commercial banks resort to, represented by all items on the left side of the balance sheet (liabilities) except for deposits, which the commercial bank can invest in different terms to exploit available opportunities and achieve profitable returns due to the low cost of obtaining some of these sources. (Dahham & *et al.*, 2019, p. 10) ^[12] It is a traditional source of financing, consisting of retained earnings that have been generated since its first establishment and the total funds provided by the founding shareholders, which provides the bank with a guarantee and protection of the rights of creditors. (Hamid, 2022: 52) ^[1].

Second: The importance of internal financing with ownership

The financial management seeks to increase internal financing through ownership in general in order to enter into new and operational investments that raise the value of the bank and is the basis for establishing the bank and is a basic

source of financing. Internal financing is linked to ownership in a connection. Oh direct at the bank's value the financial market, in addition to its importance in achieving long-term goals and strategies it has a relationship with Voting and election rights:

1. Finance some Special activities to for the bank's investment operations.
2. Help organize the bank able it from purchasing lands and buildings and using them in other bank activities, as they represent fixed funds that are not converted into cash except upon liquidation. Because it is not funded through deposits, but Funded Through the paid-up capital the only item is not made except upon liquidation of the bank.
3. Increasing customer confidence in the bank through the bank's financial strength to meet customer demands in times of economic recession, in addition to ensuring that those dealing with it believe that depositors and regulatory authorities believe that the bank's strength is based on the solidity of capital, and is an element of the Mission Elements in Providing protection to depositors' funds from any losses that may occur in the event of the Failure to collect loans or decline Prices stock.
4. The bank's capital is everything that a new bank owns when it first opens, so it is difficult for me to Obtaining funds from sources other than capital, because all the bank owns when it first starts is capital, as capital plays a role. The bank played a fundamental role in financing the bank's investment and lending activities during the first period of its establishment. (Saeed and Muhammad, 2021: 278) ^[7].

Third: Dimensions of internal funding sources (ownership)

Capital ratio

Owned capital is the line of defense. First in the bank Because it is a protection for depositors' money from any losses that may be exposed to, in the event that there is no provision to absorb the decline in the value of any item of assets, while owned capital plays a somewhat major role in financing fixed assets due to the importance of relatively small fixed assets compared to the size of the bank's assets. (Al-Yasiri and Radhi, 2021: 442) ^[8] It is the amount paid when the bank is established and from subsequent payments after establishment by the owners. if the bank is governmental, the capital is paid upon establishment, as well as subsequent payments by the state with the aim of increasing the capital, but if the bank is a joint-stock company, the joint-stock companies law allows for an initial payment and three subsequent annual payments (25%) of the nominal value of the shares (Abdul and Al-Ubaidi, 2011: 177) ^[3].

2. An average the return on equity

it is Of the financial indicators of no it is important in measuring and evaluating financial performance, as this indicator measures the efficiency of management in exploiting owners' funds and its ability to generate returns from financial resources represented by owners' rights. it also provides important information about operational activity in the short term. (Hantoush, 307:2017) ^[6], Measures the bank's ability to finance the bank's total assets.

Using head the money (Secretary the friend, 2022: 768).

The topic the third: Financial safety

First: The concept of financial safety

Financial safety is the foundation and is necessary for any institution. it shows the institution's efficiency in operating its resources to achieve the highest profits at the lowest costs to reduce risks and the ability to predict and identify potential risks and try to overcome and surpass them to maintain financial safety, which is reflected in its ability to absorb the obstacles it faces, which leads to the inability to fulfill all its obligations, affecting its financial safety and sustainability for the longest possible period (Hindi and Sarhan, 2022: 132). it evaluates the current financial situation and means that daily systems help build financial flexibility; to face shocks as well as the ability On pursuing financial goals. (Ndaba *et al.*, 2022: 3) ^[11].

Second: The importance of financial safety

The importance of financial safety is as follows

1. A vital strategic element Because of the intensity of competition, simply avoiding bankruptcy is no longer an acceptable business standard. To ensure banks enjoy good long-term health, management must direct ample cash flow to the bank's vital programs.
2. Banks play a major role in economic development. Yes, Banks require continuous monitoring to ensure their continuity and efficient operation. However, there are many the Banks that have failed in the history of the banking industry, leading to a merger. Between Banks to create and stronger banks.
3. Protecting banks from being exposed to many risks and maintaining a balanced liquidity position so that they are able to meet their financial obligations. Conducting a process to evaluate their financial health and the financial analysis to verify the bank and It is not exposed to a shortage or surplus in liquidity; this is because a decrease in liquidity will lead to a loss of creditors' confidence, weak creditworthiness, or even legal problems, which in turn leads to bankruptcy and closure of the bank. As for liquidity, The surplus is also It is not good because it does not gain anything from it or is unnecessarily restricted in the current assets. The necessary To balance Efficient institution liquidity center. (Hill, Al-Janabi, 2015:37) ^[10].
4. Investors need it to predict the future of the company and make decisions it is necessary to show its financial health.
5. Managers use financial analysis. also to demonstrate management efficiency to assess financial soundness to help them make decisions and accurately anticipate future conditions in order to improve the bank's future performance and to know the bank's long-term objectives, regulatory procedures, competition and the efficiency of operations taking place within the bank. this information is often available to managers and shareholders but not to investors and the financial soundness is evaluated. in the future and analysis through the ratios in the income statement and the bank's balance sheet. (Banne *et al.*, 2019: 3649) ^[13].

Third: Financial safety goals: Financial management aims

to achieve the financial goals and strategies of the institution. The financial safety of banks and credit institutions gives a sense of security and confidence in controlling financial matters and financial solvency in meeting short-term needs. It plays an important role in the economic growth, development and stability of the country. It achieves the safety of the financial system and protects the profits and interests of borrowers, depositors and other stakeholders. It achieves flexibility to face financial shocks and achieves the future goals of the bank. Some writers have agreed on the goals of financial safety. (Kritsonis, 2005: 4) ^[14].

Fourth: Financial safety indicators

1. Turnover ratio

This ratio is also known as the general liquidity ratio, and is considered one of the traditional indicators in financial analysis and the most widely used indicator. This ratio shows the financial ability of the commercial bank to meet its obligations in the short term through its current assets. Edson, IW 2015) This ratio is considered one of the most important financial ratios for measuring the company's security status, but increasing the ratio does not necessarily provide the cash needed to meet various needs, i.e. the company may not be able to meet its needs even though the percentage is high due to the weak liquidity of assets, because assets cannot be sold quickly. When talking about liquidity, we mentioned that assets must be converted into cash in the shortest possible time without loss. It indicates that the bank is able to cover all current obligations even if the value of current assets falls by half. This is true if the bank wants to liquidate current assets, which leads to a halt in work and obstruction of banking activity. it should also be viewed as the second line of defense, as current assets cannot be converted into cash at the time you want to pay its obligations on time. Therefore, the focus must be on fulfilling its obligations, focusing primarily on the cash flows resulting from the bank's activity. (Sheha, 2015: 70) ^[9] This percentage is calculated using the following equation or relationship:

$$\text{Current Ratio}(CR) = \frac{\text{Current Assets}(CA)}{\text{Current Liabilities}(CL)} * 100\%$$

2. Ratio Financial solvency

This ratio indicates the ability of the institution to meet all its long-term obligations using all its assets when the institution is liquidated. This ratio affects financial soundness. Financial performance For Institutional and related to stock price for the institution, (Satryo *et al.*, 2016:57) ^[15] the solvency ratio has a suitable ability to predict the bankruptcy of institutions, although it is not high enough to allow a definite diagnosis, but it provides important information about the level of risk. If the solvency ratios are low, i.e. a decrease in the value of assets compared to the value of debt, meaning a low ability to generate cash or goods or services compared to repaying debts, which leads to a decrease in this ratio, it faces difficulty in meeting its obligations on time. (Olariu, 2016:285) ^[16].

$$\text{Solvency ratio}(SR) = \frac{\text{Current Assets}(CA)}{\text{Current Liabilities}(CL)} * 100\%$$

Section Four: The Practical Aspect

First: Study community and sample

The research dealt with a sample of commercial banks listed in the Iraqi Stock Exchange, considering their trading, as an active market in terms of trading rates, as well as the fact that commercial banks in these markets make financial disclosures in a way that combines timeliness and informational comprehensiveness and publishes their financial reports in full and accurate form through the website of the Iraqi Securities Commission, which helps in drawing the appropriate ground for the current study in collecting the necessary data and information. as for the study sample, three Iraqi commercial banks were selected, namely (Gulf Commercial Bank, Iraqi Commercial Bank, Ashur Bank) for the period from (2013 - 2022).

Second: Descriptive statistics for variables

Descriptive analysis of the data was performed using the statistical program (SPSS), with the aim of arriving at the values of the arithmetic means and standard deviations, and the highest and lowest values, and then dividing the standard deviation by the arithmetic mean to obtain the coefficient of variation. Table (1) shows the arithmetic means and standard deviations for each of the study variables and their dimensions, represented by the independent and dependent variables. Table (1): Arithmetic mean and standard deviation of independent and dependent variables.

Gulf Commercial Bank

Table 1: Characteristics of descriptive statistics for Gulf Commercial Bank

	Mean	Maximum	Minimum	Std. Dev.
Y1	0.835060	1.430560	0.563735	0.285028
Y2	0.840550	1.489390	0.515123	0.358203
X1	0.374502	0.587316	0.244723	0.116766
X2	0.015830	0.243769	-0.01282	0.088611

Source: The table was prepared by the researcher using the (12) program. Eviews)

Table No. (1) shows the values reached by the study variables, as the trading ratio index recorded (Y1) For the period 2011-2020, the arithmetic mean was (0.835060) The highest value was (1.430560) and the lowest value reached (0.563735) and a standard deviation of (0.285028). as well as the solvency ratio index (Y2) The arithmetic mean (0.840550), and the highest value was (1.489390) and the lowest value was (0.515123), and a standard deviation of (0.358203)As for the indicators of internal financing through ownership, the ratio of owned capital to total assets was recorded as (X1) The arithmetic mean was (0.374502), the highest value was (0.587316), the lowest value was (0.244723), and the standard deviation was (0.116766). The return on equity ratio index (X2) had an arithmetic mean of (0.015830), the highest value was (0.243769), the lowest value was (-0.01282), and the standard deviation was (0.088611), and the highest arithmetic mean of the

dependent variables was (Y2).

The Commercial Bank of Iraq: 2

Table 2: Characteristics of descriptive statistics for the Commercial Bank of Iraq.

	Mean	Maximum	Minimum	Std. Dev.
Y1	1.26577	1.983671	0.932561	0.33219
Y4	5.509	7.604	0.737	1.936128
X1	0.549403	0.640833	0.340789	0.097787
X4	0.036351	0.11521	0.024076	0.028461

Source: The table was prepared by the researcher using the (12) program. Eviews).

Table No. (2) shows the values reached by the study variables, as the trading ratio index recorded (Y1) with an arithmetic mean of (1.26577), and the highest value was

(1.983671) and the lowest value reached (0.932561) and a standard deviation of (0.33219). As well as the solvency ratio index (Y4) The arithmetic mean was (5.509), and the highest value was (7.604) and reached the lowest value (0.737), and the standard deviation reached (1.936128) as for internal financing through ownership, the percentage of owned capital was recorded as (X1) The arithmetic mean was (0.549403), the highest peak was (0.640833), the lowest value was (0.340789), and the standard deviation was (0.097787). The return on equity ratio (X2) had an arithmetic mean (0.036351), the highest value was (0.11521), the lowest value was (0.024076), and the standard deviation was (0.028461). It was the highest arithmetic mean for the dependent variables

Ashur Bank

Table 3: Characteristics of descriptive statistics for Ashur Bank

	Mean	Maximum	Minimum	Std. Dev.
Y1	2.766594	5.722251	1.171603	1.27564
Y2	1.28	2.76	0.52	0.861423
X1	0.566497	0.664336	0.393987	0.074991
X2	0.052462	0.118266	0.017642	0.036363

Source: The table was prepared by the researcher using the (12) program. Eviews)

Table No. (3) shows the values reached by the study variables, as the trading ratio index recorded (Y1) For the period 2011-2020, the arithmetic mean was (2.766594), and the highest value reached (5.722251) and the lowest value reached (1.171603) and a standard deviation of (1.27564). as well as the solvency ratio index (Y2) The arithmetic mean (1.28), and the highest value reached (2.76) and the lowest value was (0.52), and the standard deviation was (0.861423) as for the indicators of internal financing through ownership, the ratio of owned capital to total assets was recorded as (X1) Arithmetic mean (0.566497), the highest value was (0.664336) and the lowest value was

(0.393987), and the standard deviation was (0.074991). The return on equity ratio indicator (X2) recorded the arithmetic mean (0.052462), the highest value was (0.118266) and the lowest value was (0.017642), and the standard deviation was (0.028461), and the highest arithmetic mean for the dependent variables was (Y1).

Third: Measuring and analyzing the impact of internal financing by ownership on the financial soundness of a sample of Iraqi commercial banks for the period Unit root tests ((Panel unit root test

Table 4: Unit root tests ((Panel unit root test

Panel unit root test					
Variables		Levin, Lin & Chu t		I'm, Pesaram and Shin (IPS)	
		Individual Intercept		Individual Intercept	
		t-Statistic	Prob.	t-Statistic	Prob.
X1	Level	-2.65432	0.0233	-2.23020	0.2314
	1st Difference	-2.98765	0.0765	-0.13066	0.0043
X2	Level	-2.65432	0.0987	4.65436	0.0234
	1st Difference	-4.98765	0.0000	-2.49811	0.0002
Y1	Level	-5.46151	0.0000	-1.98765	0.0020
	1st Difference	-4.98765	0.0000	-2.54321	0.0000
Y2	Level	6.35145-	0.0683	-4.10733	0.0043
	1st Difference	2.55256-	0.0000	-2.87057	0.0432

Source: The table was prepared by the researcher using the (12) program. E views)

Table 5: Results of estimating the impact of internal financing through ownership on the turnover ratio index.

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
Long Run Equation				
X1	9.348114	3.855894	2.424370	0.0249
X2	2.338490	0.796570	2.935698	0.0082
Short Run Equation				
COINTEQ01	-0.315975	0.222398	-1.420767	0.0008
D(X1)	-1.927416	0.920658	-2.093520	0.0493
D(X2)	0.592905	0.191267	3.099889	0.0056
C	0.458092	0.365748	1.252479	0.2248
Root MSE	0.151703	Mean dependent variable		0.070821
SD dependent var	0.841593	SE of regression		0.262757
Akaike info criteria	-2.573575	Sum squared resid		1.380822
Black Criterion	-1.177345	Log likelihood		117.2072
Hannan-Quinn criter.	-2.027432			

*Note: p-values and any subsequent tests do not account for the model selection.

Table: Prepared by the researcher based on the program outputs Eviews. 12

Estimating the impact of internal financing through ownership on the financial soundness of a sample of commercial banks

First: Estimating the impact of internal financing indicators on ownership on the turnover ratio Y1: The method will be relied upon. (PANEL ARDEL)) in estimating the impact of internal financing indicators by ownership on

the Y1 turnover ratio as follows:

Appreciation The impact of internal financing through ownership on the solvency ratio index (Y2): The method will be relied upon. (PANEL ARDEL) in estimating the impact of internal financing through ownership on the solvency ratio indicator (Y4) as follows:

Table 6: Results of estimating the impact of internal financing through ownership on the solvency ratio index (Y2)

Note: final equation sample is larger than selection sample				
Variable	Coefficient	Std. Error	t-Statistic	Prob.*
Long Run Equation				
X1	59.34241	29.14090	2.036396	0.0052
X2	28.29537	14.30804	1.977586	0.0019
Short Run Equation				
COINTEQ01	-0.083203	0.069547	1.196346	0.0056
D(X1)	13.16830	13.86380	0.949833	0.3535
D(X2)	-1.622902	6.200097	-0.261754	0.7962
C	1.081473	0.894336	1.209247	0.2407
Root MSE	0.195983	Mean dependent variable		-0.020985
SD dependent var	0.977143	SE of regression		0.339453
Akaike info criteria	-0.088959	Sum squared resid		2.304570
Black Criterion	1.307271	Log likelihood		42.66877
Hannan-Quinn criter.	0.457183			

*Note: p-values and any subsequent tests do not account for the model selection.

Table: Prepared by the researcher based on the program outputs Eviews. 10

Co-integration between internal financing indicators by ownership and turnover ratio Y1 It is noted from the results of the Badroni test that two out of a total of seven tests confirm the existence of a long-term joint integration

relationship between the study variables at a significance level (5%) at the individual secant and the general trend, i.e. the absence of joint integration between the variables as in the following table:

Table 7: Results Cointegration test (Pedroni Test)

Newey-West automatic bandwidth selection and Bartlett kernel				
Alternative hypothesis: common AR coeffs. (within-dimension)				
	Statistics	Prob.	Weighted Statistics	Prob.
Panel v-Statistic	-1.702434	0.9557	-2.030254	0.9788
ADF-Statistic Panel	0.184786	0.5733	-0.095935	0.4618
Alternative hypothesis: individual AR coeffs. (Between dimension)				
	Statistics	Prob.		
Group rho-Statistic	4.030162	1.0000		
Group PP-Statistic	-2.244814	0.0124		
Group ADF-Statistic	-2.083291	0.0186		

Table: Prepared by the researcher based on the program outputs Eviews. 12

Co-integration between internal equity financing and solvency ratio (Y2): It is noted from the results of the Badroni test that two out of a total of seven tests confirm the existence of a long-term joint integration relationship between the study variables at a significance level (5%) at the individual secant and the general trend, i.e. the absence of joint integration between the variables as in the following table:

Conclusion

1. For capital adequacy (Y2) The Commercial Bank of Iraq achieved the highest percentage for the years studied, and this is because the bank enjoys the financial solvency capable of facing financial risks and paying its long-term obligations through an increase in the value of assets compared to the value of debt, meaning an increase in its ability to generate cash and pay its obligations on time.
2. The analysis results of the study sample banks showed that Ashur Bank enjoys a high percentage of liquidity compared to other banks with a high turnover rate, which provides it with a margin of safety and is witnessing a semi-healthy state through the increase in current assets to current liabilities to enable the bank to face emergency situations, including sudden withdrawals, in addition to the high rate of return on equity, which gives a better image of the bank by generating returns through the exploitation of owners' money.
3. Increasing capital is not the only way to achieve financial safety for the bank, due to the lack of optimal employment of funds.
4. The possibility of achieving financial safety for banks using internal financing indicators through ownership, which will enable them to avoid financial crises by analyzing their indicators to confront changes and take the necessary precautions for emergency conditions, as the results showed the existence of a joint integration relationship between internal financing through ownership and the indicator of the rate of return on funds available for employment.

Recommendations

1. The necessity of relying on internal financing indicators based on ownership, to verify the health of banks with the aim of maintaining a good level of financial safety.
2. Banks must maintain a minimum level of capital to meet risks and absorb expected losses in order to give shareholders and managers a better incentive to manage the bank for the better.
3. Iraqi banks must take into consideration and invest in scientific research and studies issued by scientific institutions and universities, in order to benefit from them, as they provide solutions to many of the problems that the bank may face.

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