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The impact of Internal Finance Sources in Achieving Financial Stability An analysis of a sample of commercial banks registered on the Iraq Stock Exchange from 2010 to 2019.

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Abstract : The research aims to indicate the extent of the impact of funding sources through internal indicators (the ratio of funding by ordinary shares, the ratio of funding with retained earnings) on financial stability through its indicators (the ratio of capital adequacy, the ratio of asset quality, the ratio of profitability, the ratio of bank liquidity, indicators of risk market sensitivity in private commercial banks from 2010 to 2019, with the research sample consisting of (7) private commercial banks (Tigris and Euphrates Bank for Development and Investment, Mosul Bank for Development and Investment, North Bank for Finance and Investment, Elaf Bank, Babel Bank, Iraqi Credit Bank). International Bank Ashur). Whether there is a direct relationship between sources of internal financing and financial stability for the consumer to discover?, conduct an investigation group of statistics for the producer of external financing, and use a search group of adjustments and methods for achieving the objectives and using the statistical programmed (Spss.v25). You will find a number of recommendations, the most significant of which are: the necessity to priorities company management above company finance, and the essential procedures to maintain the firm's stability and continuation.

Keywords: internal finance sources, financing policies, financial stability, financial stability advantages.

INTRODUCTION: Finance is the backbone of economic activity; without it, the bank cannot carry out its numerous operations since it is the only method for the bank to meet its productivity criteria and pay all of its dues. The bank has the freedom to choose between various financing sources, whether internal or external, and despite their multiplicity, the ways to ensure their optimal use make them complementary to each other in order to achieve the bank's goals and aspirations as well as its balance and financial stability.

Problem of research

The financing problem is one of the most prominent issues confronting businesses in general, because they lack basic financial management skills or lack financing, as the selection and formation of financing sources (external _ indebtedness / internal _ ownership) is one of the issues on which the economic institution's growth and survival depends. The primary research for the study is as follows: Is there a role for internal financing sources in achieving financial stability for the research sample of commercial banks ?

importance of research

The study's significance is indicated by the bank's capacity to attain financial stability by gaining access to the suitable funding source that ensures the availability of money at the lowest cost and with the least amount of risk. Finance, investment, dividends, and financial decisions are the crown jewels of financial theory.

Objectives of research

A- Recognizing internal financing sources and measuring markers in research sample banks
B - To identify financial stability ideas and measurement indicators in the research sample bank
C - Investigating the relationship and influence of financing sources on financial stability
D - Providing fresh intellectual contributions to the university library and professional groups concerned with financial stability

presupposes of Research

1- correlation between the research variables is presupposed.
Internal funding sources and financial stability in the research sample of commercial banks show a strong association.
2- Influence-theoretic hypotheses for research variables
Internal financing sources have a major impact on the commercial banks that make up the research sample's financial health.

Community and Sample of Researchers

There are 44 Iraqi commercial banks listed on the Iraq Stock Exchange, which together represent the research community. Seven commercial banks in Iraq were represented by the purposive sample.

Research's Boundaries and Focus

1- Temporal bounds: The study sample banks' temporal boundaries are based on a time series from (2010_2019).
2- Geographical bounds: A sample of seven banks among the banks registered on the Iraq Stock Exchange was chosen.

Research Methodology

The descriptive approach, which studies the relationship between variables and quantitatively describes the degree of relationship between variables, as well as being one of the approaches that is objective, was used by the researcher in light of the nature of the research and the data that needed to be obtained. The subject of scientific inquiry is explored, analyzed, and contrasted with other phenomena using this method, which stands out for its exceptional flexibility and wide comprehensiveness. Prior studies chose this methodology because, as we discovered after evaluating them, the majority of researchers employ it in studies that are comparable to theirs.

Sources of Data Collecting

1- **Secondry Sources:** A number of Arab and international sources, including specialized scientific publications, magazines, theses, university dissertations, and scientific websites on the Internet, have been used to support this research. to construct and structure the research's theoretical component such that it supports its analytical and practical framework.
2- **Primary Sources:** The analysis of the research's data was based on the financial statements of the research sample banks, specifically the general budget statements for them and for the time period under study, which were obtained from the annual reports that also contained the banks' final accounts and were authorized by the relevant supervisory authorities for the duration of the research. It covered the period (2010–2019).

previous studies

The paper by Abbas titled "Sources of Funding and Their Impact on Financial Soundness" was published in 2022.

The study focused on a key question: Is there a direct relationship between the sources of funding and the financial soundness of the study sample banks, which included (10) private commercial banks. The study came to a number of conclusions, the most significant of which is that the sample of Iraqi private commercial banks relied heavily on a variety of funding sources.

A 2022 research by Muhammad titled "The Effect of Accounting Conservatism on Financial Stability: An Empirical Study on a Sample of Iraqi Banks"

The study's objectives were to first examine the idea of financial stability and its significance for banks, then to demonstrate the connection between accounting conservatism and financial stability, and finally to assess the role that conservatism plays in achieving financial stability. The accounting reserve, particularly the unconditional reservation, has a role to play in achieving financial stability, notwithstanding the circumstances that the banks were afflicted by throughout the research period. According to the report, banks should maintain normal levels of accounting conservatism since conservatism improves the capacity to foresee financial stability and, as a result, protects capital.

The paper "Sources of Funding and Their Role in Achieving Financial Balance within the Economic Organization" by Sabre and Mohamed (2020) is named.

This research sought to understand how the organization compares the various funding sources at its disposal as well as to show how different funding sources affect the financial balance. Additionally, in order to make the best choice and achieve financial balance within the organization, the suitable sort of funding is chosen based on factors and following a thorough analysis.

What distinguishes the current study from past research:

1- To the best of the researcher's knowledge, this is the first study to look at the impact of financing sources on the financial stability of commercial banks, the study's sample.
2- Testing financing source and financial stability indicators for a sample of commercial banks registered on the Iraq Stock Exchange from 2010 to 2019.

Theoretical Framework

Concept of Funding:

Finance is defined as the sources that the institution relies on to obtain funds to finance assets by borrowing, and these loans are typically made from retained financial surpluses, stocks, and bonds (Abbas, 2008: P. 227), and financing is also defined as the process of obtaining funds from its sources. It is a subset of financial management and is defined as one of the fields of knowledge that consists of a set of facts, scientific foundations, and theories concerning the acquisition of funds from various sources and their proper application by individuals, business establishments, and governments (Al-Samani, 2015: P.24). in addition, in another definition of finance It is one of the basic pillars of the enterprise's activity and ensuring its continuity, by providing it with the necessary funds at the appropriate times, and the need for financing appears either as a result of the enterprise's economic policy, which is trying to exploit all of its capabilities in creating new wealth that guarantees its share of the market, or as a result of the appropriate economic conditions. With what the institution's capacities allow (Asheesh, 2008: P.118).

Policies on funding:

Typically, references point to the existence of several forms of finance programmes, such as: (Al-Khafaji, 2017: P. 30).

1- Moderate monetary policy (the Hedging Principle):

Funding based on this policy necessitates matching the maturity of the funds used to finance the asset with the maturity of the cash flows generated by it (Hindi, 2000: P. 224). In addition, permanent assets should be funded from long-term sources, while temporary assets should be funded from short-term sources, but this is uncommon.

2- Conservative Funding Policy:

The policy is conservative because the financial department seeks to finance a portion of the short-term current assets with long-term financing sources, and this behavior results in a reduction in the size of the institution's obligations, thereby increasing its liquidity. Relying on a source of long-term financing to compensate for the reduction in the volume of current liabilities, on the other hand, would result in a reduction in the rate of return on investment, because the cost of long-term financing exceeds the cost of short-term financing (Al-Zubaidi, 2006: P. 198).

3- A Bold Funding Policy:

It is the policy that is followed when the establishment's management is audacious, indicating that all current assets - permanent and temporary - and a portion of the fixed assets were funded with short-term credit in the hope of increasing the return on investment despite the increased risks. The reason for adopting a risk-taking policy is to capitalize on the fact that the yield curve is generally upward sloping; however, financing long-term assets with short-term debt is extremely risky (Brigham & Houston, 2009: PP. 492-493).

4- Best Funding Policy:

That policy is founded on a literal commitment to the principle of coverage. As a result, in accordance with the optimal financing policy, the bank's management finances permanent assets from long-term financing sources and temporary current assets from short-term financing sources, so the appropriate financing policy must be chosen based on the bank's circumstances and ability to fulfill its obligations. (Hindi, 2010: P. 213).

Components of Finance

1- **Ownership financing (private funds):** It is represented by the institution's funds and ownership, with the issued capital (ordinary shares), retained earnings, and reserves being the most important components. The issued capital is calculated by multiplying the number of shares by their nominal value (Suhailia & Bukathir, 2017: p. 4).
2- **Debt financing:** Debt financing is carried out under conditions and procedures that are determined based on the availability of funds and the returns of the alternative opportunity, as well as after evaluating the institution's ability to meet its obligations(Suhailia & Bukathir, 2017: p. 4).

Funding sources

Economic studies and literature addressed the split of funding sources from several perspectives (Al-Hasnawi, 2014: P. 64). My company:

1. Funding sources based on time period
2. Funding sources, including internal and external funding
3. Funding sources, including direct and indirect funding
4. Funding sources depending on the organizations and authorities that offer and grant funding

Indicators of internal finance sources:

A- Ordinary share funding ratio:

Ordinary shares are a long-term source of funding. Ordinary shares are title deeds held by shareholders to demonstrate their ownership of the bank. Ordinary share financing is more expensive than other forms of financing. The percentage of ordinary share financing is calculated by dividing the paid-up capital by the total assets using the following formula (Al-Miyah, 2019: P.10):

Paid-up capital/total assets = equity financing

B- The proportion of financing financed with retained earnings:

Financing with retained earnings, which are profits earned but withheld by the institution rather than distributed to shareholders. using the following formula:

Retained Earnings Financing = Retained Earnings / Total Assets

The Concept of Financial Stability:

A student of academic history will notice that there are two well-known schools in the financial literature that deal with the concept of financial stability, as representatives of the first school prefer to deal with the concept of financial stability, while representatives of the second school prefer to deal with the concept of financial instability, as the first school believes that the concept of financial stability represents the financial system's ability to function. In achieving financial stability by avoiding system imbalances, so that the financial system can withstand shocks without causing cumulative effects that would prevent savings from being allocated to investment opportunities and payment and settlement processes in the economy. Whereas the second school believes that financial instability is linked to saving and investment, and it represents deviations from the savings plan as a result of inefficiency in the performance of financial management to employ the financial system or as a result of system instability in the face of potential shocks (Tawfiq, 2015: P. 539).

(Crockett, 1997: P. 6) defines **Financial stability** as the state in which the financial system's main institutions are stable and continue to fulfill their contractual obligations without interruption or external assistance, and the main markets are stable.

Financial stability is defined by the Central Bank of Iraq as a situation that allows the financial sector in general, and the banking sector in particular, to work in the face of risks or any negative effects on the current and future reality, growth, and development of the national economy (Annual Report on Financial Stability in Iraq, 2010: P. 11).

Conditions for achieving financial stability:

The following conditions were necessary for the economy to achieve financial stability: (Santoso & Batunanggar, 2007: P. 3).

1. Macroeconomic stability.
2- Financial institution regulation and oversight.
3- The efficiency and soundness of financial institutions and markets.
4- The presence of a secure and dependable financial infrastructure.
5- The availability of effective financial safety nets.

Financial Stability's Importance (Benefits):

According to the Financial Stability Board, financial stability has numerous advantages, as evidenced by: (Financial Stability Board, 2017: P. 13)

1- **Decentralization and diversification:** Decentralization and diversification can help to mitigate the impact of financial shocks. When there are a number of institutions operating in the financial system, the failure of one institution does not always affect the system's stability; this is because other institutions are working to provide various financial services.

2- **Efficiency:** through the incentives created by competition, financial institutions can support stable business models and contribute to overall efficiency gains in the financial system and the real economy.

3- **Transparency:** Transparency reduces information asymmetry and allows for more accurate risk assessment at lower costs. It can also encourage the development of financial instruments with specific risk exposure, supplement markets, and improve market participants' ability to manage risks.

4- **Financial access and adequacy:** Financial access and adequacy affect the financial inclusion of households and businesses, including small and medium-sized enterprises, which is critical for economic development.

Financial and banking stability indicators:

1- **Capital Adequacy Ratio:** Capital adequacy is defined as a method of controlling risk levels when conducting banking business, and it represents the sufficient volume of capital required to absorb losses that occur when carrying out investments and other banking activities. The capital adequacy ratio is calculated using the following formula: (Rashm & Daghim, 2018: P. 141)

Equity / Total Deposits = Capital Adequacy Ratio

2- **Asset Quality Ratio:** The asset quality index is measured by the ratio of total loans to total assets (Al-Ashmawi et al., 2022: P. 368), as this ratio shows the volume of loans that borrowers were unable to repay on their due date; this is due to their inability to return the amounts; and this is due to the failure of the activity in which the loan from a particular bank was invested. The higher this ratio, the greater the credit risks associated with granting loans and advances, as well as the bank's unsuccessful lending policy, which has an impact on the bank's reputation. In contrast, the lower this ratio, the lower the credit risks, and the better. Because it reflects the bank's efficient policy in granting loans and advances.

Total loans / total assets = asset quality ratio

3- Earnings Quality: Profitability is defined as the ratios that show the bank's ability to generate income from the resources at its disposal. Profitability ratios are one of the most difficult trends for banks to understand and measure, owing to the lack of an integrated method that determines when the bank is in a profitable position, as many investment opportunities involve sacrificing current profit in order to obtain a higher profit in the future. (Muhammad & Radi, 2012: pp. 148-151)

Net income divided by total assets equals the profitability ratio.

4- Liquidity Ratio: Liquidity refers to a bank's ability to meet its financial obligations, which primarily include meeting depositors' requests to withdraw funds from deposits on the one hand and meeting customer borrowers' requests on the other. Liquidity is critical for commercial banks because bank management cannot ask depositors for a period of time when requesting to withdraw their deposits because this will undermine customer confidence in the bank (Hamad & Naji, 2017: pp. 409-406).

Total loans / total deposits = liquidity ratio

Research practical Framework

(Results, Analysis and Discussion)

Introduction:

This section included a statistical analysis of the research data, which was divided into three sections. The first section dealt with (analysis of indicators of internal funding sources), and the second section dealt with (analysis of financial and banking stability indicators). The third section dealt with testing (research hypotheses) using a set of descriptive statistics represented A number of statistical inference tests were used in (arithmetic means and standard deviations), including the One-Sample T-Test and the choice of Stepwise Linear Regression, which was used to test the research hypotheses, as well as the linear regression test. The simple and Pearson correlation tests, as well as using the (Camels) model to measure (capital adequacy, asset quality, profits, liquidity) in diagnosing the stability of the banks studied during the period (2010-2019), were used to diagnose the stability of the banks studied.

Analysis of indicators of internal financing sources:

A- Ordinary share financing

Analysis of the aggregate equity financing index:

We note from table (1) the analysis results indicating that the average of the total index of financing in ordinary shares for all the surveyed banks has reached (52.17%) during the period (2010-2019), as we note that this percentage is high, and this is due to the fact that the surveyed banks are increasing the capital Paid, that is, there are capital stock issues, and thus any increase in financing by ordinary shares (owned financing) will lead to an increase in capital stock.

Partial Equity Financing Indicators:

We note the results of table (4-1) that indicate that the percentage of financing by ordinary shares for each of the banks surveyed, the Tigris and Euphrates Bank for Development and Investment came first in the percentage of financing by ordinary shares, as the percentage reached (60.29%) in its financing on the paid-up capital and thus During the research period (2010-2019), as the owned financing grows, so does the financing cost. And that this percentage is the highest, and this indicates that the management in this bank is a very weak management because this percentage is very large, which affects the work of the bank and the possibility of exposure to great risks, and in second place came the North Bank for Finance and Investment in the percentage of financing by ordinary shares, as the percentage reached (59.90%) In financing it on the paid-in capital, and therefore, when the financing own This has an impact on the bank's operations and the possibility of financial problems. (56.03%) in its financing on paid-up capital, and thus, as owned financing increases, so does the financing cost, indicating that the bank's management is concerned This indicates that the bank's management is weak because this ratio is large, which affects the bank's work and the possibility of financial problems, and in the fourth degree came the Bank of Babel in the ratio of financing by ordinary shares, as the ratio reached (53.55%) in its financing on paid-up capital, and thus when the owned financing increases, it increases Funding cost, and this indicates that the bank's management is weak because In the fifth degree, Mosul Bank for Development and Investment came in with the highest percentage of financing by ordinary shares (50.81%) Because it is financed on paid-in capital, the cost of financing rises as the amount of financing owned rises. Because this percentage is large, it indicates that the bank's management is weak, which affects the bank's work and the possibility of it being exposed to financial problems. And in the sixth degree, Elaf Islamic Bank came in the percentage of financing by ordinary shares, and the percentage reached (48.45%) in its financing on the paid-up capital, so when the owned financing increases, the percentage of financing increases The cost of financing rises, indicating that the bank's management is weak because this percentage is high, affecting the bank's work and the possibility of exposure to financial problems, and the Credit Bank of Iraq ranked seventh in the percentage of financing by shares. As the percentage reached (36.13%) in its financing on paid-up capital, when the owned financing increases, the financing cost increases, indicating that the bank's management is acceptable because this percentage is good. The percentage of paid-up capital Total assets is shown in Table (1).

Table (1): Percentage of paid-up capital to total assets

NO.	Banks	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Annual Index Rate	S.D
1	Tigris and Euphrates Bank for Development and Investment	25.1	18.3	26.7	32.2	36.2	32.3	50.5	115.4	127.6	138.6	60.29	47.23
2	Bank of Babylon	24.8	36.8	32.9	44.3	57.3	66	72.5	76	66.5	58.4	53.55	17.77
3	Iraqi Credit Bank	16.8	22.5	17.8	24.8	39.9	40.4	48.6	52.4	50.3	47.8	36.13	14.19
4	Ashur International Bank	47.8	39.3	55.9	59	57.7	55.3	66.7	66.4	53.4	58.8	56.03	8.14
5	Elaf Islamic Bank	25.4	28.4	26.2	48.5	46.8	48.5	61.9	66.6	60.4	71.8	48.45	17.09
6	Mosul Bank for Development and Investment	26.9	29	42.7	36	58	69.1	61.6	61.7	61.6	61.5	50.81	15.58
7	North Bank for Finance and Investment	11.23	19	87.2	164.7	20	35.2	49.6	64.8	72.1	75.2	59.90	45.32
	Annual rate	25.43	27.61	41.34	58.50	45.13	49.54	58.77	71.90	70.27	73.16	52.17	17.43
	S.D	11.40	8.27	23.76	48.16	14.22	14.57	9.36	20.42	26.33	30.25		

Source: Table from the researcher’s work, based on the banks’ annual reports for the period (2010-2019).

B- Retained profits financing

Analysis of the overall index of financing with retained earnings:

We note from table (2) the results of the analysis indicating that the average of the overall index of financing with retained earnings for all the surveyed banks reached (5.14%) during the period (2010-2019), as we note that this percentage is low, and this is due to the fact that the surveyed banks do not invest their assets in a way that achieves surplus liquidity (profits) through which part of those profits are retained, because financing with retained profits symbolizes long-term financing, indicating that the banks' asset investment management is poor.

Partial Indicator Analysis of Financing with Retained Earnings:

We note the results of table (2), which show that the Tigris and Euphrates Bank for Development and Investment came first in the percentage of financing with retained profits, with a percentage of 12.40% during the research period (2010-2019). And when compared to other banks' ratios, this ratio is seen as adequate, Mosul Bank for Development and Investment came in second place in terms of financing with retained earnings, with a percentage of (7.27%). Ashur International Bank came in the percentage of financing with retained earnings, as the percentage reached (4.95%), and this percentage is low and indicates a weakness in the bank's management by investing its assets in the required manner, which could expose the bank to financing risks. And in the fourth degree, the North Bank for Finance and Investment achieved (4.01%) in the percentage of financing with retained earnings. The percentage of financing with retained earnings (3.16%). This percentage is low, indicating a weakness in the bank's management in terms of properly investing its assets, which could expose the bank to financing risks, Elaf Islamic Bank was rated sixth in terms of financing with retained earnings, with a percentage of (2.74%). This percentage is very low and indicates a weakness in the bank's management by investing its assets in the required manner, and this can expose the bank to significant risks in financing, and in the seventh degree, the Bank of Babel came in the percentage of financing with retained earnings, as the percentage reached (1.46%), and this percentage is very low and indicates Significant weakness in the bank's management to invest its assets in the required manner, and this can expose the bank to significant risks in financing, and Table (2) displays the fraction of retained earnings to total assets.

Table (2): Percentage of retained earnings to total assets

No.	Banks	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Annual Index Rate	S.D
1	Tigris and Euphrates Bank for Development and Investment	1.4	1.2	2.7	0.45	0.5	0.56	2.5	3.3	107.5	3.9	12.40%	33.44
2	Bank of Babylon	2.2	1.7	1.6	1	1.5	0.9	3.4	1.1	1	0.2	1.46%	0.87
3	Iraqi Credit Bank	1.31	3.37	3.79	1.7	2.5	1.8	0.9	1.3	9.2	5.7	3.16%	2.58
4	Ashur International Bank	4.9	4.4	5.8	4.4	2.2	22.3	0.76	2.7	1.2	0.8	4.95%	6.36
5	Elaf Islamic Bank	5.9	3.57	3.3	4	3.6	2.2	1.19	1.2	1.16	1.3	2.74%	1.60
6	Mosul Bank for Development and Investment	55.2	3.8	3.2	6.4	0.49	0	1.2	2.4	0	0	7.27%	16.97
7	North Bank for Finance and Investment	2.6	3.6	3.3	9.4	0.8	0.6	3.7	5	5.5	5.6	4.01%	2.57
Annual rate		10.50	3.09	3.38	3.91	1.66	4.05	1.95	2.43	17.94	2.50	5.14%	5.16
S.D		19.79	1.18	1.27	3.21	1.17	8.08	1.23	1.41	39.63	2.51		

Source: Table from the researcher's work, based on the banks' annual reports for the period (2010-2019).

Test Research Hypotheses:

1- The hypothesis of the research variables' correlation:

The first hypothesis was tested: "There is a significant correlation between internal sources of financing and the financial stability of the commercial banks, the research sample."

Pearson correlation parameters were used to test the aforementioned hypothesis, and the results are shown in Table (3), where we can see that there is a strong positive correlation between the source of internal financing (funding by ordinary shares) and the financial stability index (asset quality ratio), with the ratio being around 0.78. Because the probability value of the test is less than the assumed significance level (0.05), the correlation is considered strong, positive, and significant. In the second degree, we see a strong positive correlation between the internal funding source (financing with retained earnings) and the financial stability index (profitability ratio), with the ratio being approximately (0.84). Because the probability value of the test is less than the assumed level of significance (0.05), the correlation is strong, positive, and significant. The other correlations are non-significant because the test probability values are greater than the level of significance (0.05).

Table (3): The strength and direction of the relationship between the internal sources of financing and the financial stability of commercial banks

(Pearson correlation coefficient)

Financial stability indicators / Internal funding sources		capital adequacy ratio	Asset quality ratio	profitability ratio	Liquidity ratio
equity financing	R	0.19	0.78*	0.584	-0.52
	P-Value	0.064	0.000	0.190	0.136
Retained earnings financing	R	0.39	-0.38	0.84*	-0.65
	P-Value	0.070	0.144	0.000	0.253

(Pearson correlation coefficient)

Correlation is significant at the 0.05 level (2-tailed) *

2- The hypothesis of the relationship between the research variables:

Testing the second hypothesis: "There is a significant effect of internal funding sources on achieving financial stability in commercial banks, the research sample."

Analysis of variance (ANOVA) test for the stepwise multiple regression model:

In order to test the above hypothesis, the analysis of variance (ANOVA) test was used for the progressive multiple regression model. In this test, all of the internal funding variables (financing by ordinary shares, financing by retained earnings) were gradually introduced into the model, and as shown in Table (4), the model performed well. The progressive multiple only included one variable (financing with retained earnings), which has an effect on the approved variable (financial stability of the research sample banks), while the other variable (financing with ordinary shares) was not included in the model and has no effect on the approved variable (financial stability of the research sample banks) As the determination coefficient equals (0.60), this model explains (60%) of the change in the financial stability of the research sample banks.

Table (4): Testing the stepwise multiple regression model

model	R	R Square	Adjusted R Square	Std. Error of Estimate
Retained earnings financing	[a]0.81	.660	0.60	2.020

a. predictors: (Constant). Financing with retained earnings

Dependent Variable: The Financial stability of the research sample banks

ANOVA test for the model of straightforward linear regression:

A simple linear model is what remains after we have one variable. We use the F test to assess the model's significance because Table No. 3's findings show that the test's value is equal to 9.873 and its probability value is equal to (sig. = 0.026), which is less than the level of significance (0.05). As a result, we reject the null hypothesis and accept the alternative hypothesis, which claims that internal funding sources have a significant impact on achieving financial stability in commercial banks. This leads us to the conclusion that the (simple linear regression model) is suitable for illustrating the causal relationship between each independent variable (financing with retained earnings) and the dependent variable (financial stability in the research sample's commercial banks).

Table (5): Analysis of variance (ANOVA) to determine the influence of the independent variable (financing with retained earnings) on the dependent variable (commercial banks' financial stability, research sample).

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	40.291	1	40.291	9.873	0.026 [a]
Residual	20.405	5	4.081		
Total	60.696	6			

a. Predictors (Constant). Retained earnings will be used to finance

a dependent variable Banks used as research sample's are financially stable

t-test for the model parameter (β):

Given that Table (4) shows that the value of the t-test for the model parameter (financing with retained earnings) is equal to 3.142 and the probability value of the test is (0.026), and that this value is lower than the assumed significance level (0.05), it can be concluded that the independent variable (financing with profits Withholding) has a statistically significant significant effect on the dependent variable (the financial stability of banks) in the simple linear regression model.

Table (6): The results of the t-test for the parameter (β) of the simple linear regression model (financing with retained earnings)

Model		parameter value	Std. Error	T	Sig.
Constant	α	27.183	27.599	27.599	0.000
Retained earnings financing	B	0.81	3.142	3.142	0.026

Dependent Variable: The financial stability of the research sample banks

Conclusions and Recommendations:

Conclusions:

In this paragraph, the researcher will present a set of conclusions reached through the practical framework of the research in light of the results obtained through the analysis of data and information using the statistical methods used. The following points summarize these conclusions:

1- There is a strong positive correlation between the source of internal financing (ordinary share funding) and the financial stability index (asset quality ratio).

2- The source of internal financing (financing with retained earnings) and the financial stability index (profitability ratio) have a strong, positive, and significant correlation.

3- Retained earnings financing has an impact on the financial stability of Iraqi commercial banks.

4- Financing with retained earnings increases financial stability in commercial banks by 81% between 2010 and 2019.

5- The percentage of financing by ordinary shares was high for the group of banks surveyed, reaching (52.17%), and this percentage comes at a high cost, reflecting a weakness in bank financial performance during the period (2010-2019).

6- The percentage of financing with retained earnings was low, reaching (5.14%), and the decrease in this percentage indicates poor financial performance of the banks under study's management from 2010 to 2019.

Recommendations:

1- The need for bank management to pay attention to the source of internal financing (financing with retained earnings) because of its low cost, i.e., it is almost non-existent, and the financial stability index (profitability ratio), which is necessary for its survival and continuity and a goal that investors seek when dealing with banks.

2- The research sample banks should strengthen their financial positions and competitiveness by increasing capital and transforming themselves into comprehensive banks that provide all services, particularly all new financing, in order to diversify their investment strategy on the one hand and meet their financing needs for economic institutions on the other.

3- It is necessary for bank management to pay attention to the relationship between the sources of funding and the bank's financial stability, in order to measure the sources of financing for banks and determine the bank's funding needs.

4- Reliance on experts and those with financing experience in determining the appropriate financing mix on which the bank relies.

5- The need for banks to use scientific methods in addressing the financial problems that they face, particularly when signs of future financial or economic crises appear, and for banks to detect cases of financial instability in their early stages in order to expedite treatment, because of the consequences in terms of bankruptcy and then liquidation of the bank, which reduces its economic value.

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