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Determinants of Banks Profitability in Kurdistan Region from 2009-2020: Case Study of CIHAN Investment and Finance Bank

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Abstract: This study investigates the profitability of banks, which is affected by internal factors. It aims to determine the relationship between bank characteristics and bank performance in the Kurdistan Region of Iraq. Secondary data was used from the financial statements of CIHAN Bank for the period 2009-2020. The independent variables were bank size, liquidity, capital adequacy, and asset management, while the bank's profitability was used as the dependent variable. Understanding the characteristics of the bank is essential for managing its financial performance and contributes to the economic growth of a country. Pearson correlation tests assessed the relationship between the independent variables and the dependent variable of bank profitability. The Statistical Package for the Social Sciences (SPSS Ver.20) was used for data analysis and presentation. The results indicated that three independent variables had a positive relationship with the bank's profitability, while asset management did not. In the model, the null hypothesis was rejected for all variables except asset management. The study recommended that an effective financial system is vital for the development of a country's economy, as disruptions or failures in the system can lead to economic hardships.

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محددات ربحية البنوك في إقليم كردستان من 2009-2020 دراسة حالة بنك جيهان للاستثمار والتمويل

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المستخلص

تتناول هذه الدراسة ربحية البنوك المتأثرة بالعوامل الداخلية. وتهدف إلى تحديد العلاقة بين خصائص البنوك وأداء البنوك في إقليم كردستان العراق. وقد استخدمت البيانات الثانوية من القوائم المالية لبنك جيهان للفترة 2009-2020. وكانت المتغيرات المستقلة هي حجم البنك والسيولة وكفاية رأس المال وإدارة الأصول، في حين استخدمت ربحية البنك كمتغير تابع. إن فهم خصائص البنك أمر ضروري لإدارة أدائه المالي ويساهم في النمو الاقتصادي للبلد. وقد قيمت اختبارات ارتباط بيرسون العلاقة بين المتغيرات المستقلة والمتغير التابع لربحية البنك. وتم استخدام الحزمة الإحصائية للعلوم الاجتماعية (SPSS Ver.20) لتحليل البيانات وعرضها. وأشارت النتائج إلى أن ثلاث متغيرات مستقلة لها علاقة إيجابية بربحية البنك، في حين لم يكن الأمر كذلك مع إدارة الأصول. وفي النموذج، تم رفض الفرضية الصفرية لجميع المتغيرات باستثناء إدارة الأصول. وأوصت الدراسة بأن النظام المالي الفعال أمر حيوي لتنمية اقتصاد أي بلد، حيث أن الاضطرابات أو الإخفاقات في النظام يمكن أن تؤدي إلى صعوبات اقتصادية.

الكلمات المفتاحية: ربحية البنوك، حجم البنوك، الودائع، السيولة، كفاية رأس المال، إدارة الأصول.

Introduction

A well-functioning financial system is essential for the growth of any country's economy. Any disruptions or failures within the system can lead to significant financial challenges for the country. According to (Salih et al., 2023: 723), profitability is considered a critical metric for evaluating and measuring a company's operational efficiency.

In the Kurdistan region of Iraq, the area is of great importance due to its natural resources and geostrategic location, with its economy being mostly dependent on oil. The CIHAN bank was established in 2008 and commenced its operations in 2009 at its headquarters in Erbil, located in the Kurdistan region of Iraq. In a short space of time, the bank established strong foreign relations with various international banks in the European Union and other countries by providing foreign guarantee letters and facilitating remittances. By the end of 2009, it had raised its capital from ID 25 billion to ID 50 billion, equivalent to 42 million USD which had significant impact in the economy.

The World Bank's 2016 report states that the Kurdistan region’s transactions are mostly cash-based due to its weak financial systems,

indicating that the banking sector is not yet fully developed. (Hassan et al., 2021) reported that the 2014 economic collapse led to liquidity issues in the banking sector, prompting banks to introduce cost-effective, secure, and profitable products to survive the challenging environment. However, after recognizing the need to increase profitability, banks began developing products and services to attract customers and build trust in the financial system. Achieving profitability has become a key challenge for commercial banks as they work to reinforce their financial standing and address the risks posed by openness and globalization. A profitable banking sector is more resilient to adverse shocks and plays a crucial role in maintaining financial system stability. According to (Abdullah., 2021: 417), private bank management must develop new financial tools to support decision-making and maintain financial stability, which is crucial for the overall stability of the financial system.

(Sekreter, 2017) It is anticipated that investment opportunities will expand across various sectors in the short to medium term. The CIHAN banks actively participate in the construction and development process of the national economy creates an interest in analyzing the determines of its profitability as it is estimated covers more of the economy projects (Cihan Annual Report, 2010). The bank aims to achieve economic development and technological advancements as a strategic objective while ensuring high-quality performance. The bank is expected to play a pivotal role in the development of Kurdistan, driven by the religious preferences of the Muslim community, similar to the early growth phases in other developing nations. According to the World Bank (2015), non-Muslim countries are increasingly seeking to leverage the benefits that Islamic banks offer. Among the key performance indicators for financial institutions, including Islamic banks, is the effective use of financial management tools.

Islamic banks are considered more profitable when they increase the wealth of their shareholders by distributing less but increasing overall profit (Kettell, 2011: 33). Profit in Islamic banking must adhere to Islamic principles, which encompass profit and loss sharing, the prohibition of financing projects deemed haram, and the strict avoidance of usury and interest (Kettell, 2011: 34). The strength of the economy can be assessed by studying and analyzing the financial performance of banks. To understand what drives bank performance, Soteriou & Zenios, (1999) suggest measuring

bank profitability by examining return on assets and return on equity. Hassan, (2023) noted that investors can evaluate a company's profitability, liquidity, solvency, and overall financial health by examining its financial statements and accounting data.

Statement of the Problem: Effective management of banks' financial performance is vital for the economic growth of any country, as banks' performance can have both positive and negative impacts on the economy. It is possible that bank stability strengthens the positive effect of capital adequacy on profitability, as more stable banks may face lower funding costs and higher market confidence. bank profitability has significant implications for the viability and sustainability of banks and their intermediation function, the findings of this study can contribute to the overall financial well-being and economic growth of Kurdistan. Despite facing currency instability, policy uncertainty, intense competition, and political turmoil in the region CIHAN bank has managed to thrive. Understanding the factors behind their success requires further analysis of their bank operational strategies, and ability to innovate in response to the evolving market dynamics. Thus, this paper aims to contribute to the existing literature on bank profitability by examining the unique case of CIHAN Bank in Kurdistan, a developing economy with distinct characteristics from 2009 to 2020.

Research Objectives: The primary aim of this study is to explore the key factors influencing the profitability of CIHAN Investment and Finance Bank in the Kurdistan region.

The specific objectives are:

1. To establish the impact of bank size on the profitability of the bank.
2. To establish the impact of liquidity on the profitability of the bank.
3. To establish the impact of capital adequacy on the profitability of the bank.
4. To establish the impact of asset management on the profitability of the bank.

Research Questions

1. To what degree does bank size (BS) relate to profitability (ROA and ROE)?
2. To what degree does capital adequacy (CA) relate to profitability (ROA and ROE)?
3. To what degree does liquidity (LQ) relate to profitability (ROA and ROE)?
4. To what degree does asset management (AM) relate to profitability (ROA and ROE)?

Hypothesis

Model 1 Null Hypothesis (H0): There is no notable correlation between the specific elements of banks and their profitability.

Model 2 Alternative Hypothesis (H1): There is a notable correlation between the specific elements of banks and their profitability.

Our empirical models incorporate several key elements to enhance its accuracy and robustness. Firstly, it accounts for unobserved bank-specific fixed effects, which capture factors such as management quality and board effectiveness that can significantly influence banks' performance. By including these fixed effects, the model ensures that the estimated coefficients are not biased. Additionally, the model addresses the issue of persistence in bank performance, which can arise from market structure imperfections like cartels and monopolies. These imperfections can lead to sustained differences in bank performance over time. Acknowledging and incorporating this persistence into the model, it provides a more comprehensive understanding of the determinants of bank performance.

Importance of the Study: This study is valuable in determining how the elements of banks influence the profitability of investment and finance banks in the Kurdistan region, which significantly affects the economy regarding market share, revenue, and assets. A robust financial system is essential for the growth of a country's economy. Disruptions or failures within this system can result in financial difficulties for the nation. Determining the factors that affect bank profitability is very important for banks, as it is integral to their growth and expansion. It maximizes risk-adjusted returns by managing credit risk exposure to shield the bank from the adverse effects of credit risk. Therefore, this study will assist banks in Kurdistan in maintaining effective credit and profitable management systems.

Literature Review

Return on Asset and Return on Equity: According to Prastowo (2002: 86), Return on Assets (ROA) serves as a metric for assessing a firm's performance and efficiency in generating profits about its assets. A higher ROA ratio indicates that a firm can generate profits at a more significant rate. According to (Okezie, 2017: 155), Return on Assets (ROA) is important for measuring performance, as it analyses the association between the benefits derived from assets and the income they are expected to generate. Return on Assets (ROA)= Net profit after tax and interest divided by total assets. Return on

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Equity (ROE) represents the net wealth generated from the funds invested by shareholders. A higher ROE indicates that more wealth has been created for each unit of investment (Al-Amri, 2009). Return on equity = Net income after taxes divided by Total Equity

Sulieman A. A. (2014) examined the impact of credit risk management on the financial performance of commercial banks in Jordan from 2005 to 2013. The research analyzed data from 13 banks, evaluating performance through Return on Assets (ROA) and Return on Equity (ROE). The findings indicated that ROA and ROE have significantly influence on financial performance. (Nicole et al, 2015) assessed the determinants of bank profitability in EU27 banks for the period 2011-2014. The study measured bank profitability using Return on Average Assets (ROAA) and Return on Average Equity (ROAE) as dependent variables. The results showed that liquidity risk, management efficiency, business diversification, market competition, and economic growth affect bank profitability. Shoaib (2011: 1887) found that the size of a bank is a crucial factor in determining its profitability, with Return on Equity (ROE) serving as the measure of assessment. Saleem and Ramiz (2011), as cited in Salih, 2023: 321), indicate that Return on Assets (ROA) is significantly influenced by the liquidity ratio, while this impact is less pronounced for ROE and Return on Investment (ROI). Additionally, the current, quick, and liquidity ratios do not significantly affect ROE but do influence ROI. Tobin's Q model was also used in the study to measure bank profitability and performance, and it found a direct and positive relationship with bank size, leverage ratio, and investments in assets.

Jahangir et al. (2007) noted that traditional profitability measures based on stockholders' equity exhibit significant differences in the banking industry when compared to other sectors. In banking, the loan-to-deposit ratio serves as a strong indicator of profitability, as it reflects the status of asset-liability management. However, banks' risk is not only associated with asset-liability management but also with growth opportunities. Smooth growth ensures higher future returns for stakeholders, indicating profitability not only in terms of current profits but also future returns. Therefore, market size, market concentration index, return on equity, and the loan-to-deposit ratio are key factors in analyzing the profitability of the banks.

It is important to note that different researcher's indicated the biases of using one variable over the other due to the favor one shows over the other on different independent variables. Therefore it is necessary for the study to choose ROA and ROE to have a clear picture of the bank profitability.

The relationship between Bank Size and bank profitability: Bank Size (BS) this is determined by the bank's total assets. The total assets of the bank are used as a proxy for bank size. The size of the bank normally affects the profitability of the bank. Abdelrahim (2013) examined the challenges associated with credit risk management practices in Saudi banks from 2005 to 2010. The variables assessed included liquidity, bank size, capital adequacy, asset quality, management soundness, and earnings. The results revealed that capital adequacy, asset quality, management soundness, and earnings had an insignificant effect on credit risk management and bank size had a negative impact. Tarawneh (2006) discovered that possessing a large total capital, deposits, loans, or total assets does not necessarily guarantee better profitability for banks. His empirical research led him to conclude that operational efficiency, effective asset management, and bank size significantly and positively affect the financial performance of banks. Almazari (2011) sought to evaluate the financial performance of seven Jordanian commercial banks from 2005 to 2009 by employing simple regression analysis. This approach aimed to assess the influence of independent variables, such as bank size, asset management, and operational efficiency, on dependent variables like return on assets and interest income. This correlation was further validated through regression analysis, which demonstrated that financial performance is significantly affected by these independent factors.

Bank size can impact bank profitability through two channels: the cost of funding and risk-taking activities. A more stable bank can attract greater deposits and reduce its funding costs, as depositors perceive it as less likely to default or encounter liquidity problems. This lower cost of funding can in turn increase the net interest margin and overall profitability of the bank. For instance, (Nguyen and Le; 2022) and (Nisar et al. 2018) found that bank size has a positive and significant effect on bank profitability in Asian economies. Based on the structure-conduct-performance (SCP) hypothesis, bank size influences the competitive behaviour of banks, which in turn affects their profitability. According to this hypothesis, a more concentrated banking

market (i.e., a market with fewer and larger banks) leads to higher profitability, as banks can collude with each other to charge higher interest rates and fees, and reduce their operating costs (Kosmidou, 2008). Therefore, the degree between bank size and bank profitability (ROA and ROE) is necessary to determine its effect and impact.

The relationship between Capital adequacy and Banks profitability: Capital adequacy (CA). The strength of the bank is determined capital adequacy ratio. It is measured from the equity to total assets. Capital is a vital source of funding for banks, as it enables them to absorb losses, maintain solvency, and comply with regulatory requirements (Li & Feng, 2016; Ahlswede & Schildbach, 2012). Moreover, high capital is associated with greater stability and confidence, which can attract more deposits and reduce the cost of funding (Dietrich & Wanzenried, 2011; Berger et al., 2013). Therefore, one would expect banks with high levels of equity capital to have more funds to lend out, which should result in increased profitability. Accordingly, the study hypothesizes that capital positively affects bank profitability. The relationship between bank capital and profitability has also been investigated extensively, but the results are mixed. Abbas et al. (2019) found a positive association between bank capital and profitability during the post-crisis era in Asia and the United States. Ozili (2017) also found a positive influence of bank capital on the profitability of commercial banks in Africa. However, Berger and Bouwman (2013) and Barth et al. (2008) concluded that the effect of capital on bank profitability is indeterminate. Tran et al. (2016) reported mixed results, finding an inverse relationship between bank capital and profitability for larger banks, and a positive relationship for smaller institutions. Akinkunmi, (2017) found that capital adequacy, credit risk, and efficiency ratio are the main elements affecting the long-term profitability of banks, while market concentration and real gross domestic product impact performance in the short run. (Jasim, 2023) indicated that higher capital adequacy can reduce Return on Equity (ROE) profitability, A one-unit increase in capital adequacy results in a decrease of 0.005 units in profitability. This lack of consensus on the relationship between bank capital and profitability indicates a need for further research.

The relationship between Liquidity and bank profitability: It is calculated by dividing total deposits by total assets. A higher percentage of this ratio indicates that banks are more liquid. One significant reason for

bank failures is insufficient liquidity. According to the risk-return trade-off theory, there is a negative relationship between bank profitability and liquidity. This theory assumes that liquid assets have lower returns than illiquid assets, as they entail lower risks (Bordeleau & Graham, 2010). Therefore, the study hypothesizes that banks with higher liquidity (low loan-to-deposit ratio) are less profitable than banks with lower liquidity. However, some studies have challenged this hypothesis and found a positive relationship between liquidity and profitability (Tran et al., 2016; Goddard et al., 2013). They argued that liquid assets can help banks cope with unexpected shocks and reduce the cost of external funding (Dietrich & Wanzenried, 2011; Berger & Bouwman, 2009). Additionally, a positive relationship has been identified between liquidity and bank profitability (Bourke, 1989: 78). Kumbirai and Webb (2010) examined the performance of South Africa's commercial banking sector from 2005 to 2009. They used financial ratios to assess the profitability, liquidity, and credit quality of five major commercial banks based in South Africa. The study revealed that bank performance improved significantly during the initial two years of the analysis. (Abdulla et al., 2017) examined the financial position of banks and the effect of liquid assets on generating positive income for an Islamic bank in the Kurdistan region. Liquidity management systems and profitability ratios were analyzed for CIHAN Bank from 2009 to 2015. The results found that profits can be attained and managed better with effective liquidity management systems. (Samad, 2004) used liquidity, credit, and profitability ratios to measure the performance of commercial banks in Bahrain during the period 1994-2001. The results showed that the banks were more exposed to risk due to low profits and liquidity. On the other hand, Abbas et al. (2019) argue that holding more liquid assets has an opportunity cost in terms of foregone interest income. Tran et al. (2016) and Goddard et al. (2013) also find a negative relationship between liquidity and bank profitability. The relationship between bank liquidity and profitability has been extensively studied, but there are conflicting views in the literature, therefore it is necessary for the study to measure the variable.

The relationship between Asset Management and bank profitability: Asset Management (AM) It is represented by the ratio of operating revenue to total assets. A higher asset management ratio is advantageous for banks. There is a positive correlation observed between this ratio and the

profitability of Islamic banks (Chirwa, 2003; Miller and Noulas, 1997). Turning to operational efficiency, (Karakaya and Er (2013:227) report that larger banks have higher overheads compared to smaller banks. Fungáčová et al. (2020) attribute this lower efficiency to structural problems and political incentives that prevent cost minimization, thereby adversely impacting bank profitability. However, (Singh 2021:18) argues that the utilization of new financial technologies, such as automatic teller machines (ATMs) and the Internet, has led to a decrease in overhead expenses and an increase in profitability. A cross-country analysis by (Le and Ngo 2020:17) supports this idea, demonstrating that the growth in bank cards issued, ATMs, and POS terminals enhances bank profitability. Nonetheless, many studies emphasize the relationship between bank profitability is usually determined by economic environment.

Research Methodology: This study examines the effect of bank-specific factors on profitability in the Kurdistan region, based on data from CIHAN Investment and Finance Bank over seven years ranging from 2009 to 2020. The research will utilize secondary data, gathered from various sources such as journals, books, and articles. The primary data source will be the published annual reports of the banks, and amounts were converted to USD values using the exchange rates applicable during the period. To estimate the determinants of bank profitability, the study adopts the following linear regression models:

Profitability (ROA) = β0+ β1BS + β2LQ+ β3AM+β4CA+ e

Profitability (ROE) = β0+ β1BS + β2LQ+ β3AM+β4CA+ e

Where

The return on assets (ROA) = net income after tax / whole Assets.

Return on equity (ROE) = net income after tax/ Total equity

Bank size (BS) = Total Assets.

Liquidity (LQ) = total deposit/total asset

Capital Adequacy (CA) = Equity/ Total Assets

Asset management (AM) = Revenue/ total assets

The ε is the term of error.

Pearson correlation and multiple regressions will be used in the analysis. Haque and Sharma (2011) conducted a study to test hypotheses suggesting significant differences among Saudi banks. They analyzed the financial performance of banks in Saudi Arabia by examining financial

variables and ratios, employing Spearman's rank correlation method. While performance benchmarking is usually conducted using sophisticated linear programming models, this study aimed to create an efficiency frontier through simple linear regression. Therefore, this study uses linear regression on both models.

Data Analysis and Discussion

Hypotheses Testing: To test the hypotheses used in the study, we conducted correlation and linear regression analyses to examine the relationship between the independent variables (bank-specific factors) and the dependent variable (profitability). Our research relies on Model 1 and Model 2, as outlined below:

Model 1 (H0): There is no notable correlation between the specific elements of banks and their profitability.

Model 2 (H1): There is a notable correlation between the specific elements of banks and their profitability.

Regression Results:

Table (1): Regression results

	CIHAN Bank			
	Return on Asset		Return on Equity	
R	0.986		0.959	
R Squared	0.972		0.919	
Adjusted R Squared	0.949		0.852	
F Static	41.913		13.619	
Sig	0.000		0.003	
	T-test	Sig	T-test	Sig
BS	5.788	0.001	1.285	0.264
CA	8.006	0.000	4.168	0.006
LQ	8.260	0.000	-4.084	0.006
AM	0.330	0.752	2.091	0.081

Source: the researcher's compilation of SPSS22 outputs

The results in the tables show a significant relationship between the dependent variables (ROA and ROE) and the independent variables (BS, CA, LQ, AM). The adjusted R-squared values were 0.972 for ROA and 0.852 for ROE, indicating that the independent variables explain 97.2% and 85.2% of the variation in the dependent variables, respectively. The F-statistics were 41.913 for ROA and 13.619 for ROE, with significance levels

of 0.003 and 0.000, respectively. This indicates a strong probability of rejecting the null hypothesis, with confidence levels of (1 - 0.003) = 99.7% and (1 - 0.000) = 100%. The results indicated that return on assets (ROA) has a significant relationship with bank size (BS) (significance = 0.001, t-test = 5.788). This indicates that BS is a critical factor in improving the profitability of the bank.

Capital adequacy (CA) also demonstrated a significant relationship with ROA (significance = 0.000, t-test = 8.006). The beta value is notably significant, indicating that as capital adequacy levels rise, ROA is expected to increase by 0.572 units. A strong capital adequacy means the bank as a potential future ahead and it can be concluded that CIHAN bank is adequately capitalized according to the minimum tier 1 ratio of 8% recommended by the Basel II2 framework.

Asset management (AM) had a positive impact but no significant relationship with ROA, with a t-test of 0.330 and significance of 0.752. This implies that although the bank is generating profits, it should maintain a higher level of current assets to manage its liabilities more effectively. These findings are corroborated by Mohammad, M. R. (2011), who concluded that profit maximization is associated with current assets. Liquidity (LQ) hurt ROA but showed a significant relationship, with a t-test of -8.260 and significance of 0.000. The results indicated a significant relationship between return on equity (ROE) and liquidity (LQ) (significance = 0.006, t-test = -4.084). This suggests that an increase in the negative beta (-1.631) of liquidity (LQ) is linked to a decrease in ROE by -0.060. This highlights that LQ is an essential factor in decisions focused on enhancing the bank's profitability. This observation suggests that CIHAN banks experience advantages from having a higher proportion of loans compared to deposits, resulting in increased interest income and decreased interest expense. This suggests that bank to charges higher interest rates on their loans than they pay on their deposits, reflecting their market power and pricing strategy. A similar finding by Isayas (2022) in Ethiopia supports these results, further affirming the positive and significant relationship between liquidity and bank profitability.

Return on equity also had a positive impact and connection with capital adequacy (CA), with significance values of 0.006 and t-tests of 4.168. These results are supported by the studies of (Almazari, 2011) which

identified a positive connection between financial performance and capital adequacy, as evidenced by regression analysis. The bank size (BS) and asset management (AM) showed no significant relationship with ROE, with t-tests of 1.285 and 2.091 and significance values of 0.246 and 0.081, respectively.

Models Analysis:

Table (2): Model one null hypothesis (H0) Results

	Model one	H0	Model two	H1
Variables	**ROA**	**ROE**	**ROA**	**ROE**
There is no notable correlation between BS	REJECTED	ACCEPTED	ACCEPTED	REJECTED
There is no notable correlation between CA	REJECTED	REJECTED	ACCEPTED	ACCEPTED
There is no notable correlation between LQ	REJECTED	REJECTED	ACCEPTED	ACCEPTED
There is no notable correlation between AM	ACCEPTED	ACCEPTED	REJECTED	REJECTED

Source: Raw data

Our model was developed based on the null hypothesis (H0), which asserts that: There is no notable correlation between the specific elements of banks and their profitability. The variables accepted in the hypothesis are based on the premise that they do not have a significant relationship with return on assets (ROA), despite potentially exhibiting positive or negative effects. The alternative hypothesis (H1), which asserts that: There is a notable correlation between the specific elements of banks and their profitability. The positive impact on model two for Capital adequacy means that CIHAN bank tend to maintain their profitability levels over time and adjust slowly to changes in market conditions or bank-specific factors. These results suggest a positive relationship between capital and bank profitability,

which is consistent with the findings of García-Herrero et al. (2009). García-Herrero et al. (2009) argue that banks with higher capital ratios are able to reduce their funding costs as they face a lower risk of bankruptcy. Thanh et al. (2022) also support this notion, stating that higher equity gives banks an advantage in raising capital, improves their risk tolerance, and enhances customer confidence, ultimately boosting profitability. Jadah et al. (2020) provide similar evidence for Iraqi banks. Bank size its implying that market structure plays a significant role in negatively impacting bank profitability on CIHAN thereby affecting the country economic growth. These findings align with those of Bolarinwa et al. (2019), who also found that elevated levels of market concentration, as measured by the Herfindahl-Hirschman index (HHI), have a detrimental effect on bank profitability. Considering these results, it can be inferred that the bank encounter substantial challenges in the form of high operational costs.

(Morshed, 2020, p. 260) emphasized that capital management plays a significant role in a firm's profitability, risk, and overall corporate strategy to maximize shareholder wealth. Proper and effective management of bank-specific variables, such as capital adequacy, bank size, liquidity and asset management, can significantly enhance a bank's profitability. Therefore, managers should focus on efficiently and effectively managing these components. A major challenge for banks in the Kurdistan region is the lack of trust individuals have in them. Many companies prefer using cash for transactions. To address this issue, banks should work harder to build trust and demonstrate their reliability to customers. CIHAN Investment and Finance Bank is well-positioned to contribute positively to the development of the region's economy.

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