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The impact of financial flexibility on the profit margin: an analytical study of a sample of commercial banks listed on the Iraq Stock Exchange for the period 2017-2022

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Abstract : This research examines the impact of financial flexibility in the Iraqi banking sector by analyzing the relationship between various financial ratios and performance indicators. Specifically, it investigates how the debt-to-equity ratio, quick liquidity ratio, and cash ratio affect banks' profit margin and revenue capacity. The study addresses the main question: How does financial flexibility influence profit margins in the Iraqi banking environment? To answer this, the research analyzed data from 10 banks out of 45 listed on the Iraq Stock Exchange from 2017-2022. The sample included banks such as Al-Mansour Investment Bank, Middle East Iraqi Bank, and Iraqi Commercial Bank, among others.

Using SPSS, Excel, and Eviews for data analysis, the research concluded that certain banks demonstrated an ability to withstand external shocks by maintaining high liquidity levels and adopting moderate financial leverage policies. These banks, by implementing a flexible financial policy, performed better compared to others. The study emphasizes the importance of financial flexibility in helping banks to manage crises effectively. It recommends that Iraqi banks adopt financial flexibility as a strategic approach to improve their resilience, enabling them to face and overcome financial challenges more effectively.

Keyword: Financial Flexibility , competitive Advantage.

Introduction:Financial flexibility refers to the ability of banks to finance their operations or investments when facing adverse cash flow shocks. It plays a critical role in risk management strategies within financial institutions, enabling banks to avoid direct and indirect costs related to financial control and ensuring the availability of resources for investment opportunities. A lack of financial flexibility can lead to challenges such as liquidity shortages, missed investment opportunities, and reduced growth potential. Hence, banks must maintain flexibility to optimize performance and enhance growth.

Research Methodology:

1.Research Problem:

The study seeks to answer the key question: What is the impact of financial flexibility on profit margins in the Iraqi banking environment? This main question branches into the following sub-questions:

What is the impact of the debt-to-equity ratio on the profit margin؟
What is the impact of the quick liquidity ratio on the profit margin؟
What is the impact of the cash ratio on the profit margin؟

2.Importance of the Research:

The research highlights the role of financial flexibility in assessing the performance of banks in emerging markets, with direct evidence of its effect on profitability and investment efficiency.
The study's findings are significant for the sample banks and the broader banking sector.

3.Research Objectives:

To understand competitive advantage concepts and how financial flexibility influences competition and ethical behaviour in the Iraqi banking sector.

4.Research Hypotheses:

The research proposes a main hypothesis: There is a significant correlation between financial flexibility and competitive advantage in the Iraqi banking environment.

Sub-hypotheses focus on the relationships between debt-to-equity ratios, liquidity ratios, cash ratios, profit margins, and revenue capacity.

5.Research Sample:

The study focuses on 10 banks listed on the Iraq Stock Exchange, selected from 45 local commercial banks. Data were collected from 2017 to 2022. Analytical tools such as Pearson's correlation coefficient, structural equation modelling (SEM), and software (Excel) were used.

Literature Review:

-1Al-Hawri and Al-Naimi (2021): This study explores the causal relationship between financial flexibility and banking profitability in Iraqi commercial banks, demonstrating a reciprocal relationship and the significant impact of financial flexibility on profitability.

-2Mansour et al. (2022): The research investigates how financial flexibility affects the value of companies listed on the Iraq Stock Exchange, showing that flexibility enables banks to withstand external shocks and improve performance by maintaining liquidity.

Theoretical Framework:

1. Financial Flexibility:

Defined by the International Monetary Fund as the capacity to adapt to shocks and crises, financial flexibility helps banks balance revenues and expenditures and improve their financial standing. It reduces dependence on external financing, promotes financial independence during crises, and enhances banks' ability to invest in profitable opportunities.

2. Profit Margin:

The profit margin is a key financial metric that indicates a bank's ability to generate profit from its operations. It is calculated by dividing net income before tax by sales. A high-profit margin reflects successful management and the ability to withstand economic challenges.

Data Analysis:

1. Sample Description:

The research analyzes financial flexibility and competitive advantage for the selected banks using audited financial data from 2017 to 2022. The banks in the sample include Al-Mansour Investment Bank, Middle East Investment Bank, and others.

2. Measuring Financial Flexibility:

The study uses the following ratios:

Debt-to-equity ratio: Total debt divided by net equity.

Quick liquidity ratio: (Current assets - inventory) divided by current liabilities.

Cash ratio: Cash and quasi-cash divided by total assets.

1.Measuring and analyzing the financial flexibility of Al-Mansour Investment Bank for the years (2017-2022): The following table shows the results of the analysis

Table (1) Results of measuring and analyzing the financial flexibility of Al-Mansour Investment Bank for the years (2017-2022)

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Table (1) Results of measuring and analyzing the financial flexibility of Al-Mansour Investment

Debt to Equity Ratio		Debt to Equity Ratio = Total Debt ÷ Net Equity			The law
		Net Equity	Total Debt	years	Debt to Equity Ratio
3.53		290096763451	1026354746006	2017	
4.27		297286553972	1269908140	2018	
4.22		279661254738	1181817654830	2019	
3.49		286554793106	1000864267745	2020	
1.49		0081281992	417836147563	2021	
1.6		283054974054	453784562847	2022	
Quick ratio	**Quick ratio = (Current assets – Inventory) ÷ Current liabilities**				**The law**
	Current liabilities	**Inventory**	**Current assets**	**years**	**Quick ratio**
1.28	992703914461	0	1266191833260	2017	
1.22	1246492581812	0	1517573725417	2018	
1.13	1175839987511	0	1323804177325	2019	
1.23	993813243667	0	1223365792483	2020	
1.61	411037874022	0	662611548643	2021	
1.57	446040361650	0	699233866768	2022	
Cash ratio	**Cash ratio = Cash and cash equivalents ÷ Total assets**				**The law**
		Total assets	**Cash and cash equivalents**	**years**	**Cash ratio**
0.961		1316451509457	1266191833260	2017	
0.968		1566367957302	1517573725417	2018	
0.905		1461478909568	1323804177325	2019	
0.950		1287419060851	1223365792483	2020	
0.949		697917429555	662611548643	2021	
0.9489		736839536901	699233866768	2022	

Bank for the years (2017-2022)

Source: Mansour Investment Bank reports

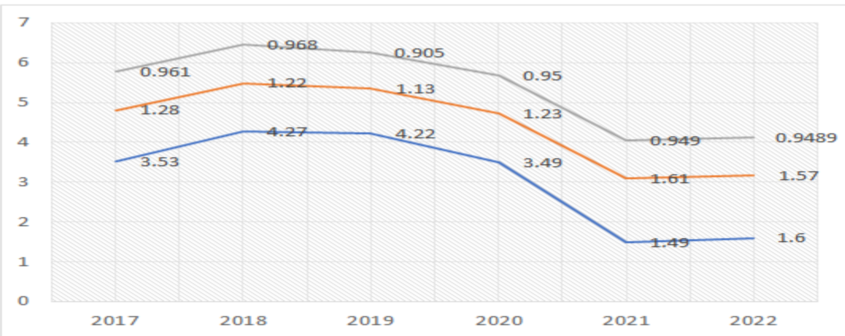

Figure (1) Results of the growth of financial flexibility of Al-Mansour Investment Bank for the years (2017-2022)

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It is clear from the analysis shown above in Table (1) and Figure (1):

1. The analysis of the debt to shareholders' equity ratio has achieved continuous increases throughout the analysis period, as the highest ratio (4.27) was indicated for the year (2018) due to the increase in the total debts owed by the bank, and it declined again in the year (2021) by (1.49). This fluctuation in the ratios indicates an increase in the total debts, and this may expose the bank to a financial taste in its ability to pay, as the ratio rose more. The ratio declined again during the last two years of the analysis, and this indicated the bank's ability in its financial flexibility to deal with reducing debt ratios.
2. The analysis of the quick liquidity ratio has fluctuated in its rise and fall, sometimes indicating a decline and other times indicating an increase. This indicates the bank's confusion in managing its funds and financial flexibility. It has achieved continuous increases throughout the analysis period, indicating (1.28 - 1.22) for the years (2017-2018), and the ratio decreased in the year (2019) and achieved a ratio of (1.13). The quick liquidity ratio has risen again for the years (2020 - 2021-2022), respectively (1.23 - 1.61 -1.57). This fluctuation in the ratios indicates the increase in the total quick liquidity ratio, the bank's ability to provide financial flexibility, and the ability to convert its circulating assets into quick cash. This indicates the bank's good performance in how to manage its assets.
3. The cash ratio analysis has achieved continuous increases and decreases throughout the analysis period, but to a very small extent. It achieved the highest increase in the year (2017) by (0.961) due to the increase in the value of sales. These results indicate that cash and quasi-cash occupy a very good value in the bank compared to the value of assets, and that the bank improves the management of cash assets and its financial flexibility has improved during the analysis period. It achieved the lowest decrease in the cash ratio in the year (2019) by (0.905) due to the economic contraction during the days of the demonstrations and the political instability at that time.

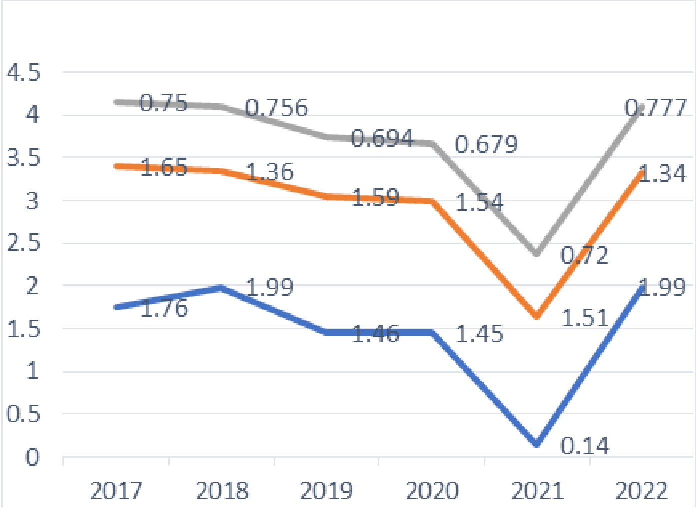
1. Measuring and analyzing the financial flexibility of the Middle East Iraqi Investment Bank for the years (2017-2022)

Table (2) Results of measuring and analyzing the financial flexibility of the Middle East Iraqi Investment Bank for the years (2017-2022)

Debt to Equity Ratio		Debt to Equity Ratio = Total Debt ÷ Net Equity			The law
		Net Equity	Total Debt	Years	Debt to Equity Ratio
1.76		270897703000	477233637000	2017	
1.99		267467533000	533282269000	2018	
1.46		267290296000	390941198000	2019	
1.45		26189000	382977561000	2020	
1.41		265181366200	375540449000	2021	
1.99		265195849000	529908110000	2022	
Quick ratio	Quick ratio = (Current assets – Inventory) ÷ Current liabilities				The law
	Current liabilities	Inventory	Current assets	years	Quick ratio
1.65	339733712000	0	561397178000	2017	
1.36	444696596000	0	605971762000	2018	
1.59	287512499000	0	457288965000	2019	
1.54	286441491000	0	440518964000	2020	
1.51	306537145000	0	461768560000	2021	
1.34	460873297000	0	618176029000	2022	
Cash ratio	Cash ratio = Cash and cash equivalents ÷ Total assets				The law
		Total assets	Cash and cash equivalents	years	Cash ratio
0.750		748131340000	561397178000	2017	
0.756		800749802000	605971762000	2018	
0.694		658231494000	457288965000	2019	
0.679		647868750000	440518964000	2020	
0.720		640721811000	461768560000	2021	
0.777		795103959000	618176029000	2022	

Source: Reports of the Middle East Iraqi Investment Bank

Figure (2) Results of the growth rate of financial flexibilityof the Middle East Iraqi Investment Bank for theyears (2017-2022)



It is clear from the analysis shown above in Table (2) and Figure (2):

1. We conclude from the analysis of the debt to shareholders' equity ratio that it has achieved varying fluctuations throughout the analysis period, as the highest percentage of increase was in the years (2018 and 2022) respectively (1.99 - 1.99) and it declined again in the years (2019-2020-2021) respectively (1.46 - 1.45 - 0.14). This ratio fluctuation indicates an increase in the total debts, which may cause the bank to face financial fluctuations in its ability to pay as the ratio rises more due to a decrease in the bank's sales. The ratio declined again to form its greatest in the year (2021) at a rate of (1.41). This indicates the bank's financial ability to deal with reducing debt ratios, and this is a good indicator of the good use of resources.

2. It is clear from the analysis that the quick liquidity ratio has varied in its increase, but to a small extent. This stability in the bank's financial flexibility indicates the good management of its funds. It has achieved continuous increases throughout the analysis period, the greatest of which was in the year (2017) at a rate of (1.65). This fluctuation in the ratios indicates the increase in the total quick liquidity ratio and the bank's ability to provide financial flexibility and the ability to convert its current assets into quick cash. This indicates the good performance of the bank in how to manage its assets due to the increase in cash values. It recorded the lowest ratio in the year (2022) at a rate of (1.34) due to the decrease in the value of its sales.

3. The cash ratio analysis achieved the highest increase but by a very small percentage. It achieved the highest increase in the year (2022) by (0.777) due to the increase in the value of sales during that period and the stability of the bank. These results indicate that cash and quasi-cash occupy a very good value in the bank compared to the value of assets. It achieved the lowest decrease in the cash ratio in the year (2020) by (0.679) due to the Corona pandemic crisis, economic downturn and political instability. All of these reasons led to a decline in the market level, which affected the bank's activity.

3. Measuring and analyzing the financial flexibility of the Bank of Iraq for the years (2017-2022):

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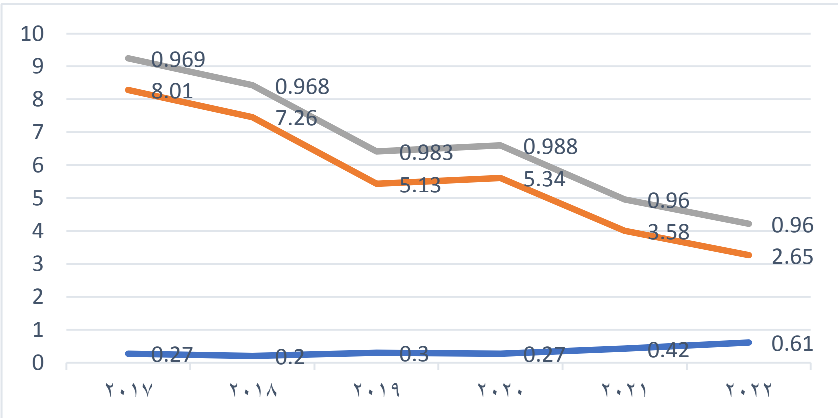
Table (3) Results of measuring and analyzing the financial flexibility of the Bank of Iraq for the years(2017-2022)

Debt to Equity Ratio	Debt to Equity Ratio = Total Debt ÷ Net Equity				The law
	Net Equity		Total Debt	years	Debt to Equity Ratio
0.27	277762016000		74166522000	**2017**	
0.20	273761954000		53972912000	**2018**	
0.30	266940849000		79706032000	**2019**	
0.27	268193564000		73702477000	**2020**	
0.42	264909397000		111167351000	**2021**	
0.61	256570299000		157717015000	**2022**	
Quick ratio = (Current assets – Inventory) ÷ Current liabilities Quick ratio					The law
	Current liabilities	Inventory	Current assets	years	Quick ratio
8.01	42597220000	0	341149413000	**2017**	
7.26	43762252000	0	317503675000	**2018**	
5.13	66505558000	0	341025081000	**2019**	
5.34	63280013000	0	338099830000	**2020**	
3.58	100879463000	0	361120369000	**2021**	
2.65	150066057000	0	397858073000	**2022**	
Cash ratio	Cash ratio = Cash and cash equivalents ÷ Total assets				The law
		Total assets	Cash and cash equivalents	years	Cash ratio
0.969		351928538000	341149413000	**2017**	
0.968		327734866000	317503675000	**2018**	
0.983		346646881000	341025081000	**2019**	
0.988		341896041000	338099830000	**2020**	
0.960		376076748000	361120369000	**2021**	
0.960		414287314000	397858073000	**2022**	

Source: Trans-Iraq Bank Reports



(3) Results of the growth rate of financial flexibility of the Bank of Iraq for the years (2017-2022) It is clear from the analysis shown above in Table (3) and Figure (3):

1. The analysis of the debt to shareholders' equity ratio has achieved continuous increases throughout the analysis period, the greatest of which was in the year (2022), when it was at a rate of (0.61). This fluctuation in the ratios indicates the increase in the total debts, and this may expose the bank to financial failures in its ability to pay, as the ratio rose more, and it decreased in the year (2018) by a rate of (0.20), and this indicates the bank's ability to manage its financial flexibility by dealing with reducing debt ratios.

2. The analysis of the quick liquidity ratio has fluctuated in its rise and fall, sometimes indicating a decline and other times indicating an increase. This indicates good cash management, as it has achieved acceptable and continuous ratios throughout the analysis period. The highest ratio was in the year (2017) at a rate of (8.01). This fluctuation in the ratios indicates the increase in the total quick liquidity ratio and the bank's ability to provide financial flexibility and the ability to convert its current assets into quick cash. This indicates the bank's good performance in managing its assets despite the decline that has appeared in the last two years. It achieved the lowest ratio in the year (2022) at a rate of (2.65) due to the decrease in the value of cash sales. 3. The cash ratio analysis has achieved continuous increases and decreases throughout the analysis period, but in a very small way, as it achieved the highest percentage of increase in the year (2017) at a rate of (0.969), and the increase in the ratio is due to the increase in the values of cash sales. These results also indicate that cash and quasi-cash occupy a good value in the bank compared to the value of assets and that the bank improves the management of cash assets and its financial flexibility has improved during the period despite the very slight decrease in the last two years at a rate of (0.960) due to a slight decrease in sales.

4. Measuring and analyzing the financial flexibility of Gulf Commercial Bank for the years (2017-2022): Table (4) shows the results of the analysis

Table (4) Results of measuring and analyzing the financial flexibility of Gulf Commercial Bank for the years (2017-2022)

Debt to Equity Ratio	Debt to Equity Ratio = Total Debt ÷ Net Equity			The law
	Net Equity	Total Debt	years	Debt to Equity Ratio
0.88	320887340766	282425648974	2017	
0.84	314472925906	263863593025	2018	
0.79	306709058201	242436472500	2019	
0.66	307172111451	203626172180	2020	
0.80	304325776837	243164978560	2021	
0.79	308640863010	244416465632	2022	

Quick ratio	Quick ratio = (Current assets – Inventory) ÷ Current liabilities				The law
	Current liabilities	Inventory	Current assets	years	Quick ratio
1.816	274106351795	0	497860053291	2017	
2.0170	241032612390	0	486168352077	2018	
2.1629	207210527449	0	448177396269	2019	
2.3852	187221063894	0	446574479348	2020	
2.084	215252423780	0	448724654759	2021	
1.8477	234899827681	0	434024777908	2022	

Cash ratio	Cash ratio = Cash and cash equivalents ÷ Total assets			The law
	Total assets	Cash and cash equivalents	years	Cash ratio
0.825	603312989740	497860053291	2017	
0.840	578336518931	486168352077	2018	
0.816	549145530701	448177396269	2019	
0.874	510798283631	446574479348	2020	
0.833	538490755397	448724654759	2021	
0.784	553057328642	434024777908	2022	

Source: Gulf Commercial Bank reports

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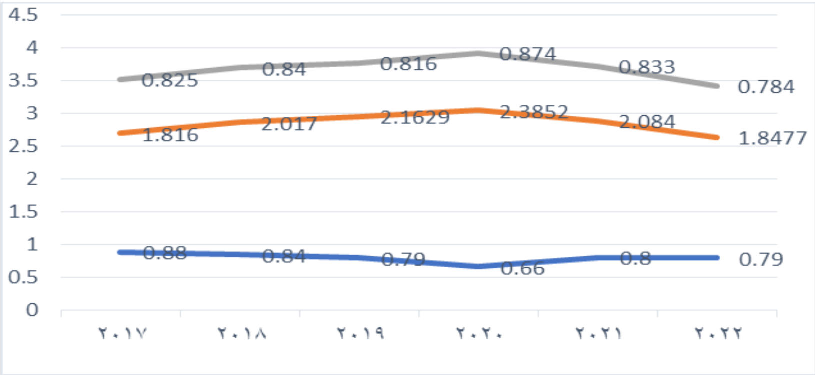


Figure (4) Results of the financial flexibility growth rate of Gulf Commercial Bank for the years (2017-2022)

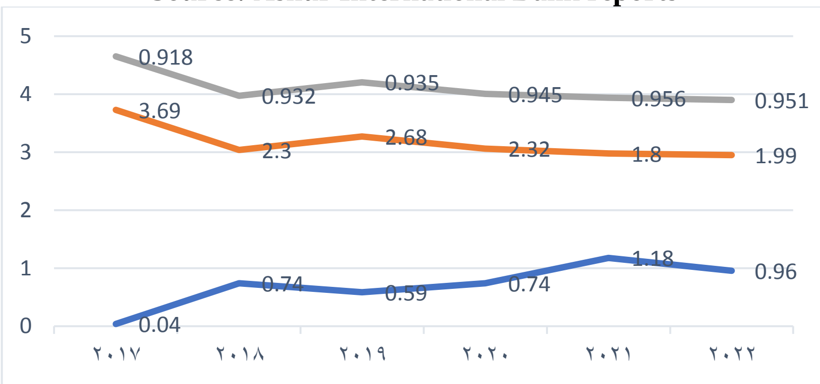
It is clear from the analysis shown above in Table (4) and Figure (4)
1. The results shown for Gulf Commercial Bank from the analysis of the debt to equity ratio show that the bank achieved the highest ratio in the year (2017) and the increase in the debt to equity ratio is clear, reaching (0.88) and the value continued to fluctuate throughout the apparent analysis period, as it achieved the lowest decline in the year (2020) and by (0.66) and this indicates a decrease in the debt to equity ratio, which is a good indicator that the bank has reduced its debt, which is an obligation that must be paid. It may become clear to us that the bank can reduce debt ratios, and this is a good indicator of the good use and management of resources.
2. It is clear from the analysis of the Gulf Commercial Bank that the quick liquidity ratio has fluctuated in its rise and fall in a fluctuating manner but to a small extent. This stability in the bank's financial flexibility indicates the good management of its funds. It has achieved continuous increases throughout the analysis period, as the highest ratio, amounting to (2.3852) for the year (2021), indicated due to the increase in the value of sales. This indicates in the ratios the increase in the total quick liquidity ratio and the bank's ability to provide financial flexibility and the ability to convert its current assets into quick cash. This is a good indicator of the bank's good management in dealing with cash and quasi-cash assets. Some decreases in cash were indicated, although they were not significant, as they amounted to (1.816-1.8477) respectively for the years (2017 - 2022). The apparent results of the Gulf Commercial Bank show that the cash ratio analysis has achieved an increase, the largest of which was (0.874) in the year (2020) due to the increase in the value of cash sales. These apparent results in cash show that cash and quasi-cash occupy a good value in the bank compared to the value of the bank's total assets and that the bank improves the management of cash assets and its financial flexibility is better than before during the analysis period, despite the slight decrease in the year (2022) by (0.784) due to the decline in the value of sales during the years **(Table (5) shows the results of the analysis.**

Table (5) Results of measuring and analyzing the financial flexibility y of Ashur International Bank for the years(2022-2017)

Debt to Equity Ratio	Debt to Equity Ratio = Total Debt ÷ Net Equity			The law
	Net Equity	Total Debt	years	Debt to Equity Ratio
0.04	2666126256000	109669490000	2017	
0.74	268408554000	199071136000	2018	
0.59	267039572000	157616273000	2019	
0.74	273563676000	201955349000	2020	
1.18	281394918000	332130921000	2021	
0.96	277479297000	267043135000	2022	
Quick ratio	Quick ratio = (Current assets – Inventory) ÷ Current liabilities			The law

	Current liabilities	**Inventory**	**Current assets**	**Years**	
3.69	2666126256000	0	109669490000	**2017**	**Quick ratio**
2.30	268408554000	0	199071136000	**2018**	
2.68	267039572000	0	157616273000	**2019**	
2.32	273563676000	0	201955349000	**2020**	
1.80	281394918000	0	332130921000	**2021**	
1.99	277479297000	0	267043135000	**2022**	
Cash ratio	**Cash ratio = Cash and cash equivalents ÷ Total assets**				**The law**
		Total assets	**Cash and cash equivalents**	**years**	**Cash ratio**
0.918		375795746000	345351243000	**2017**	
0.932		467479690000	435759514000	**2018**	
0.935		424655845000	397423184000	**2019**	
0.945		475519025000	449799145000	**2020**	
0.956		613525839000	586544934000	**2021**	
0.951		544522432000	518172039500	**2022**	

Source: Ashur International Bank reports



It is clear from the analysis shown above in Table (5) and Figure (5):

1. The apparent results of Ashur International Bank when analyzing the ratio of debt to shareholders' equity showed that the bank achieved the highest ratio in the year (2021) and this ratio indicates an increase in the ratio of debt to shareholders' equity, as it reached a ratio of (1.18), which indicates a high ratio of debt, which threatens the financial stability of the bank. The value continued to fluctuate throughout the apparent analysis period, as it achieved the lowest decline in the year (2017) and by a percentage of (0.04), which indicates a decrease in the ratio of debt to the ratio of shareholders' equity, and this is a good indicator that the bank has reduced its debt, which is an obligation that must be paid. It may become clear to us that the bank can reduce debt ratios, and this is a good indicator of the good use and management of resources. 2. The apparent results of Ashur International Bank showed that the quick liquidity ratio varied in its rise and fall in a fluctuating manner, but to a small extent. This stability in the bank's financial flexibility indicates its good funds management. It achieved continuous increases throughout the analysis period, as the highest increase indicated a percentage of (3.69) for the year (2017). It indicates the increase in the total quick liquidity ratio, the bank's ability to provide financial flexibility, convert its current assets into quick cash, and decrease current liabilities. This is a good indicator of the bank's good management in dealing with cash and quasi-cash assets. Some decreases in cash were indicated, although they were not significant, as they amounted to (1.80-1.99) respectively for the years (2021-2022). The apparent results of Ashur International Bank show that the cash ratio analysis has achieved the highest increase by (0.956) in the year (2021) due to the increase in the values of cash sales. These apparent results in cash show that cash and quasi-cash occupy a good value in the bank compared to the value of the bank's total assets and that the bank improves the management of cash assets and its financial flexibility is better than during the analysis period, as it maintained the high cash ratio during the analysis years, despite the slight decrease in the year (2017) by (0.918) due to the decline in cash sales.

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Table .6 Measuring and analyzing the financial flexibility of Sumer Commercial Bank for the years (2017-2022):

Debt to Equity Ratio		Debt to Equity Ratio = Total Debt ÷ Net Equity			The law
		Net Equity	Total Debt	years	Debt to Equity Ratio
0.46		267513283000	122662901000	2017	
0.53		268424123000	141111468000	2018	
0.61		258681376000	157310832000	2019	
0.73		273563676000	200390477000	2020	
0.41		264092957000	108392431000	2021	
0.24		265110231000	62674378000	2022	
Quick ratio	**Quick ratio = (Current assets – Inventory) ÷ Current liabilities**				**The law**
	Current liabilities	**Inventory**	**Current assets**	**years**	**Quick ratio**
3.40	105401965000	0	358454124000	2017	
2.89	131651801000	0	380758549000	2018	
2.62	148489370000	0	388540289000	2019	
0.14	193861640000	0	27445031000	2020	
5.49	61279081000	0	336160991000	2021	
4.70	61570723000	0	289663539000	2022	
Cash ratio	**Cash ratio = Cash and cash equivalents ÷ Total assets**				**The law**
		Total assets	**Cash and cash equivalents**	**years**	**Cash ratio**
0.918		390176184000	358454124000	2017	
0.929		409535591000	380758549000	2018	
0.934		415992208000	388540289000	2019	
0.057		473954153000	27445031000	2020	
0.902		372485388000	336160991000	2021	
0.883		327784609000	289663539000	2022	

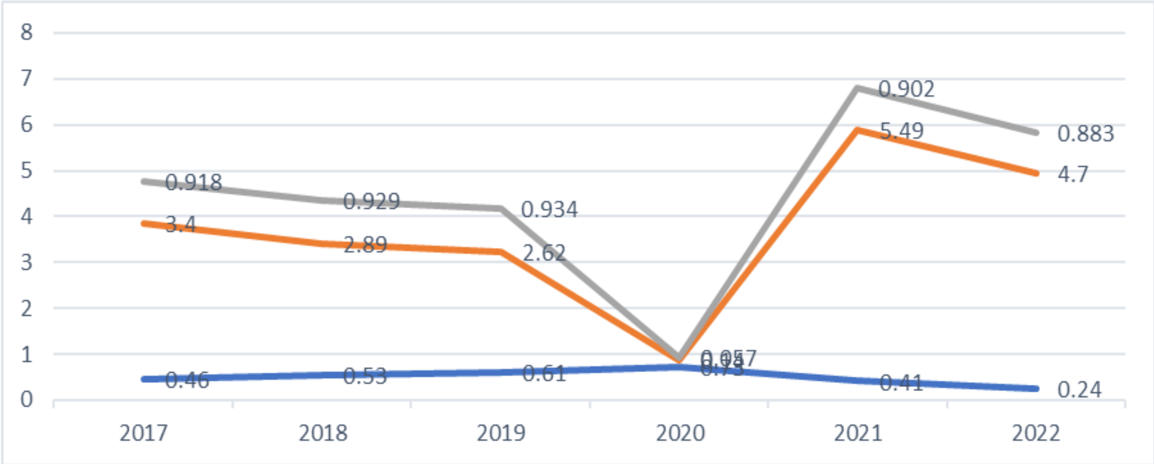

Figure (6) Results of the financial flexibility growth rate of Sumer Commercial Bank for the years (2017-2022)

It is clear from the analysis shown above in Table (6) and figure(6):

The results shown for Sumer Commercial Bank from the analysis of the debt to equity ratio show that the bank achieved the highest ratio in the year (2020) and it is clear from this that the debt to equity ratio increased to (0.73) and the value continued to fluctuate throughout the apparent analysis period as it achieved the lowest decline in the year (2022) and by (0.24) and this indicates a decrease in the debt to equity ratio and is a good indicator that the bank has reduced its debts which is a repayable obligation. It may become clear to us that the bank has the ability to reduce debt ratios, and this is a good indicator of the good use and management of resources. 2. It is clear from the analysis of Sumer Commercial Bank that the quick liquidity ratio has fluctuated in its rise and fall in a fluctuating manner, but to a small extent. This stability in the bank's financial flexibility indicates the good management of its funds. It has achieved continuous increases throughout the analysis period, as the highest value indicated at a rate of (5.49) for the year (2021). This indicates the increase in the total quick liquidity ratio and the bank's ability to provide financial flexibility and the ability to convert its current assets into quick cash. This is a good indicator of the bank's good management in dealing with cash and quasi-cash assets. Some decreases in cash were indicated, as it reached a rate of (0.14) in the year (2020). 3. The apparent results of Sumer Commercial Bank show that the cash ratio analysis achieved the highest increase in the year (2018) by (0.929) and that the reason for the increase was due to cash sales. These apparent results in cash show that cash and quasi-cash occupy a good value in the bank compared to the value of the bank’s total assets and that the bank improves the management of cash assets and its financial flexibility is better than expected during the analysis period, although it recorded the lowest decrease in the year (2020) by (0.057) due to the lack of cash sales.

7Measuring and analyzing the financial flexibility of Mosul Bank for the years (2017-2022): Table (7) shows the results of the analysis. Table (7) Results of measuring and analyzing the financial flexibility of Mosul Bank for the years

Debt to Equity Ratio		Debt to Equity Ratio = Total Debt ÷ Net Equity			The law
		Net Equity	Total Debt	years	Debt to Equity Ratio
0.512		270642860433	138764308720	2017	
0.5417		265774159459	143965900879	2018	
0.528		268460944044	141706973665	2019	
0.474		269589136165	127860153801	2020	
1.845		271666385119	501300301628	2021	
1.871		276432001373	517317003971	2022	
Quick ratio	Quick ratio = (Current assets – Inventory) ÷ Current liabilities				The law
	Current liabilities	Inventory	Current assets	years	Quick ratio
2.62	131673250270	0	344498235286	2017	
2.23	135831469702	0	302656479828	2018	

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2.13	133829774381	0	284553858072	**2019**	
2.23	121161166896	0	269636832043	**2020**	
1.32	487460874924	0	642742820214	**2021**	
1.32	497123321423	0	656607707316	**2022**	
Cash ratio	**Cash ratio = Cash and cash equivalents ÷ Total assets**				**The law**
		Total assets	**Cash and cash equivalents**	**years**	**Cash ratio**
0.841		409407169153	344498235286	**2017**	
0.738		409740060338	302656479828	**2018**	
0.693		410167917709	284553858072	**2019**	
0.678		397449289966	269636832043	**2020**	
0.831		772966686747	642742820214	**2021**	
0.827		793749005344	656607707316	**2022**	

Source: Mosul Bank reports

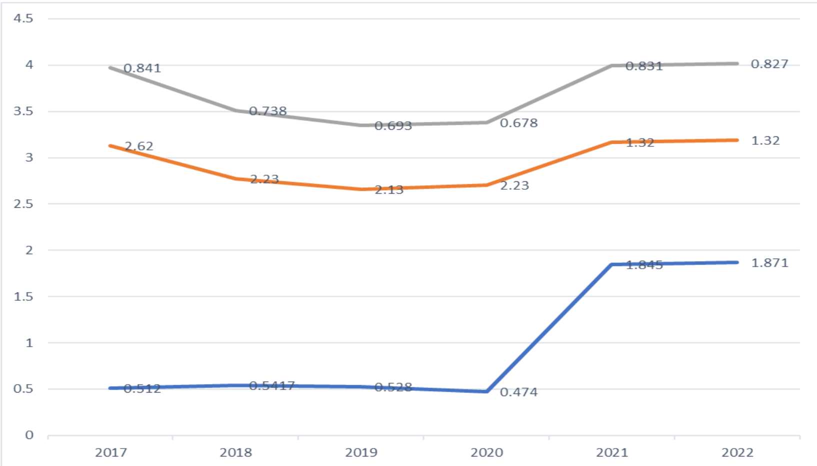

Figure (7) Results of the financial flexibility growth rate of Mosul Bank for the years (2017-2022)

It is clear from the analysis shown above in Table (7) and Figure (7):
1. The apparent results of Mosul Bank when analyzing the ratio of debt to shareholders' equity showed that the bank achieved the highest ratio in the year (2022). This ratio indicates an increase in the ratio of debt to shareholders' equity, as it reached (1.871), which indicates a high ratio of debt which threatens the financial stability of the bank. The value continued to fluctuate throughout the apparent analysis period, as it achieved the lowest decline in the year (2020) by (0.474), which indicates a decrease in the ratio of debt to shareholders' equity, and this is a good indicator that the bank has reduced its debt, which is an obligation that must be paid. It may become clear to us that the bank has the ability to reduce debt ratios, and this is a good indicator of the good use and management of resources. 2. The apparent results of Mosul Bank showed that the quick liquidity ratio varied in its rise and fall in a fluctuating manner, but to a small extent. This stability in the bank's financial flexibility indicates the good management of its funds. It achieved continuous increases throughout the analysis period, indicating the highest increase at a rate of (2.62) for the year (2017). This indicates the increase in the total quick liquidity ratio and the bank's ability to provide financial flexibility and the ability to convert its current assets into quick cash and a decrease in current liabilities. This is a good indicator of the bank's good management in dealing with cash and quasi-cash assets. Some decreases in cash were indicated, although they were not significant, as they reached the lowest decrease at a rate of (1.32-1.32) respectively for the years (2021-2022). 3. The apparent results of Mosul Bank show that the cash ratio analysis has achieved the highest increase, indicating a percentage of (0.841) for the year (2017). These apparent results in cash show that cash and quasi-cash occupy a good value in the bank compared to the value of the bank's total assets and that the bank improves the management of cash assets and its financial flexibility is better than ever during the analysis period, as it maintained a high cash ratio during the analysis years with the lowest percentage of (0.678) for the year (2020).

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Measuring and analyzing the financial flexibility of the Bank of Baghdad for the years (2017-2022): Table (8) shows the results of the analysis.

Table (8) Results of measuring and analyzing the financial flexibility of the Bank of Baghdad for the years(2022-2017)

Debt to Equity Ratio	**Debt to Equity Ratio = Total Debt ÷ Net Equity**			**The law**
	Net Equity	**Total Debt**	**Years**	**Debt to Equity Ratio**
3.10	266271162000	824316280000	**2017**	
3.17	266742720000	846795838000	**2018**	
3.14	273641424000	859102781000	**2019**	
4.10	278435852000	1141092385000	**2020**	
3.98	309129878000	1230678778000	**2021**	
3.93	349626266000	1374573312000	**2022**	

Quick ratio	**Quick ratio = (Current assets – Inventory) ÷ Current liabilities**				**The law**
	Current liabilities	**Inventory**	**Current assets**	**Years**	**Quick ratio**
1.29	791430719000	0	1020286844000	**2017**	
1.28	814288720000	0	1041715072000	**2018**	
1.13	832351804000	0	942539624000	**2019**	
1.21	1109230046000	0	1344553839000	**2020**	
1.22	1188362735000	0	1455270524000	**2021**	
1.21	1344154899000	0	1626345417000	**2022**	

Cash ratio	**Cash ratio = Cash and cash equivalents ÷ Total assets**			**The law**
	Total assets	**Cash and cash equivalents**	**Years**	**Cash ratio**
0.935	1090587442000	1020286844000	**2017**	
0.935	1113538558000	1041715072000	**2018**	
0.832	1132744205000	942539624000	**2019**	
0.947	1419528237000	1344553839000	**2020**	
0.945	1539808656000	1455270524000	**2021**	
0.943	1724199578000	1626345417000	**2022**	

Source: Bank of Baghdad report

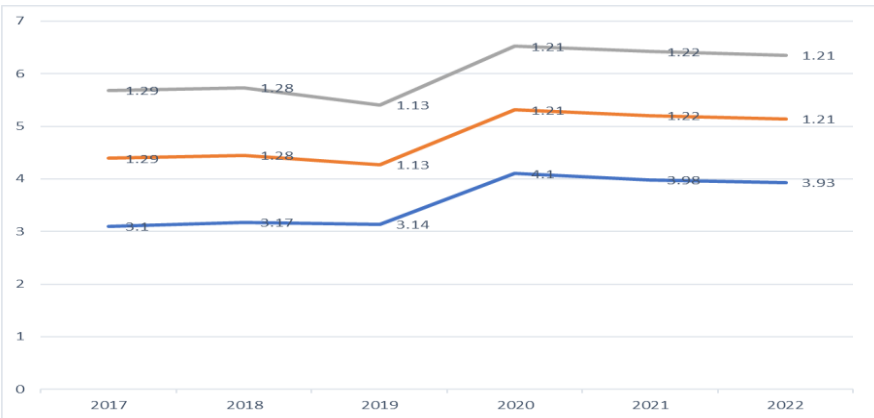

Figure (8) Results of the growth rate of financial flexibility of the Bank of Baghdad for the years (2017-2022)

It is clear from the analysis shown above in Table (8) and Figure (8): 1. The results shown for the Bank of Baghdad when analyzing the ratio of debt to shareholders' equity showed that the bank achieved the highest ratio in the year (2020). This ratio indicates an increase in the ratio of debt to shareholders' equity, as it reached a ratio of (4.10). This indicates an increase in the ratio of debt, which threatens the financial stability of the bank. The value continued to fluctuate throughout the apparent analysis period, as it achieved the lowest decline in the year (2018) by a percentage of (3.17). This indicates a slight decrease in the ratio of debt to shareholders' equity, and this is a good indicator that the bank has reduced its debt, which is an obligation that must be paid. 2. The apparent results of the Bank of Baghdad showed that the quick liquidity ratio varied in its rise and fall in a fluctuating manner, but to a small extent. This stability in the bank’s financial flexibility indicates the good management of its funds. It achieved continuous increases throughout the analysis period, as the highest ratio (1.29) indicated for the year (2017), indicating the increase in the total quick liquidity ratio and the bank’s ability to provide financial flexibility and the ability to convert its current assets into quick cash and a decrease in current liabilities. This is a good indicator of the bank’s good management in dealing with cash and quasi-cash assets. The lowest ratio was in the year (2019) at a rate of (1.13). The apparent results of the Bank of Baghdad show that the cash ratio analysis has achieved continuous increases and decreases throughout the analysis period, but in a very small way, and the largest of them was (0.947) in the year (2020). These apparent results in cash show that cash and quasi-cash occupy a good value in the bank compared to the value of the bank's total assets and that the bank improves the management of cash assets and its financial flexibility is better than during the analysis period, as it maintained a high cash ratio during the analysis years, although it recorded a slight decrease in the year (2019) by (0.832) due to the decrease in the value of sales.

9-Measuring and analyzing the financial flexibility of the National Bank of Iraq for the years (2017-2022): Table (9) shows the results of the analysis.

Table (9) Results of measuring and analyzing the financial flexibility of the National Bank of Iraq for the years(2022-2017)

Debt to Equity Ratio		Debt to Equity Ratio = Total Debt ÷ Net Equity			The law
		Net Equity	Total Debt	Years	Debt to Equity Ratio
1.11		285719322000	318261007000	2017	
1.04		257849745000	267907313000	2018	
1.47		256641507000	376161143000	2019	
1.91		307483051000	586481915000	2020	
4.76		316106687000	1506031269000	2021	
6.33		328841995000	2083198286000	2022	
Quick ratio	**Quick ratio = (Current assets – Inventory) ÷ Current liabilities**				**The law**
	Current liabilities	**Inventory**	**Current assets**	**years**	**Quick ratio**
1.72	312499792000	0	536401355000	2017	
1.97	244969113000	0	482296948000	2018	
1.60	365263979000	0	583284133000	2019	
1.45	573453797000	0	830940810000	2020	
1.08	1488891070000	0	1602508920000	2021	
1.10	2061153713000	0	2269933895000	2022	
Cash ratio	**Cash ratio = Cash and cash equivalents ÷ Total assets**				**The law**
		Total assets	**Cash and cash equivalents**	**years**	**Cash ratio**
0.888		603980329000	536401355000	2017	
0.917		525757058000	482296948000	2018	
0.921		632802650000	583284133000	2019	
0.929		893964966000	830940810000	2020	
0.879		1822137956000	1602508920000	2021	
0.941		2412040281000	2269933895000	2022	

Source: National Bank of Iraq reports

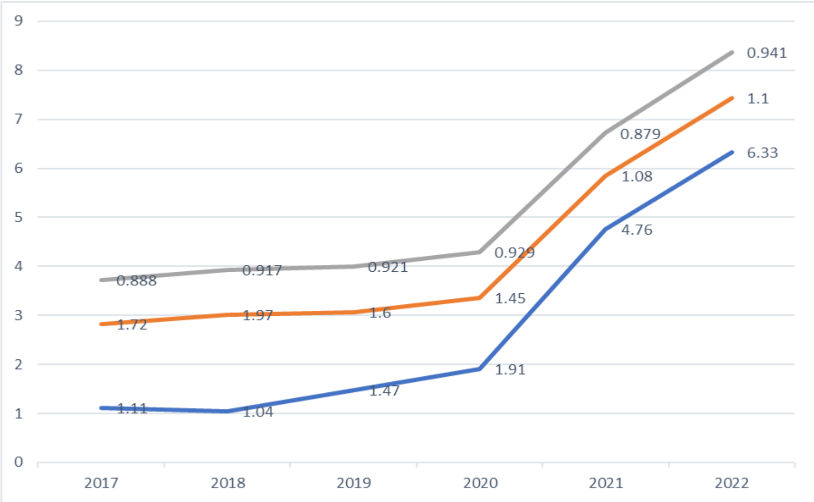

Figure (9) Results of the growth rate of financial flexibility of the National Bank of Iraq for the years (2017-2022

It is clear from the analysis shown above in Table (9) and Figure (9):

1. The apparent results of the National Bank of Iraq from the analysis of the debt to shareholders' equity ratio show that the bank achieved the highest percentage in the year (2022) and it is clear from this that the debt to shareholders' equity ratio increased, reaching (6.33) and the value continued to fluctuate throughout the apparent analysis period, as it achieved the lowest decline in the year (2018) and by (1.04) and this indicates a decrease in the debt to shareholders' equity ratio, which is a good indicator that the bank has reduced its debt, which is a repayable obligation. It may become clear to us that the bank has the ability to reduce debt ratios, and this is a good indicator of the good use and management of resources.

2. It is clear from the analysis of the National Bank of Iraq that the quick liquidity ratio has fluctuated in its rise and fall in a fluctuating manner but to a small extent. This stability in the bank's financial flexibility indicates the good management of its funds. It has achieved continuous increases throughout the analysis period, as it indicated (1.97) and for the years (2018). This indicates the increase in the total quick liquidity ratio and the bank's ability to provide financial flexibility and the ability to convert its current assets into quick cash. This is a good indicator of the bank's good management in dealing with cash and quasi-cash assets. Some decreases in cash were indicated, as it reached (1.08-1.10) respectively for the years (2021-2022) due to the decrease in sales values. 3. The apparent results of the National Bank of Iraq show that the cash ratio analysis has achieved the highest increase by (0.941) for the year (2022). These apparent results in cash show that cash and quasi-cash occupy a good value due to the high value of sales in the bank compared to the value of the bank's total assets and that the bank improves the management of cash assets and its financial flexibility is better than during the analysis period despite the slight decrease in the year (2021) by (0.879) due to the Corona pandemic and periods of isolation.

10. Measuring and analyzing the financial flexibility of the United Investment Bank for the years (2017- 2022) Table (10) shows the results of the analysis.

Table (10) Results of measuring and analyzing the financial flexibility of the United Investment Bank for the years-2017) (2022

Debt to Equity Ratio	Debt to Equity Ratio = Total Debt ÷ Net Equity			The law
	Net Equity	Total Debt	years	Debt to Equity Ratio
0.75	297437697083	221958387515	2017	
0.70	303730081187	211805793576	2018	
0.99	303471677000	300842295000	2019	
1.30	303634925000	395512726000	2020	
1.71	305616788000	521642913000	2021	

1.51		304625856500	458577819000	**2022**	
Quick ratio	**Quick ratio = (Current assets – Inventory) ÷ Current liabilities**				**The law**
	Current liabilities	**Inventory**	**Current assets**	**years**	**Quick ratio**
2.15	182398963052	0	391377457855	**2017**	
1.72	204047797987	0	351757938440	**2018**	
1.70	154502345000	0	263316127000	**2019**	
2.43	226725135000	0	550601920000	**2020**	
0.86	358238696000	0	309366272000	**2021**	
0.62	292481915500	0	182213232000	**2022**	
Cash ratio	**Cash ratio = Cash and cash equivalents ÷ Total assets**				**The law**
		Total assets	**Cash and cash equivalents**	**years**	**Cash ratio**
0.753		519396084598	391377457855	**2017**	
0.683		514575374763	351757938440	**2018**	
0.435		604313972000	263316127000	**2019**	
0.787		699147651000	550601920000	**2020**	
0.373		827259701000	309366272000	**2021**	
0.238		763203676000	182213232000	**2022**	

Source: United Investment Bank reports

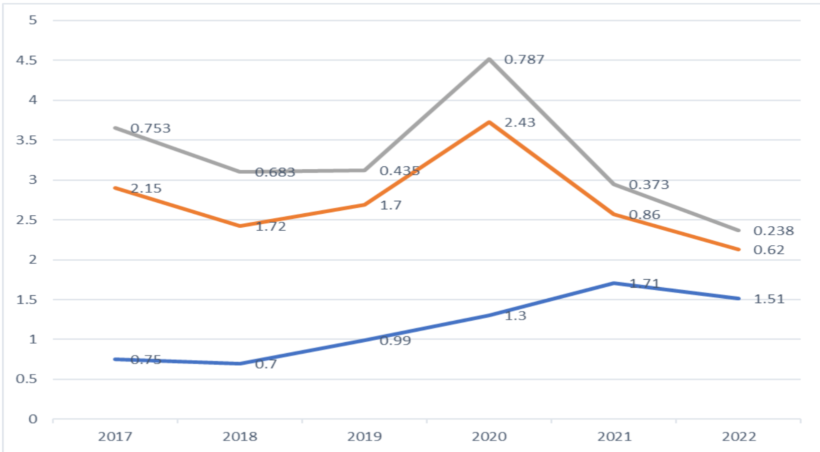

Figure (10) Results of the growth rate of financial flexibility of the United Investment Bank for (2022-2017) the years

It is clear from the analysis shown above in Table (10) and Figure (10):
.1The apparent results of the United Investment Bank when analyzing the ratio of debt to shareholders' equity showed that the bank achieved the highest ratio in the year (2021). This ratio indicates an increase in the ratio of debt to shareholders' equity, as it reached a ratio of (1.71). This indicates a high ratio of debt, which threatens the financial stability of the bank. The value continued to fluctuate throughout the apparent analysis period, as it achieved the lowest decline in the year (2018) by a percentage of (0.70). This indicates a slight decrease in the ratio of debt to shareholders' equity, and this is a good indicator that the bank has reduced its debt, which is an obligation that must be paid. 2. The apparent results of the United Investment Bank showed that the quick liquidity ratio varied in its rise and fall in a fluctuating manner, but slightly. This stability in the bank's financial flexibility indicates the good management of its funds. It achieved the highest rise (2.43) for the year (2020) and indicates the increase in the total quick liquidity ratio and the bank's ability to provide financial flexibility and the ability to convert its current assets into quick cash and a decrease in current liabilities. This is a good indicator of the bank's good management in dealing with cash and quasi-cash assets. As for the decrease in the ratio in the year (2022) by (0.62), it indicated a decrease in cash liquidity and the bank's

financial failure in its ability to pay its obligations. 3. The apparent results of the United Investment Bank show that the cash ratio analysis achieved the highest value of cash in the year (2017) at a rate of (0.753) due to the increase in the values of cash sales and recorded the lowest decrease in the year (2021) at a rate of (0.373). These apparent results in cash show that cash and quasi-cash occupy an average to low value in the bank compared to the value of the bank's total assets and that the bank is financially unstable and has little financial flexibility during the years of analysis .

Conclusions:

1. The ability of some banks to confront external shocks and work to achieve acceptable levels by maintaining liquidity and following a moderate financial leverage policy. This came as a result of relying on a flexible financial policy that made them better than other banks.
2. There is a significant and positive correlation between the debt-to-equity ratio and the profit margin ratio, where the value of the correlation coefficient between them reached (0.281) at a significance level of (5%) and a confidence level of (95%), which indicates the positivity of the direct relationship between them.

Recommendations:

1. Iraqi banks must adopt the financial flexibility approach as a strategic treatment and a tool for developing banks in the banking sector, which makes them more capable of confronting and overcoming crises.
2. The banks in the study sample operate with a high level of financial flexibility, which has many advantages, including increasing competition and raising the level of performance, which is positively reflected in achieving its main goal.

.3 The necessity for banks to adopt the principles of disclosure and transparency of most information related to their work in order to achieve discipline in the financial market and provide information and data at the required speed to be available to investors. Financial markets should be opened gradually in countries with weak economies, but not all at once, to avoid financial crises occurring in them.

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