

**تحليل العلاقة بين ملكية المصارف واسعار اسهمها في سوق
العراق للأوراق المالية دراسة تحليلية مقارنة**

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الجامعة العراقية / كلية الإدارة واقتصاد

**A comparative analytical study of bank
shareholders and their share prices in Iraq Stock
market relationship**

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تاريخ النشر: 2025/12/01

تاريخ القبول: 2025/03/17

تاريخ الاستلام: 2025/01/12

Received: 12/01/2025

Accepted: 17/03/2025

Published: 01/12/2025

Abstract:

Ownership structure refers to shares distribution among the various shareholders in a company. This structure includes the shares percentage owned by individuals, institutions, local or foreign investors, and board members. This structure highly effects on managing company and on making its strategic decisions. and If the Ownership gathered in a small group, they can highly influence the company's decisions. Conversely, if ownership is more distributed among many shareholders, its required a broader consensus to make decisions and different opinions, and this can lead to more comprehensive and diverse policies. In addition, ownership structure can affect the shares stability in market, as many shareholders try to have more influence over share pricing by selling or buying large amounts of shares at one time. This makes ownership structure a critical factor in controlling market dynamics and a company's ability to attract investment and keep investor confidence. The research found that investors prefer banks for having sustainable growth ability a s it seems to them. they believe that the foreign ownership brings with it a new opportunities and it increases the efficiency of the bank and that reflects positively on the number of traded shares, as for Bank of Baghdad foreign ownership, they had a high influence on share performance in Iraqi Stock Market and achieving rates three times to the average market share price of the locally owned investment bank. The study recommended that the authorities should encourage banks listed in the stock market to enhance the stability to these share prices and maintain their levels. This can be achieved by imposing certain restrictions on the minimum share prices, to help protecting the shares value and maintaining market stability. This approach will help banks to enhance the investor confidence in their financial performance, this ensure the share prices will not fall to undesirable levels, this led to increase the investing attractiveness in these banks in the long term. In addition, this measure helps to push banks to

improve their financial and administrative performance, as they will be obligated to work on raising the efficiency of their operations and providing better services to ensure the stability and value of their shares in the market.

Keywords: (ownership structure and pattern, stock performance and values, relationship of ownership structure to stock prices)

The first axis: General framework

Introduction

The structure of the ownership considers as a vital tool that highly affects on banks performance generally and the share prices particularly, as having a pivotal role in directing financial and administrative decisions in the bank. Dominant shareholders (local/ foreign) have the ability to make effect on bank's strategies and direct its resources in serving them interests, while the goals and interests of these groups are vary according to their identity, this can be lead to a difference degree of dominance and control over the bank. Dominant shareholders often trying to achieve personal gains by directing the bank's resources towards them interests, while leaving the remaining part of the resources to the benefit of minority shareholders and depositors.

This dynamic makes the ownership structure a very important factor, as the distribution of shares among shareholders directly affects the stability and financial performance of the bank. The greater the control of a particular group, the greater its ability to influence the bank's decisions in a manner consistent with its interests. Therefore, the ownership structure plays a fundamental role not only in determining the bank's orientations, but also in enhancing or undermining confidence in the share price, which makes studying its impact essential to understand the dynamics of the financial market more deeply.

Research problem

There is a great controversy between researchers over the impact of ownership structure (local or foreign) on the stock prices of commercial banks. There are many Ex- studies that shown mixed results, reflecting the relationship complexity between the two variables. Some studies show that there is a positive significant correlation between ownership structure (local or foreign) and stock price. These studies support the diversity in ownership structure idea can bring a new experiences and investments, and this lead to improve the financial performance in general. Contrary to that, these studies indicate a negative significant correlation between the two variables. The reason for this maybe of imposing challenges on adapting to local conditions by the foreign ownership, and that effects on bank's performance and its stock price negatively. generally, the problem of the study is main question that turn around whether foreign-owned shares in commercial banks have effect positively or negatively on the market stock price to these banks.

Research hypothesis

Research hypothesis is as follows:

- There is a positive effect of banking institution with foreign ownership on the market share price.
- Weak effect of banking institution with local ownership on the market share price.

Research objectives

The research aims to achieve several objectives:

- Explain the banking ownership structure nature and its patterns.
- Understand the concept of stocks and their values.
- Explain what mechanisms have effect on stock prices.
- understand how stocks perform and effects.
- Analysis the indicators of banking financial for the research sample
- Analyzing the relationship between bank ownership and the shares market value to the research sample and making a comparison between them.

Research Methodology

The descriptive analytical approach is adopted in here, aims to study the problem in depth way, to help the researcher and make the subject of the study clearly. The approach also includes collecting data related to the practical aspect and analyzing it over time, to show the effect of the banking ownership structure on the market share price.

Research limits

- Time frame: 2011-2023
- Spatial boundaries: represented by the Bank of Baghdad and the Iraqi Investment
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Axis II: Bank ownership structure

studies have studied the effect the diversity of the ownership structure components in joint stock companies (banks) on companies' various performance aspects and investor behavior. Ownership structure became a basic tool to corporate governance, as it can play a decisive role to improve the performance and enhancing the value of the company (Tahir et al., 2015: 44).

This is based on the fact that the ownership structure is a means of unifying the interests of shareholders and managers, by reducing the conflict of interest that may arise between these parties. This can be reduced through what is known as the agency theory, which is defined as a group of contractual relationships designed to reduce the costs associated with them and reduce the intensity of the conflict of interest between the two parties of the agency relationship, and an attempt to link their interests, which makes the agent work in the interest of the principal" (Al-Tamimi, 2008: 25).

Based on this theory, the separation of corporate ownership and management can lead to agency costs, which arise from conflicts of interest between owners (shareholders) and managers. Agency problems are believed to be more prominent in joint-stock companies whose ownership is spread among a large number of shareholders with diverse

interests. This diversity of interests increases the likelihood of conflicting goals and visions between shareholders and managers, which in turn increases agency costs (Al Harun & Rouf, 2011: 131).

And for that, the ownership structure plays a pivotal role in determining the relationship dynamics between shareholders and managers, and that directly affects the company's performance and effectiveness to achieve its financial and strategic goals.

studying and Understanding the company's ownership structure plays a vital role in explaining how these companies are being managed, and knowing the tools and methods that keep the relations organized and the balance the interests between the different beneficiary parties. Studying the ownership structure is essential to understand the internal relations inside companies, as this understanding improve the governance and enhance the efficiency in making strategic decisions, and this positively reflected the company overall performance (Sammour and Dergham, 2020: 8).

The concept of ownership structure has received great attention by writers and researchers, for its important role in influencing banks performance. The ownership structure considers as one of the most effective ways in helping the board of directors and enhancing the financial policy. It clearly identifies the categories that own a share of the institution's capital, and the ownership percentage of each category is determined by dividing the number of shares owned by that category to the total number of shares in the institution (Al-Hanbali, 2007: 37). It also identifies the shares percentage owned by the bank's owners' various parties (Osemene et al., 2018: 212). In other words, it can be considered as the shareholders' identity in the bank in terms of their association with the size of their ownership, which is considered the main variable that affects the bank's performance (Al-Rakaibi, 2022: 466).

Based on that, the ownership structure is determined by the amount of shares or stakes owned by individuals to the bank, which forming the bank's capital. In addition, the ownership structure includes how these shares are managed by bank managers, as it plays a crucial role in determining the bank's strategies and financial performance. Understanding the ownership structure is essential to understanding the internal relationships in banks and their effect on the overall performance of the institution.

Axis III: Patterns of banking ownership structures

Point of views differ on the ownership structure types classification, as each classification depends on certain foundations. generally, ownership structure types can be divided as the following:

- 1- **Dispersed ownership structure:** This type of structure refers to the presence of a large number of shareholders, each one owns a small number of the bank's shares. In this type, no single shareholder can significantly influence the bank's activity (Al-Aidi, 2018: 400).
- 2- **Institutional ownership:** refers to the amount of a bank's shares owned by other institutions and entities such as banks and insurance companies. Many studies indicated that the institutional ownership produce a positive role in the bank's management Supervision. moreover, institutions have the ability to access information that may not be available for the individual investors, which gives them an advantage in making informed investment decisions, as access to information helps institutions reduce agency costs, which are costs that arise by conflicts of interest between shareholders and managers (Zuraikat et al., 2016: 312).

- 3- **Concentrated ownership structure:** In this type, the bank's shares are distributed among a limited number of shareholders, such as major shareholders and institutions. Each shareholder in this system owns more than (5%) of the bank's total shares. This type of ownership structure is known as the internal system, where major shareholders have the ability to supervise and influence the management of the business in order to protect their own interests in the bank. For that, major shareholders are in a better position compared to small shareholders (Al-Najjar, 2020: 865).
- 4- **Local ownership structure:** this refers to the local investors ownership, who considered as the main shareholders to the bank (Aburime, 2008: 3). It also means that the investors owned a large portion of the bank's shares from the country that granted establishment license to the bank, and that gives these investors a significant influence over the bank's decisions, especially if they are major investors or board members.
- 5- **Foreign ownership:** Refers that the companies' shares owned by foreign investors for these listed on the local financial market. Foreign ownership plays important role in company's performance improving by supervising managers more effectively, and contributes to reducing agency costs. it also provides distinguished expertise to foreign staff in the company, and that contributes in enhancing the technical and management skills in the organization (Abu Serdaneh, 2018: 4). In addition, foreign ownership allows companies access to superior technical and managerial talent easily, also providing significant financial resources. Companies also receive various investment benefits from the government, and this enhances their competitiveness in the market. A company's structure is classified as foreign ownership if it is wholly or partially owned by foreign investors, or if it is affiliated with foreign companies (Munir, 2017: 21).

Axis Four: The nature of stocks and their values

Financial institutions considered as a vital part of the financial markets, by using various financial instruments, such as stocks, bonds and derivatives, to facilitate the transferring of funds from those with excess capital (surplus units) to those in need of financing (deficit units). The main objective of these operations is to mobilize savings and invest them in legal and effective ways (Al-Sharia, 2010: 29). Shares are units that represent the ownership stake in a specific company, and when a person or entity owns shares in a company, he/it becomes the partial owner of this company. companies issues shares to raise its capital for financing the expansion or operational of its activities. Shares can be traded in financial markets, such as stock exchanges, where investors can buy and sell these shares (Tim, 2011: 133). and also can be defined as a group of shares or stocks that are traded on a financial market. These shares are issued by companies and represent partial ownership in the entity. The owners of these shares, known as shareholders, have rights such as voting in the election of board members, and such participate in the high level decision-making of the company (Merton, 2007: 79). Companies also offer shares to the public by an initial public offering (IPO) in the primary market. After the IPO, these shares are allowed to trade on secondary markets, where its market value being subject to continuous changes. These changes result from number of factors, such as the financial performance of the company, earnings expectations in future, the conditions of economy and political, and the supply and demand forces interaction in the market. In this context, shares are the primary tool issued by companies to raise capital from the public, as these shares grant their holders ownership rights within the company, such as voting in

general meetings and participating in dividend distribution. This dynamic makes common shares the primary means that companies rely on for financing, affected by various valuations and changing conditions that reflect the reality of the financial market (Mohammed, 2017: 186); (Mashkooor and Sadiq, 2019: 381-382).

As for the value of stocks, it varies based on several types of values, and each type reflects stock specific aspect, and depends on different factors. The following is an explanation of these different values:

- 1- **Par value:** It is the value specified for the share upon its first issuance, and is stated in the first issuance certificate. This value is determined according to the laws and regulations of the country where the share was issued. In other words, it is the price that the investor pays to purchase this share upon initial subscription. This value is usually fixed and does not reflect the company's performance or market value (Hawari and Omar, 22, 2013).
- 2- **Book value:** It represents the value calculated according to financial statements of the company, and it is considered an indicator of the power of financial position of the company. The book value is calculated by dividing the total equity (i.e. assets minus liabilities) by the number of issued shares. An increase in this value indicates the ability to expand and continue of company (Wiley: 2014:151).
- 3- **Market value:** It is the price at which shares are sold in the market, and it reflects the value that the market places on the share based on several factors. The share price in the market may be equal to its book value, or it may be lower or higher, depending on performance and profitability of the company. If the company is making good profits: the share price in the market tends to be higher than its book value. However, if the company is facing losses or poor performance: the share price in the market may decline and be less than the book value (Al-Tamimi and Al-Naimi, 129, 2019).

The most important factors affecting the market value of stocks are the following: (Nasr, 28:2015); (Manahi and Qamar, 2018:178)

- A- Supply and Demand: The movement of supply and demand for stocks is one of the main factors that lead to the fluctuation of their market value.
 - B- Company results: Earnings, revenues, and future prospects greatly influence how investors value stocks.
 - C- Speculation: Speculation in the market plays a major role in price fluctuations. Investors often make their decisions based on expectations or rumors, which increases price volatility.
 - D- Investors' expectations of the company's earnings: Investors' expectations of the company's future earnings play a major role in determining the stock price. If the expectations are positive, the stock price may rise.
 - E- Cash Dividends: Expectations about how much dividend a company will distribute to shareholders also affect the stock price.
 - F- Political and economic conditions: Political and economic events, whether local or international, can significantly impact investor confidence and therefore the market price of stocks.
- 4- **Liquidation value per share:** The value that a shareholder expects to receive when a company is liquidated, i.e. the share of the company's total assets after all liabilities and debts owed to creditors have been paid. This value is calculated by selling the company's assets and converting them into cash, then subtracting all outstanding liabilities from the total proceeds of the sale. The remaining amount is then divided by the number of shares issued by the company, which gives shareholders an estimate of what they will receive for

each share they own in the event of liquidation. Thus, the liquidation value reflects the minimum that shareholders can expect in the event of the company's failure or when it decides to end its business and liquidate its assets (Werner, 2010 & Stoner).

- 5- **Intrinsic value:** is the value that is considered fair or reasonable for the stock based on an internal analysis of the fundamental factors affecting the company. This value differs from the actual market price of the stock, as it takes into account all the assets owned by the company, such as property, equipment, cash, etc., in addition to the distributed profits and the efficiency to company's management and the ability to gain profits and manage operations effectively, which greatly affects the intrinsic value of the stock. If the market price is greater than the intrinsic value, this means that the stock is overvalued, and investors may prefer to avoid buying this stock because it may be at risk of decline in the future. While if the market price is less than the real value, this indicates that the stock is undervalued, which makes the stock attractive for investment as investors expect its market price to rise over time to reach its real value, generating profits for them. However, if the market price is equal to the real value, in this case the stock is considered fairly valued, and there is no great expectation of making large profits or losses from this stock in the near future. Accordingly, understanding the real value of a stock is an important tool for investors to make informed investment decisions, as it helps them determine whether the stock is worth buying or selling based on a comprehensive assessment of the company's financial performance factors (Hussein, 2012: 196).

Axis Five: Stock Performance and Mechanisms for Influencing It

Stock performance is a measure of the ability of a stock to increase or decrease the wealth of its shareholders. Stock performance is usually measured by its price fluctuations; when the stock price increases, the performance is considered good, while when the stock price decreases, it is considered a sign of poor performance (Tewari et al., 2019:2). As Dutta explained, stock performance is measured by using financial ratios and indicators to track changes in stock price trends. Stock performance is divided into two categories: good performance and poor performance, and this classification is based on the stock's rate of return. Stocks of good performing companies are those that achieve returns higher than the returns of the market portfolio measured by the national stock exchange index in the financial markets (Dutta et al., 2012). At the same time, stock performance evaluation involves classifying a company's stocks based on the returns of its shareholders; If these returns are high, the stock's performance is considered good, but if they are low, the performance is considered poor compared to market returns. It also indicates that the stock's performance is evaluated using financial and accounting ratios to determine whether the stock's returns are positive or negative (Ali, 2018: 248)

The performance of stocks in the stock market is a crucial factor in determining the direction of the financial sector of any economy. When the return on a stock increases, it is an indication that companies and other financial institutions are making profits. In contrast, stock market volatility represents uncertain changes in the performance of stocks over a given period of time. There are many economic factors that affect stock performance in different ways, such as inflation rate, exchange rate, interest rate, and gross domestic product (Makori, 2017: 3).

Predicting stock performance trends has become a major focus of interest, as the investor's success in predicting market trends can bring him high profits. The profitability of trading in the stock market depends largely on the ability to predict expected market trends, and for this purpose, financial tools are used to analyze stock performance. Many financial literatures have indicated that these tools are necessary and widely used to predict stock price developments, as these ratios can stimulate rational investment decisions. Therefore, using appropriate ratios is crucial to increasing the success rate of predicting stock performance (Zaidi, 2016:1).

It can also be emphasized that there are a set of mechanisms that companies use to influence their stock prices, whether to raise or lower those prices, within certain controls. The most prominent of these mechanisms are as follows (Al-Karsana, 2010: 13):

1- Shares buyback:

When a company has financial resources in excess of its investment needs, it may be preferable to distribute this surplus to shareholders. This distribution is done either in cash or by the company repurchasing its shares from the market. Repurchasing shares reduces the number of shares outstanding in the market, which increases the earnings per share, because the same profits are now distributed over a smaller number of shares. This action often leads to an increase in the market value of the share, as it is seen as a signal of management's confidence in the company's financial future.

2- Distributions in the form of shares:

Instead of paying cash dividends to investors, a company may give investors an additional number of free shares. The investor's share of these dividends is determined based on the number of shares he owns in the company. The advantage of this policy is that it does not require the company to pay cash, which maintains the liquidity for the company. As the number of available shares increases, the share of earnings per share decreases, which may lead to a decrease the share in the market value. The company usually resorts to this strategy when the market value of the share increases significantly, which reduces the desire of investors to buy it. Although this policy may lead to a decrease in earnings per share, it enhances the ability of investors to enter the market and increases the liquidity of the shares.

3- Stock derivation:

A stock derivation means the dividing of one share into smaller shares by reducing the share nominal value. This way increases the number of shares traded in the market, in the same time attractive the investors for its lower market price. The policy differs from buying backs or the distributing share, that it aims to reduce the share market value, in this way the share become more attracts the investors and increase its liquidity in the market. Although increasing the number of shares does not increase the company's profits, but the overall effect of share division oftenly results in a decrease in the share's profits and dividends, which may lead to a decrease its market value. However, this action makes it easier for investors to enter the market, which promote the shares liquidity and contributes to improving its trading.

Axis Six**Analysis the relationship between bank ownership and shares market value as for the research sample**

The supporters of integrating idea of foreign ownership into local investments find that it can provide local banks with significant opportunities for learning and growth by joining (As partnership) the ownership structure of local and foreign investors. This joining with the foreign investors, local banks gain advanced expertise and knowledge by foreign investors, helps to improve the performance and gains the latest technologies and procedures. This type of joining also facilitates the developing the local market by modern technology gained. When foreign investment enters any country, it often brings new technologies and new business methods that help to develop the overall quality of banking sector's infrastructure technology. by this joining, this local banks be able to reach the advanced technologies otherwise it will be hard to reach, and also its help these local banks to compete in the market. Moreover, this Idea supporter believe that increased competition caused by the entry of foreign banks can be positive for the local market side. It encourages local banks to improve the efficiency, adopt global practices, and provide distinctive services and products to the customers. This rise in performance standards can ultimately lead to an overall improvement in the level of banking services in the local market, which benefits the economy as a whole. Thus, joining with foreign investors not only enhance the internal efficiency of local banks, but also contribute to raising the level of competitiveness and innovation within the local financial market, leading to a more dynamic and diversified economic environment (Zhengning, 2015: 4).

Stocks are not just an investment vehicle, but also a vital indicator of a company's value and financial performance. Stock price movements reflect market interactions with economic and financial factors that affect a company, making understanding the impact of stocks on enterprise value essential to successful business management. Stock value also reflects investor confidence in the company's future. If a company is making good profits or has strong growth plans, the stock price will rise, reflecting increased investor confidence, and thus leading to an increase in enterprise value. In addition, a higher share price can reduce a company's cost of capital. When a share price is high, a company can issue new shares to raise money at a lower cost, rather than resorting to borrowing. Not to mention the company's ability to expand. This is achieved when the value of a company's shares rises, it is in a better position to obtain additional financing, whether through issuing new shares or borrowing on better terms, which enables it to expand its operations and increase its future profits.

Therefore, companies with high share values are often better able to carry out acquisitions or mergers, as they can use their shares as a means of payment in such deals. The value of shares also affects the dividend policy. These companies may distribute higher dividends to attract more investors, which enhances their reputation and increases their attractiveness in the market.

Bank of Baghdad was established in 1992 with a capital of 250 million dinars, and witnessed remarkable growth to reach its capital of 250 billion dinars in 2013, while its assets reached one billion dinars in 2022. The bank has 36 branches distributed between Baghdad, where there are 13 branches, and the rest of the governorates, which include 23 branches. In 2005, Bank of Baghdad witnessed a strategic transformation when United Gulf Bank and Iraq Holding Company acquired shares in the bank's capital. In 2009, Burgan Bank acquired United Gulf Bank's share to

become the largest owner, which enabled Bank of Baghdad to diversify its banking business globally by focusing on technology and providing competitive services (Ibrahim, 2015: 286).

It is showed in Table (1) that the development of the market price of the Bank of Baghdad share witnessed waves of fluctuation during periods of time during the research period, as it trended downward from about 3.13 dinars per share in 2011 to about (0.29) dinars per share, with a trading volume of (241079.4) million shares. This decline came as a result of the large sales and speculations that occurred during that period, which is confirmed by the net profits achieved by the bank at that time, which we explained previously. However, after that, the share price witnessed an upward trend to reach (3.5) dinars per share at the end of the period in 2023. This is due to the success of the new management in giving the share price its position as an indicator of the institution’s reputation and evidence of its administrative and investment strength, not to mention the strength of demand for the share compared to supply, as the volume of traded shares reached approximately (342351.9) million shares during that period. Accordingly, the market value naturally represents the product of the share price and the quantity, and thus its relationship with the price and quantity is directly proportional, and this is evident by following its development over the research period. In some years, the quantity of traded shares had the upper hand in terms of its impact on the market value, despite the decline in the share price, and this is evident during the years (2013 and 2014).

Table (1) Development of the market price of the share, its number and its value in the Bank of Baghdad for the period 2011-2023

Trading value (million dinars)	Average share price	Shares (million shares)	Year
35354.602	3.13	11295.4	2011
29759.464	1.96	15183.4	2012
50230.46	1.85	27151.6	2013
53849.364	1.73	31126.8	2014
30284.187	1.31	23117.7	2015
29629.962	0.82	36134.1	2016
28266.307	0.71	39811.7	2017
16605.023	0.29	57258.7	2018
12131.01	0.3	40436.7	2019
24139.242	0.41	58876.2	2020
66347.244	1.03	64414.8	2021
26517.968	1.03	25745.6	2022
535075.1	3.5	152878.6	2023

Source: Securities Commission, Annual Reports, 2011-2023, various pages.

As for the Iraqi Investment Bank, which was registered on July 13, 1993 by the Companies Registrar Department at the Ministry of Trade, with a capital of 100 million Iraqi dinars, the Central Bank of Iraq subsequently granted it a license to operate as a licensed banking institution on September 28, 1993. The Iraqi Investment Bank

started its work in 1993, through its main branch. The bank has grown to include twenty branches in Baghdad and other governorates in the country. The bank's capital has also grown significantly to reach (250) billion Iraqi dinars with full local ownership. The bank has contributed to supporting the national economy by mobilizing national savings and investing them directly or indirectly in projects that benefit Iraq and shareholders by providing distinguished services using the latest banking methods and to include a large segment of customers and business owners present in the areas of the bank's branches spread throughout the country. (Iraqi Investment Bank, 2020: 4).

It is noted from Table (2) that the market price of the Iraqi Investment Bank share has witnessed a noticeable downward trend from 2011 to 2023. The price declined from about (1.08) dinars per share in 2011 to about (0.3) dinars per share in 2023. This decline can be explained by the bank's management's focus on financial indicators other than the share price, as the vast majority of the bank's shares are fully owned by a specific party, which reduced the importance of monitoring the share price as one of the main indicators.

This focus on other financial indicators, in addition to owning most of the bank's shares, has led to the share price stabilizing at a level below its nominal value of (1) dinar, despite the decline in the number of shares traded. This dynamic illustrates the difference in strategic vision between local and foreign ownership of the bank, as local ownership may not attach much importance to the share price as an indicator of the bank's performance, unlike foreign ownership, which usually considers the share price a basic indicator reflecting the health and performance of the institution.

This difference in orientations confirms that the local ownership strategy may be directed towards objectives other than maximizing the share as in market value, highlighting the need for deeper understanding of the effect by ownership structure on the financial performance and share price of banks.

Table (2) Development of the market price of the share, its number and its value in the Iraqi Investment Bank for the period 2011-2023

Market value	Price rate	shares	Year
31636.98	1.08	29293.5	2011
49930.71	0.98	50949.7	2012
57161.27	1.05	54439.3	2013
16216.89	0.99	16380.7	2014
9393.092	0.86	10922.2	2015
5904.465	0.53	11140.5	2016
5767.902	0.54	10681.3	2017
5445.216	0.28	19447.2	2018
2403.918	0.27	8903.4	2019
379.316	0.23	1649.2	2020
4432.238	0.23	19270.6	2021
1202.25	0.3	4007.5	2022
3011.848	0.28	10756.6	2023

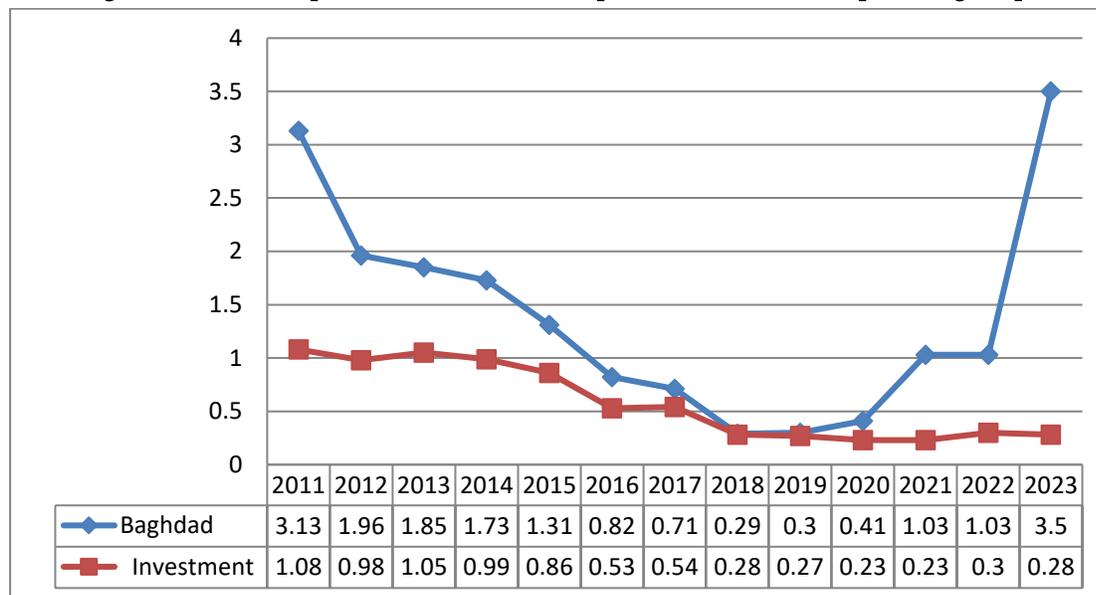
Source: Securities Commission, Annual Reports, 2011-2023, various pages.

Figure (1) indicates a comparison between the market price of the Baghdad Bank and the Iraqi Investment Bank, where it is clear that the highest price rate reached by the Baghdad Bank was in 2023 at a level of (3.5) dinars per share, while the highest price rate reached by the Iraqi Investment Bank was in 2011 at a level of (1.08) dinars per

share, while their lowest level was in 2018 at around (0.29) dinars per share for the Baghdad Bank and in 2020 and 2021 at around (0.23) dinars per share for the Iraqi Investment Bank. In general, it is clear that the average share price during the research period is (1.39) dinars per share for the Baghdad Bank and (0.58) dinars per share for the Iraqi Investment Bank, which confirms the reality of joint ownership and its role in the performance of the share, which is already affected by many financial indicators that contribute to enhancing confidence among stakeholders and thus attracting investors, This is also confirmed by the index of the number of traded shares for the two banks, as it is clear from Figure (2) that the highest number of traded shares reached by the Bank of Baghdad was in 2023 at the level of (152878.6) million shares, while the highest number of traded shares reached by the Iraqi Investment Bank was in 2013 at the level of 54439.3 million shares, while the lowest level for them was in 2011 at about (11295.4) for the Bank of Baghdad and in 2020 at about (1649.2) million shares for the Iraqi Investment Bank. In general, it is clear that the average number of traded shares annually during the research period is (44879.3) million shares for the Bank of Baghdad and (19064.7) million shares for the Iraqi Investment Bank.

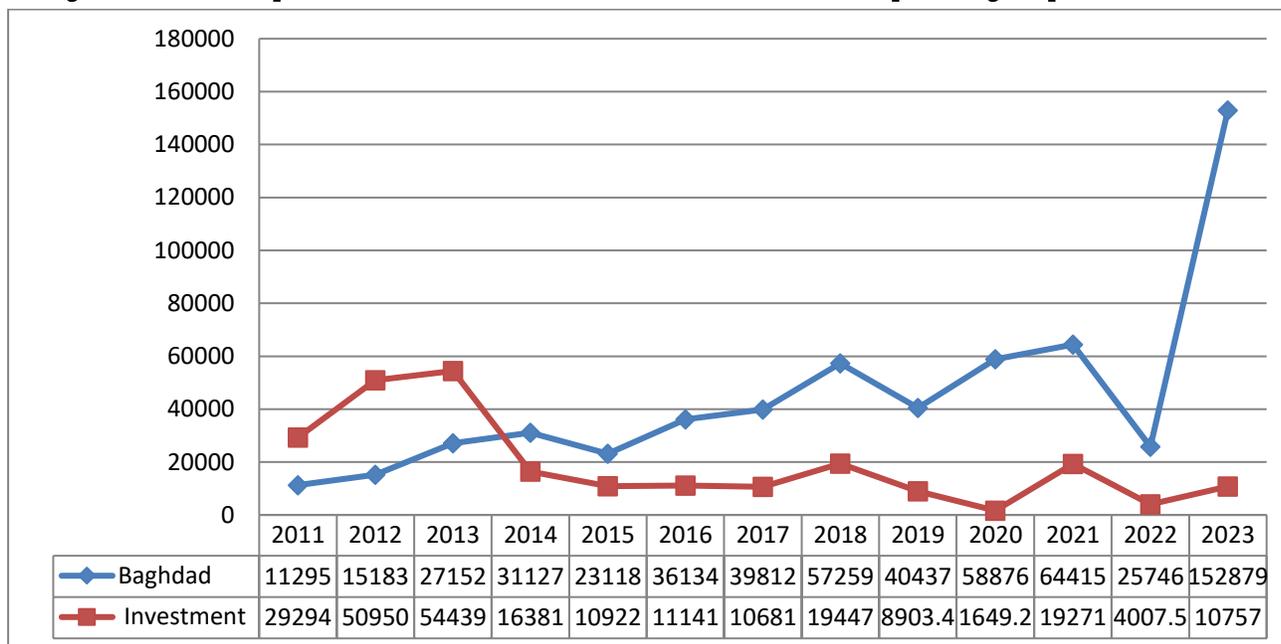
In general, investors tend to favor companies that they see as having potential for sustainable growth. If they see foreign ownership as bringing new opportunities and increasing the efficiency of the company, this can lead to a higher share price. Not to mention the trust and transparency indicator, where companies that demonstrate a high level of transparency and adhere to governance standards are often more acceptable to investors, whether they are owned locally or abroad. This can lead to a stable share price and possibly an increase over time.

Figure (1) The development of the market share price of the research sample during the period 2011-223



Source: Prepared by the researchers based on data from Tables (1 and 2)

Figure (2) The development of the number of traded shares for the research sample during the period 2011-223



Source: Prepared by the researchers based on data from Tables (1 and 2)

Axis Seven: Conclusions and Recommendations

First: Conclusions

- 1- The research proved its two hypotheses, as the analytical results showed the Bank of Baghdad foreign ownership had a major role in influencing the stock performance in Iraqi Stock Exchange and achieving three times rates to the average market price of the stock to the investment bank with local ownership.
- 2- Investors tend to prefer banks that they see as having potential for sustainable growth. If they see that foreign ownership brings new opportunities and increases the efficiency of the bank, this has had a positive impact on the number of shares traded, which averaged approximately (44879.3) million shares during the study period, while it was approximately (19064.7) million shares for the Iraqi Investment Bank.
- 3- The market price of the Iraqi Investment Bank share has witnessed a noticeable downward trend since 2011 until 2023. This decline can be explained by the bank's management's focus on financial indicators other than the share price, as the vast majority of the bank's shares are fully owned by a specific party, which reduced the importance of following the share price as one of the main indicators.
- 4- The local ownership strategy may be directed towards objectives other than maximizing the value of the share, which highlights the need for deeper understanding of the impact of the ownership structure on the financial performance and share price of banks. In contrast, the foreign ownership strategy is more directed towards financial performance and share price.
- 5- Stocks generally are not just an investment toll but also as an indicator of a company's value and financial performance. Stock price movements reflect the market's interactions with economic and financial factors that company effect with, make understanding of the stocks impact on enterprise value essentially to the successful business management.

Second: Recommendations

- 1- To ensure banks continue to provide effective banking services Banks should be directed to find work mechanisms for this purpose, by adopting advanced and modern methods that enhance the efficiency. Adopting these methods will help in enhancing investors' confidence to the bank, and that will reflect positively in the performance of its shares on the stock market.
- 2- Joint ownership structure between local and foreign investors concept is important to be adopted, this can provide great opportunities for local banks to learn and grow up. By joining with foreign investors, the advanced expertise and knowledge that these partners provide can help local banks performance.
- 3- the Securities and Exchange Commission need to encourage the listed banks to improve and maintain the share prices stability and levels. imposing certain restrictions on the minimum share prices achieve this, and this way contributes to protecting the shares value and maintaining market stability. This way will help banks to improve investor confidence in their financial performance, as it guarantees that share prices will not fall to undesirable levels, and also increases the investors attractive to these banks in the long term. In addition, this measure encourages banks to improve them financial and administrative performance, as they will be obligated to raise the efficiency of their operations and providing better services to ensure the stability and value of them shares in the market.
- 4- The need for regulatory authorities to grant investment facilities to foreign investors in a step towards foreign ownership of banks, as this contributes to enhancing the efficiency of local banks thanks to intense competition, which prompts them to adopt the best international practices and provide more distinguished services and products to their customers. In addition, this trend increases banks' interest in their stock prices, seeking to enhance investors' confidence in the value of the institution.
- 5- Discouraging management from owning a large percentage of shares is important, because increasing the share of board members in share ownership leads to ownership concentration, which limits strategic decision-making to a small group of owners. This situation can limit the diversity of opinions and increase the risk of making unbalanced decisions. In addition, ownership concentration leads to higher agency costs, as the potential for conflicts of interest between management and other shareholder's increases, requiring more supervisory efforts to protect the rights of all shareholders.
- 6- It is necessary to work on encouraging foreign investors and providing an appropriate climate to attract foreign investments by developing attractive strategies and policies that protect these investments. The role of foreign investors is of paramount importance due to the expertise they bring, which contributes to developing the performance of banks, raising their efficiency and maximizing their value. Through this support, the financial capabilities of local banks can be improved, which contributes to enhancing financial stability and achieving sustainable growth in the banking sector.

Funding

None

Acknowledgement

None

Conflicts of Interest

The author declares no conflict of interest.

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