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THE ROLE OF MEDIA DISCLOSURE IN ENHANCING THE FINANCIAL PERFORMANCE OF THE IRAQI BANKING SECTOR

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Abstract:
The research aims to study the role of advertising expenditures disclosed – in the financial statements of the Iraqi banking sector and published in the Iraq Stock Exchange – in enhancing financial performance represented by accounting standards, which include return on sales (ROS), return on assets (ROA), and return on equity (ROE) during the period (2012–2021). In this research, the researchers used the correlation between advertising expenditures and the financial performance of banks, to verify the long-term effect of advertising expenditures on the financial performance of the Iraqi banking sector. The results indicate that advertising expenditure has a positive effect on financial performance represented by (ROA) and (ROE) at a statistical significance level of (5%). On the other hand, there is no significant effect of advertising expenditure on the rate of (ROS) as a proxy for financial performance. However, in terms of the relationship, it was found that an increase or decrease in advertising expenditure is not chaperoned by a significant increase or decrease in the rate of (ROS). Conversely, an increase or decrease in advertising expenditure is chaperoned by a significant increase or decrease in the rate of (ROA) and the rate of (ROE). Despite there are many studies and research on advertising and its effect on the financial position of companies, there are only a few studies that examine the effect of advertising expenditures on the financial performance of the banking sector. Therefore, this research has the ability to highlight studies related to the banking sector marketing aspect.

Keywords: Advertising Expenditures, Financial Performance, Return on Sales, Return on Assets, Return on Equity.

1. INTRODUCTION:

Current studies examined the relationship between advertising and corporate performance measures, and highlighted the role of effective advertising in creating value for companies in the presence of a strong competitive environment. This has helped companies develop unconventional marketing strategies that build long-term relationships with customers and increase shareholder profits. Marketing strategies that have been developed include increasing customer awareness of the brand they are dealing with, repeating the purchase process, and evaluating customer satisfaction to increase sales (Acar & Temiz, 2017: 649).

Advertising can be viewed as a "defensive" strategy used to build loyalty to companies, which helps retain customers, and price promotion as an "offensive" strategy used to lure customers away from competing companies. Stronger companies invest less in advertising than weaker companies because they face little threat from weaker companies. On the other hand, weaker companies find it better to defend their customers by increasing advertising expenditure. Regardless, advertising expenditure is necessary to protect business customers from competing companies. The difference is that stronger companies spend less on advertising than weaker companies (Ha et al., 2011: 675).

Advertising is a marketing tool and is used to deliver companies' messages to customers about the product availability, its benefits and features, and the brand company (Molla et al., 2022: 97). As well as, advertising is used to affect the attitudes of customers, perceptions, and desires (Wies et al., 2019: 59). Advertising expenditure also promotes banking sector goods and services, increases the cash flows of banks, and is considered a wealth-maximizing investment for shareholders [Chen (2020)]. One of the advantages of advertising expenditure is that it seeks to distinguish the company's products from those of its competitors, thus creating ownership rights for its products. Thus this ownership,

which is created through marketing activity, can extend to investment behavior as well, as investors prefer stocks with a strong brand, even though these strong brands do not achieve high material returns in the short term (Joshi & Hanssens, 2004: 8).
The amount of advertising expenditures that banks spend has increased in recent years, and this is clear from researchers noting this in the financial statements and statements of banks published in the Iraq Stock Exchange. It is noted that Iraqi banks spend reasonable amounts to cover their advertising expenditures via social, print, and visual media, as well as in companies other than the banking sector, in order to advertise the products and services that they provide, improve their profitability, as well as to establish a strong brand.
However, there are few studies that have addressed the role of advertising expenditure in improving the financial performance of Iraqi banks. Therefore, this research tried to narrow down this gap by identifying the validation of advertising on the financial performance of bank-registered in the Iraq Stock Exchange, using data for the years (2012-2021). The reason for this increase in expenditures is due to the increase in fierce competition in the banking market in Iraq. Also, because the nature of new product development for banks is different from other industries, but it is easy for competitors in the bank sector to imitate any new product. Therefore, it is necessary to consider the short-term and long-term effects of advertising on the financial results of banks.
Therefore, in this research, the researchers analyzed the Iraqi banking sector in terms of advertising expenditures and in terms of financial performance, from an accounting perspective and using accounting measures such as return on sales, return on assets, and return on equity by measuring the amount of correlation and influence between advertising expenditures and financial performance.
Below are some aspects that this study is expected to contribute to studies related to the effect of advertising expenditure on financial performance. First, this study adds to the current studies that demonstrate the effect of advertising expenditure on Iraqi banks' financial performance. Second, it also clears the effects of advertising expenditure on the performance of banks as a whole in the market. The final contribution is that this study focuses on the banking sector, with the aim of determining the effect of advertising intensity on the performance of banks in an emerging market such as Iraq.
There is no doubt that advertising expenditure affects, in one way or another, the performance of companies in general. Otherwise, why would companies spend huge sums of money on advertising? But the question that occupies the minds of academic researchers and bank executives here is: Does advertising expenditure specifically affect financial performance? Therefore, the following research question was formulated: Does advertising expenditure have a role on the financial performance of banks listed on the Iraq Stock Exchange?
The remainder of the research is organized as follows: the second section provides a summary of previous studies, and the third section is devoted to the data and research methodology. The fourth section includes testing the main and sub-hypotheses of research. The fifth chapter presents a discussion of the results and the most important recommendations in this field.

2. LITERATURE REVIEW:

Studies related to the relationship between advertising and company performance have shown different results for company performance. Many previous studies have attempted to examine the effect of advertising expenditure on firms' market value [Joshi & Hanssens (2004); Shah et al. (2019); Qi et al. (2018)], shareholder returns [Luo & de Jong (2012)], returns on sales [Park & Jang (2012)], firm performance [Acar & Temiz (2017)], firm value [Assaf et al. (2015); Edeling & Fischer (2016)] and market share [Mullineaux & Pyles (2010)].
Previous studies have shown different results, as some studies found that advertising expenditures are positively related to future corporate profits and market value [Shah et al. (2019)], and this is confirmed by [Qi et al. (2018); Joshi & Hanssens (2004)] that advertising expenditure increases of the company's market value.
In contrast to the results mentioned above, [Denizci & Li (2009)] found that advertising does not have a noticeable effect on the performance of companies in the tourism sector. While [Srinivasan et al. (2011)] argued that corporate advertising expenditures during times of recession have a negative effect on stock returns and thus on market value.
Regarding the effect of advertising expenditures on sales, the study [Park & Jang (2012)] showed that advertising expenditures have a positive short-term effect on sales growth, while advertising did not significantly affect sales growth in the long term. While the study was conducted by [Abdel-Khalik (1975)] on various industries that are namely food, medicine, cosmetics, soap and detergents, and tobacco. It reached results that there is an effect of advertising on sales for food, drug, and cosmetics companies. as the promotional efforts affect revenue significant real impact. While this effect is absent in soap, detergent, and tobacco companies. Also [Shah et al. (2009)] discussed that advertising is a strong factor that has a clear role in increasing consumer goods sales for companies listed on the "Karachi Stock

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Exchange" (KSE) in Pakistan through the period (2004-2007), and advertising also makes distinct contributions to the value of companies. On the other side, there is practical evidence that there is no statistically significant/direct relationship between advertising expenditures and selling performance, as in the study of [Picconi (1977)], who found that there is no significant/direct effect of advertising expenditures on current sales, which means that advertising may not provide benefits in the future.

As for the performance of companies, some studies found that advertising is positively related to the company's performance, as [Acar & Temiz (2017)] researched the effect of advertising on Turkish banks' financial performance in the long-term, and they concluded that advertising has a positive effect on the financial performance of banks (Income of Interest, Total operating income, and Return on Assets). Acar & Temiz (2017) also discuss that advertising provides economic returns for banks in the future. They propose to capitalize and amortize advertising expenditures to get benefits for banks in the future. This was confirmed by another modern study conducted by [Chen (2020)], using data from the bank holding companies in the US. This research reached the conclusion that the increase in advertising expenditure enhances the banks' financial and operational performance.

While other studies found that the relationship between advertising expenditures and company performance is negative or insignificant, such as the study [Han & Manry, (2004)]. Han & Manry (2004) researched the importance of advertising expenditure and the value of research and development for Korean companies and found that research and development expenditures are positively related to stock price, indicating that Capitalization of research and development expenditures is appropriate. Other additional results indicate that advertising expenditure is negatively correlated with stock price, and the size of this negative correlation is like a correlation among other expenditures and stock price. These results indicate that investors have a belief that the advertising expenditures' economic benefits end in the current period, like other expenditures.

It is clear from the previous studies discussed above that the results are different and varied among themselves, and the difference in results can be explained for several reasons. For example, the researchers used data from various countries, various work environments, various industries, and various time periods. Furthermore, the collection of data and estimate methods also are different.

Despite there being much research related to the effect of advertising expenditures on the financial performance of corporations, studies on the effect of advertising on the banks' financial performance are rare, especially in the Iraqi environment.

In this research, the role of advertising expenditures in the financial performance of the Iraqi banking sector was highlighted. Therefore, the current study attempts to fill this void, through the analysis of the effect of investment in advertising expenditure on the financial performance represented by accounting measures, which include return on sales, return on assets, and return on equity.

3. METHODOLOGY:

3.1 Data

3.1.1 Independent variable: Advertising expenditures are the main variable that was used in this study. The aim of advertising expenditure [AE] is building the relationship with the customer and thus build investment from this relationship (Mullineaux and Pyles, 2010). This variable [AE] measures the annual advertising expenditures of banks.

3.1.2 Dependent variables: This research uses the audited and published financial statements of (10) banks listed on the "Iraq Stock Exchange" over a period of (10) years (2012-2021) to determine the effect of advertising expenditure on the financial performance of these banks. This research uses "Return on Sales" (ROS), "Return on Assets" (ROA), and "Return on Equity" (ROE) as variables for Financial performance based on accounting.

4. EMPIRICAL FINDINGS:

In this section, the research sample and its variables were reviewed, and the results reached were discussed by adopting some appropriate statistical methods to test the research hypotheses.

4.1 Research sample and data collection:

The field of research included the financial banking sector, as it is one of the most important sectors influencing the economies of countries and the main driver of the wheel of development and global communication, while the research community was represented by all banks listed in the Iraq Stock Exchange, and a random sample of 10 banks was chosen, as shown in the table (1), and for a period of 10 years, extending from 2012 to 2021, for views to be 100 views. The sample was determined by two conditions:

- The first condition is the continued disclosure of banks (research sample) during the research period continuously without interruption.

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- The second condition is the availability of the necessary data to measure the variables and for the years of the research sample, including the year 2021.

The necessary data was collected by adopting the method of analyzing the informational content of financial reports published and disclosed by banks (research sample).

Table (1): Banks (research sample)

No.	Bank	No.	Bank
1	National Bank of Iraq	6	Bank of Baghdad
2	Commercial Bank of Iraq	7	Trans Iraq Bank for Investment
3	Investment Bank of Iraq	8	United Bank of Investment
4	Gulf Commercial Bank	9	Babylon Bank
5	Iraqi Middle East Investment Bank	10	Credit Bank of Iraq

Source: Table prepared by researchers based on the website (http://www.isx-iq.net/)

4.2 Measuring variables:

The research has included the following variables:

4.2.1 The first variable was (the independent variable) which was represented by Advertising Expenditure [symbolized by (AE)], which is what the bank makes to promote its banking services to attract customers. This variable was measured as the ratio of advertising expenditure to total expenditures [in agreement with the study by Mullineaux & Pyles (2010)]. According to the following equation:

$$\text{Advertising expenditure ratio } = \frac{\text{Advertising Expenditure}}{\text{Total Expenditures}} * 100\ \%$$

4.2.2 The second variable (the dependent variable) is represented by financial performance and is symbolized by (FP). This variable was measured based on three indicators: return on sales [symbolized by (ROS)], return on assets [symbolized by (ROA)], and return on equity [symbolized by (ROE)] as variables for financial performance based on accounting. According to the following equations:

A. The first indicator, Return on sales (ROS), was measured as shown in the following equation:

$$\text{ROS } = \frac{\text{Net profit}}{\text{Net sales}}$$

B. The second indicator, Return on assets (ROA), was measured as shown in the following equation:

$$\text{ROA } = \frac{\text{Net profit}}{\text{Net assets}}$$

C. The third indicator, Return on equity (ROE), was measured as shown in the following equation:

$$\text{ROE } = \frac{\text{Net profit}}{\text{Average equity}}$$

4.3 Descriptive Analysis of research variables:

Measures of central tendency were adopted to describe the research variables represented in (AE) and financial performance with its three measures (ROS, ROA, ROE). Table (2) shows a description of the research variables according to each bank in the research sample.

Table (2) Description of research variables according to banks (research sample)

No.	Bank	Independent variable: Advertising expenditure	Dependent variable: Financial Performance (FP)		
		AE	ROS	ROA	ROE
1	National Bank of Iraq	0.053	0.345	0.019	0.051
2	Commercial Bank of Iraq	0.010	0.470	0.026	0.045
3	Investment Bank of Iraq	0.011	0.314	0.017	0.037
4	Gulf Commercial Bank	0.071	0.161	0.018	0.048
5	Iraqi Middle East Investment Bank	0.002	0.112	0.008	0.028
6	Bank of Baghdad	0.001	0.265	0.012	0.062
7	Trans Iraq Bank for Investment	0.029	0.270	0.016	0.020

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8	United Bank of Investment	0.020	0.025	0.012	0.026
9	Babylon Bank	0.011	0.251	0.008	0.014
10	Credit Bank of Iraq	0.037	0.297	0.009	0.021
Total		0.025	0.251	0.014	0.035

Source: Table prepared by researchers based on the statistical program (SPSS V. 22)

It is noted from Table (2) that according to the arithmetic mean for the period under investigation (2012-2021), Gulf Commercial Bank is the one that spends the most on advertising, followed by the National Bank of Iraq and then the Credit Bank of Iraq, while the Commercial Bank of Iraq is the one that spends the least.
With regard to financial performance indicators, it is noted that according to return on sales (ROS), the Commercial Bank of Iraq with the highest rate of return is followed by the National Bank of Iraq, while the lowest rate of return on sales was within the United Bank of Investment. The Commercial Bank recorded the highest rate of return on assets (ROA), followed by the National Bank of Iraq, and the lowest level in the rate of (ROA) was in the Iraqi Middle East Investment Bank and the Babylon Bank. The Bank of Baghdad recorded the highest level of return on equity (ROE), followed by the National Bank of Iraq, while the lowest level of return on equity was in the Babylon Bank.
It is also noted from Table (3) that the arithmetic mean and some measures of central tendency as statistical tools for the research sample as a whole.

Table (3) Descriptive analysis of the research variables at the entire research sample

Variables		Arithmetic Mean	Standard deviation	Lowest value	Highest value	Coefficient of difference
Independent	AE	0.025	0.040	0.0001	0.1288	164.8%
Dependent	ROS	0.251	0.291	-1.2480	0.7010	116.2%
	ROA	0.014	0.017	-0.0330	0.0720	120.9%
	ROE	0.035	0.044	-0.0550	0.1970	124.1%

Source: Table prepared by researchers based on the statistical program (SPSS V. 22)

It is noted from Table (3) that the average AE of the banks in the research sample does not exceed (2.5%) of the total expenditures. It was also noted that there was a discrepancy between the lowest and highest values of (AE). One view recorded an expenditure percentage exceeding (12.8%) of the bank's total expenditures, while another view recorded an expenditure percentage equivalent to (0.1%), which is a very small percentage. What confirms this disparity in AE between banks is the large value of the standard deviation and the coefficient of variation, which indicate the presence of a large discrepancy and dispersion between the observations (the research sample), which weakens the possibility of generalizing the value of the arithmetic mean for inference to the entire research sample. The standard value of the coefficient of variation is equivalent to (50%), while the calculated value of AE has far exceeded that. This indicates that there is a large variation and dispersion in the research sample's views of the AE (advertising expenditure variable).
With regard to financial performance, it is noted, from Table (3), that there is a somewhat low percentage in the three indicators for the entire research sample according to the value of the arithmetic mean, which indicates the presence of (25.1%) of ROS, (1.4%) of ROA, and (3.5%) of ROE, but this calculation of the arithmetic mean cannot be generalized to the entire research sample, due to the presence of large dispersion between the sample observations, which clearly appears in the large value of the standard deviation, as well as the percentage of the coefficient of variation exceeding the standard value equivalent to (50%) for the three indicators (ROS, ROA, ROE).

4.4 Testing research hypotheses:

The research included two main hypotheses, as shown below:

4.4.1 The First Main Hypothesis (H1):

" There is a positive correlation relationship between advertising expenditure and financial performance at a statistical significance level (5%). "

Three sub-hypotheses branch out from this hypothesis:

4.4.1.1 The First Sub-Hypothesis:

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" There is a positive correlation relationship between advertising expenditure (AE) and the rate of return on sales (ROS) - as a representative of financial performance - at a level of statistical significance (5%)."

To test this hypothesis, the value of the "Pearson correlation coefficient" was calculated to test the level of the significant relationship between advertising expenditure (AE) and the rate of (ROS). Table (4) shows the value of this coefficient.

Table (4) Testing the relationship between (AE) and (ROS)

Variables		Return on Sales (ROS)
Advertising Expenditure (AE)	Pearson	0.147
	(Sig.)	0.146

Source: Table prepared by researchers based on the statistical program (SPSS V. 22)

It is noted from Table (4) that the relationship between advertising expenditure (AE) and the rate of (ROS) - as a representative of financial performance - is not proven statistically significant. This indicates that an increase or decrease in advertising expenditure (AE) is not accompanied by a significant increase or decrease in the rate of (ROS). Therefore, the first sub-hypothesis is rejected. These results are consistent with studies conducted by [Picconi (1977); Abbott et al. (1997)], which indicate that there is empirical evidence that did not find any statistically significant relationship between advertising expenditures and selling performance, in contrast to the study conducted by [Tsai & Wang (2005)] which found that there is a direct relationship between advertising expenditure and sales revenue.

4.4.1.2 The Second Sub-Hypothesis:

" There is a positive correlation relationship between advertising expenditure (AE) and the rate of return on assets (ROA) – as a representative of financial performance – at a level of statistical significance (5%). "

To test this hypothesis, the value of the "Pearson correlation coefficient" was calculated to test the level of the significant relationship between advertising expenditure and the rate of (ROA). Table (5) shows the value of this coefficient.

Table (5) Testing the relationship between (AE) and (ROA)

Variables		Return on Assets (ROA)
Advertising Expenditure (AE)	Pearson	0.311^{**}
	(Sig.)	0.002

Source: Table prepared by researchers based on the statistical program (SPSS V. 22)

It is noted from Table (5) that the significant positive/direct relationship between advertising expenditure (AE) and the rate of (ROA) – as a representative of financial performance – has been proven. This indicates that an increase or decrease in advertising expenditure (AE) is accompanied by a significant increase or decrease in the rate of (ROA). The second sub-hypothesis must be accepted, and this is consistent with the study of [Acar and Temiz (2017); Chen (2020)].

4.4.1.3 The Third Sub-Hypothesis:

" There is a positive correlation between advertising expenditure (AE) and the rate of return on equity (ROE) – as a representative of financial performance – at a level of statistical significance (5%)."

To test this hypothesis, the value of the "Pearson correlation coefficient" was calculated to test the level of the significant relationship between advertising expenditure (AE) and the rate of (ROE) – as a representative of financial performance, and Table (6) shows the value of this coefficient.

Table (6) Testing the relationship between (AE) and (ROE)

Variables		Return on Equity (ROE)
Advertising Expenditure (AE)	Pearson	0.241^{*}
	(Sig.)	0.016

Source: Table prepared by researchers based on the statistical program (SPSS V. 22)

It is noticed from Table (6) that the significant positive/direct relationship between advertising expenditure (AE) and the rate of (ROE) – as a representative of financial performance – has been proven. This indicates that the increase or decrease in advertising expenditure (AE) is accompanied by an increase or decrease with significant significance in the rate of (ROE). The second sub-hypothesis must be accepted.

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Based on accepting the second and third sub-hypothesis, it can be said that acceptance of the first main hypothesis, that indicates a positive relationship between advertising expenditure and financial performance in Iraqi banks (research sample).

4.4.2 The Second Main Hypothesis (H2):

" There is a positive effect between advertising expenditure and financial performance at the level of statistical significance (5%). "

Three sub-hypotheses branch out from this hypothesis:

4.4.2.1 The First Sub-Hypothesis:

" There is a positive effect of advertising expenditure (AE) on the rate of return on sales (ROS) – as a representative of financial performance – at a statistical significance level (5%). "

To test this hypothesis, a simple linear regression equation was prepared to estimate the rate of (ROS) – as a representative of financial performance – in the connotation of advertising expenditure (AE) in banks (research sample), to stand at the effect level of the (AE) in (ROS), and the Table (7) shows the results of this effect.

Table (7) The results of the effect of (AE) in (ROS)

Variables	β_o	β	t value	t (Sig.)	F value	F (Sig.)	R^2
Advertising Expenditure	0.019	0.020	1.467	0.146	2.153	0.146	0.021

Source: Table prepared by researchers based on the statistical program (SPSS V. 22)

It is noted from Table (7) that not proven the regression equation model because the (value F) amounted to (2.153) at a significant level of more than (5%), which indicates the inability to estimate the rate of (ROS) – as a representative of financial performance – in the connotation of advertising expenditure in banks (research sample). This means that the regression model is incorrect. The (value t) amounted to (1.467) also confirms at a significant level (5%) that there is the absence of a significant effect of advertising expenditure on the rate of (ROS) – as a representative of financial performance. This leads to the first sub-hypothesis being rejected.

4.4.2.2 The Second Sub-Hypothesis:

" There is a positive effect of advertising expenditure on the rate of return on assets (ROA) – as a representative of financial performance – at a statistical significance level (5%). "

To test this hypothesis, a simple linear regression equation was prepared to estimate the rate of (ROA) – as a representative of financial performance – in the connotation of advertising expenditure (AE) in banks (research sample), to stand at the effect level of the (AE) in (ROA), and the table (8) shows the results of this effect.

Table (8) The results of the effect of (AE) in (ROA)

Variables	β_o	β	t value	t (Sig.)	F value	F (Sig.)	R^2
Advertising Expenditure	0.014	0.728	3.242	0.002	10.508	0.002	0.097

Source: Table prepared by researchers based on the statistical program (SPSS V. 22)

It is noted from Table (8) that the regression equation model is proven due to that the (value F) amounted to (10.508) has achieved a significant level less than (5%), which indicates the possibility of estimating the rate of (ROA) – as a representative of financial performance – in the connotation of advertising expenditure in banks (research sample). This confirms the correct of the regression model. The (value t) amounted to (3.242) at a significant level (5%). It indicates the existence of a significant effect of advertising expenditure on the rate of (ROA) – as a representative of financial performance. The value of the "Beta regression coefficient" (β) amounted to (0.728) is positive. It indicates a positive effect, which means that the increase in the level of advertising expenditure in the banks (search sample) will increase the level of the rate of (ROA) – as a representative of financial performance. The value of the "Coefficient of determination" (R^2) amounted to (0.097), indicating that advertising expenditure explains (9.7%) of the changes in the rate of (ROA) – as a representative of financial performance. Accordingly, the second sub-hypothesis is accepted.

4.4.2.3 The Third Sub-Hypothesis:

" There is a positive effect of advertising expenditure (AE) on the rate of return on return on equity (ROE) – as a representative of financial performance – at a statistical significance level (5%). "

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To test this hypothesis, a simple linear regression equation was prepared to estimate the rate of (ROE) – as a representative of financial performance – in the connotation of advertising expenditure (AE) in banks (research sample), to stand at the effect level of the (AE) in (ROE), and the table (9) shows the results of this effect.

Table (9) The results of the effect of (AE) in (ROE)

Variables	β_o	β	t value	t (Sig.)	F value	F (Sig.)	R^2
Advertising Expenditure	0.017	0.224	2.462	0.016	6.064	0.016	0.058

Source: Table prepared by researchers based on the statistical program (SPSS V. 22)

It is noted from Table (9) that the regression equation model is proven, due to that the (value F) which amounted to (6.064) has achieved a significant level less than (5%), which indicates the possibility of estimating the rate of (ROE) – as a representative of financial performance – in the connotation of advertising expenditure in banks (research sample), and this confirms the validity of the regression model. The (value t) which amounted to (2.462) at a significant level (5%). It indicates the existence of a significant effect of advertising expenditure on the rate of (ROE) – as a representative of financial performance. The value of the (β), which amounted to (0.224) is positive. It indicates a positive effect, which means that the increase in the level of advertising expenditure in the banks (research sample) will increase the level of the rate of (ROE) – as a representative of financial performance. The value of the (R^2) which amounted to (0.058) indicates that advertising expenditure explains (5.8%) of the changes in the rate of (ROE) – as a representative of financial performance. Accordingly, the third sub-hypothesis is accepted.

Accordingly, and based on the acceptance of the second and third sub-submission hypotheses; we can conclude that the second main hypothesis of the research is acceptable.

The results of this study agreed and differed with many previous studies on the subject of research. From studies that differed with the current study, regarding the effect of advertising expenditures on sales. This study differs with the studies conducted by both [Park & Jang (2012); Abdel-Khalik (1975); Shah et al. (2009)] which confirms that advertisement is a strong factor increases companies' sales. This is due to several reasons, including: (1) the weakness of banks in the marketing side - in the Iraqi banking sector, and this was noticed through the weak percentage of the total marketing expenses to the total expenditures, where the highest Observations recorded (12.8%) of the total bank expenditures; (2) Not developing modern and effective marketing and advertising means to earn new customers, for the purpose of increasing the return on sales.

On the other side, these results agreed with the studies conducted by [Picconi (1977); Abbott et al. (1997)], which indicates that there is no statistically significant relationship between advertising and sales expenditures. Also, the current study agreed with some previous studies regarding the effect of advertising expenditures on equity. Some previous studies have found that advertising expenditures are positively related to future companies' profits and market value, such as the study conducted by (Shah et al, 2019). Likewise, this was confirmed by [Qi et al. (2018); Joshi & Hanssens (2004)] that advertising expenditure increases the company's market value.

5. CONCLUSIONS AND RECOMMENDATIONS:

5.1 Conclusions:

The research within its theoretical and applied discussions reached a set of conclusions, as follows:

1. The advertisement is a marketing tool used to deliver bank messages to customers about the availability of products provided by banks represented by loans and interest rates that they give and other services and facilities provided to customers. Also, the effect of advertising expenditures on the brand of banks is evident. In addition, ads are used to influence customer positions, perceptions, and desires. Also, advertising expenditure promotes to the banking sector commodities and services, and increases the cash flows of banks, and this is an investment to maximize wealth. Among the advantages of advertising expenditure is that it seeks to distinguish the company's products from the products of its competitors, and thus create equity for its products. Thus, this equity, which is created through marketing activity - which is ostensibly directed to customers and expectations - can extend to investment behavior as well. Investors prefer a strong brand stock, although these strong brands have not achieved high material returns in the short term.
2. There is a variation and big dispersion between the observations of the research sample. It appears from the large value of the standard deviation, and the percentage of the coefficient of variation exceeds the normative value of 50% for all indicators. It weakens the possibility of popularization the value of the arithmetic mean in order to infer it at the level of the sample as a whole, regarding the variable of advertising spending and the three financial performance variables.

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3. There is a significant correlation between advertising expenditure (AE) and indicators of the rate of (ROA) and the rate of (ROE), which indicates the existence of a type of positive correlation between these variables, while this correlation is absent between advertising expenditure and the rate of (ROS).
4. There is a clear effect of advertising expenditure (AE) on the financial performance of each of the rate of (ROA) and the rate of (ROE) indicators. It shows a positive effect with a statistical significance of advertising expenditure on financial performance. This effect clearly emerged through the (R^2), as increasing the level of advertising expenditure in banks (research sample) will increase the rate of (ROA) and the (ROE) as an indicator of financial performance. The value of the (R^2) indicates that the advertising tunnels explain (9.7%) of the changes in the rate of (ROA) and (5.8%) of the changes in the rate of (ROE). Otherwise, the regression model showed that there is no significant effect of advertising expenditure (AE) on the rate of (ROS).

5.2 Recommendations:

Based on the conclusions that have been reached, a set of proposals can be submitted as follows:

1. Increasing the focus on the marketing aspect of advertising, it is a language of communication between customers and banks, as well as the only way to send and communicate bank messages to them.
2. In a competitive market, the banks' spending from advertising and marketing expenditures must be increased for the purpose of increasing their profits and market value.
3. Develop modern and effective marketing and advertising means to earn new customers, for the purpose of increasing the return on sales.
4. This research uses a methodology focused on the relationship and influencing advertising expenditures, but the causal relations between advertising and relevant financial performance standards have not been focused on. Therefore, more studies and research should be prepared to examine and verify each of the correlation and regression issues, or causation in extensive and detailed.
5. In the Iraqi environment, there was no great research interest regarding the influence of advertising expenditures on the performance of companies, so increasing interest in such research is required.

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