World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 44, March, 2025
ISSN: 2749-3628,

THE IMPACT OF FINANCIAL SUSTAINABILITY ON THE PERFORMANCE OF THE IRAQI BANKING SECTOR: AN APPLIED STUDY ON PRIVATE COMMERCIAL BANKS IN BAGHDAD

Ass. Lec. Taleb Hmad Awad
Email: talebhmad@mtu.edu.iq
Middle Technical University / Anbar Technical Institute

Article history:

Received: 20th February 2025
Accepted: 14th March 2025

Abstract:

This research aims to investigate the impact of financial sustainability on the performance of the banking sector in Iraq across three main aspects: profitability, operational efficiency, and asset growth. Meanwhile, financial sustainability will be studied through three primary dimensions: financial resource management efficiency, diversification of funding sources, and financial stability. Based on the study's objectives, a sampling method was chosen to test the hypotheses, where the study sample was identified as three banks: Al-Mansour Bank, the Iraqi Islamic Commercial Bank, and Baghdad Bank. The population size in these banks was 300 employees, and the research sample was determined as 150 employees through Simpson's formula, representing 50% of the basic population size. The researcher relied on a questionnaire to collect the basic research information, distributing 179 questionnaires. A total of 163 questionnaires were retrieved at a response rate of 91%, while 13 questionnaires were rejected due to their ineligibility for statistical analysis because they were incomplete or contained errors, accounting for 7.2% of the original sample size. We obtained the required number of 150 questionnaires with a response rate of 83.7%. The data were analyzed using the SPSS 25 statistical software. A variety of statistical methods were employed, including calculating the mean, correlation coefficients, and simple regression analysis, along with utilizing a five-point Likert scale for individual responses within the sample. The researcher concluded with several findings, the most significant being that financial sustainability strongly affects the performance of the banking sector in Iraq across its various dimensions. The researcher recommended that private commercial banks in Iraq should strive to diversify their revenue and investment sources to ensure long-term financial sustainability.

Keywords: Financial Sustainability, Banking Sector Performance, Profitability, Operational Efficiency, Asset Growth, Financial Resource Management, Diversification of Funding Sources, Financial Stability.

INTRODUCTION:

The banking sector plays a vital role in the economic development of any country, as it acts as an intermediary between savers and investors, facilitating the allocation of resources and enhancing economic growth (Al-Shammari, 2022, p. 6)
. In Iraq, the banking sector has undergone significant changes in recent years, including the privatization of state-owned banks and the entry of new private banks into the market (Al-Tamimi, 2022, p.8)
. However, the sector still faces major challenges, including a lack of financial sustainability, which can negatively impact its performance and stability (Scholtens, 2023, p.10)
. Financial sustainability refers to banks' ability to maintain their financial stability and success over time without relying on external support or bailouts (Koufopoulos, 2020, p.3)
. A financially sustainable banking sector is essential for promoting economic growth, reducing poverty, and improving living standards (World Bank, 2019, p. 10)
. Therefore, it is crucial to investigate the impact of financial sustainability on the performance of the Iraqi banking sector. This study aims to fill the gap in current literature by examining the relationship between financial sustainability and bank performance in the Iraqi context, using a sample of private banks in Baghdad. The study will employ a

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 44, March, 2025
ISSN: 2749-3628,

descriptive-analytical approach, analyzing financial data from a sample of private banks in Baghdad to investigate the impact of financial sustainability on bank performance (Saunders, 2019, p. 20)

RESEARCH METHODOLOGY

Research Problem.

The Iraqi banking zone faces huge demanding situations in phrases of financial performance and economic sustainability, particularly beneath unstable financial and political conditions. There is a clear loss of studies linking monetary sustainability to the performance of personal industrial banks in Baghdad, which constitutes a know-how hole that needs to be addressed. This look at goals to investigate the impact of monetary sustainability on the performance of private business banks in Baghdad via comparing monetary sustainability signs on overall performance indicators. Based on the above, the main research trouble can be identified within the following primary studies question: Does monetary sustainability affect the performance of the banking area in private industrial banks in Baghdad?

Importance of the Research:

- **Scientific Importance:**

1. The studies contribute to growing know-how about the concept of financial sustainability and its effect at the overall performance of the banking zone.
2. It presents a deep expertise of the elements affecting the monetary performance of private commercial banks in Baghdad.
3. The studies contribute to developing new fashions concerning the relationship between monetary sustainability and banking overall performance.
4. It provides new and critical outcomes to the research literature related to the banking area in developing international locations, in particular within the context of Iraq.
5. The research gives a sensible technique appropriate as a version for future research on similar subjects in other international locations or sectors.

- **Practical Importance:**

1. The research consequences make contributions to enhancing financial institution performance via adopting effective economic sustainability practices.
2. It gives sensible recommendations for bank management on a way to decorate monetary sustainability, thereby enhancing profitability and performance.
3. The research contributes to establishing financial and regulatory rules aimed at improving the economic sustainability of banks.
4. It contributes to developing the financial area in Iraq via supplying answers and strategies to decorate economic sustainability.
5. The research gives valuable educational and education cloth for banking zone personnel concerning financial sustainability practices.

Objectives of the Research:

The studies pursuits to achieve the subsequent objectives:

1. To study the connection between economic sustainability and the performance of private commercial banks in Baghdad, and to clarify the extent to which monetary sustainability affects the performance of those banks.
2. To perceive the indicators that affect the monetary sustainability of commercial banks, including the performance of economic resource management, diversification of investment sources, and monetary balance.
3. To take a look at the effect of economic sustainability at the performance of personal industrial banks in terms of profitability, operational performance, and asset growth.
4. To offer pointers for enhancing the economic sustainability of industrial banks based on the effects received from the take a look at.
5. To make contributions to the development of the Iraqi banking region with the aid of imparting a comprehensive look at on monetary sustainability and financial institution overall performance, and offering hints to decorate the overall performance of this zone.

Studies Hypothesis

H1: There is a statistically significant effect at a significance level of 0.05% of financial resource management efficiency on the profitability of private banks in Baghdad.

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 44, March, 2025
ISSN: 2749-3628,

H2: There is a statistically significant effect at a significance level of 0.05% of diversification of funding sources on the operational efficiency of private banks in Baghdad.

H3: There is a statistically significant effect at a significance level of 0.05% of financial stability on the asset growth of private banks in Baghdad

Research Population and Sample

The study population consists of private commercial banks in Iraq, with the study sample identified as three banks: Mansour Bank, Iraqi Commercial Islamic Bank, and Bank of Baghdad. The total number of employees in these banks is 300, and the research sample has been determined to be 150 employees, representing 50% of the total study population.

Research Boundaries:

- **Study Area:** Private commercial banks in Baghdad.
- **Study Duration:** The study covers the period of one year, extending throughout 2024.
- **Study Sample:** Employees of private commercial banks in Baghdad, across different levels.

Statistical Tools Used: The researcher used the SPSS 27 statistical program to analyze the data and relied on several statistical methods:

- **Descriptive Statistics:** Mean, standard deviation, coefficient of variation, and frequencies.
- **Statistical Tests:**
    1. Kolmogorov-Smirnov test to verify normal distribution.
    2. Simple linear regression analysis.
- **Validity and Reliability Tests:**
    1. Validity: Through presenting the questionnaire to a panel of experts.
    2. Instrument reliability: Using Cronbach's alpha and Spearman-Brown coefficient.

Research Model:

- **Independent Variable (X):** Financial sustainability (efficiency of financial resource management-diversification of funding sources-financial stability).
- **Dependent Variable (Y):** Bank performance (profitability- operational efficiency- asset growth).

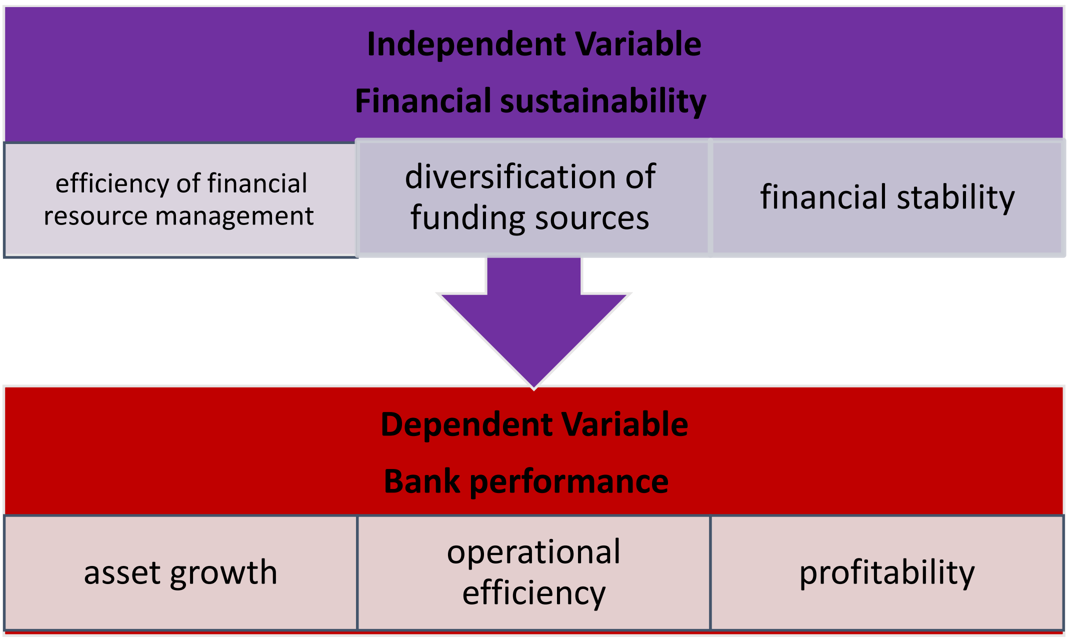

FIGURE 1. Study Model

Previous Studies

(Al-Salmouni, 2023)

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 44, March, 2025
ISSN: 2749-3628,

Title of the Study: The Impact of Financial Sustainability on the Financial Performance of Institutions: An Applied Study on the Petroleum Sector in Egypt

Objective of the Study: To test the impact of financial sustainability on financial performance by applying it in the petroleum sector, in order to draw attention to the importance of the impact of financial sustainability on the financial performance of institutions.
Methodology: The analytical descriptive approach was used to achieve the study's hypotheses, and the study sample consisted of 300 managers and workers in the petroleum sector.
Key Findings: The study reached the following results: there is a statistically significant effect of financial sustainability on the dimensions of financial performance of institutions in the petroleum sector, and there are statistically significant differences according to demographic variables (age, educational qualification, job title, and years of experience) in the extent to which the concept of financial sustainability is applied in the petroleum sector.
(Moutaz, 2021)
Title of the Study: The Impact of Adopting Sustainable Development on Financial Performance from the Perspective of Bank Employees in Dhofar Governorate – A Field Study
Objective of the Study: This study aims to identify the impact of adopting sustainable development on financial performance from the perspective of bank employees in Dhofar Governorate, and to what extent the dimensions of sustainable development (economic, social, and environmental) affect financial performance.
Methodology: The descriptive analytical approach was used. The study sample included 104 employees from several banks in Dhofar Governorate.
Key Findings: The study's results showed a statistically significant impact at the level of statistical significance (0.05) of economic and social development on improving financial performance in the studied banks, and no impact of environmental development on financial performance.
(Adam, Saham, Alaa El-Din, 2021)
Title of the Study: Banking Sustainability and Its Role in Improving the Performance of the Algerian Banking System
Objective of the Study: The study aims to measure and analyze the extent to which the application of banking sustainability principles improves the performance of the Algerian banking system, as sustainable banking is one of the modern approaches in banking.
Methodology: The study relied on descriptive and analytical tools in the theoretical aspect, while in the applied aspect, a questionnaire was used for a field study of a sample of Algerian bank executives to measure the impact of banking sustainability.
Key Findings: The study concluded that sustainability has an impact on improving efficiency and effectiveness. It recommended that Algerian banks apply banking sustainability principles to improve banking performance.
The Difference Between This Study and Previous Studies
This study is considered a scientific addition to previous studies, and this addition is reflected in the following points:

- This study, to the best of the researcher's knowledge, is one of the few scientific studies that examine the impact of financial sustainability on the performance of the Iraqi banking sector, as it connects variables that have not been linked before. This will assist researchers and those who wish to refer back to this study as a resource to help clarify the importance of this field and its application to various types of projects.
- The difference in the study environment, and therefore the difference in the objectives, importance, and results of this research.

Theoretical Framework
Financial Sustainability
The Concept of Financial Sustainability
The concept of financial sustainability refers to the balance and continuity of financial resources over the long term. This concept has been defined by numerous researchers:

- It is defined as the ability to achieve a balance between revenues and expenditures over the long term, ensuring the continued ability to meet current and future financial needs (Begg, Fischer, & Dornbusch, 2023, p. 241).
- It is also defined as the ability to maintain financial stability under changing conditions, contributing to maintaining trust in the financial system (Mishkin, 2022, p. 115).

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 44, March, 2025
ISSN: 2749-3628,

- Financial sustainability is further defined as the process of planning and controlling financial resources to achieve long-term financial objectives, including debt reduction and asset maximization (Ross, Westerfield, & Jaffe, 2020, p. 187).

Based on these definitions, the researcher defines financial sustainability as "the ability to manage financial resources effectively to achieve a balance between revenues and expenditures, while maintaining financial stability and continuously improving financial strength over the long term, through strategic planning and oversight."

The Importance of Financial Sustainability

Financial sustainability is a essential idea aimed at ensuring that people, institutions, and governments control their monetary assets efficaciously over the long term, retaining financial balance and reducing destiny monetary risks. Financial sustainability is a essential detail for reaching financial balance and sustainable development. The importance of financial sustainability stems from: (Rashed, 2021, p. 2940)

1. Achieving Economic Stability: Financial sustainability allows keep away from monetary crises that could result in sizeable economic disruptions. By handling authority's debt and decreasing price range deficits, international locations can preserve long-term economic stability.
2. Developing Infrastructure: Through sustainable monetary planning, governments and establishments can invest in infrastructure projects that enhance the excellent of lifestyles and enhance financial growth.
3. Improving Confidence: Financial sustainability affords confidence for buyers and economic markets, enhancing the capacity to draw vital overseas and domestic investments for monetary growth.

Four. Promoting Social Justice: Through prudent monetary management, financial sources may be directed greater successfully closer to social applications that support the neediest organizations, contributing to reducing economic and social gaps.

4.Responding to Crises: Financial sustainability facilitates build economic reserves that can be used during crises, together with natural disasters or pandemics, allowing countries to respond greater efficiently to those crises without falling into severe economic crises (European Investment Bank, 2020, p. 29).

Banking Sector Performance

The Concept of banking sector performance

Banking sector performance refers back to the dimension of banks' and different financial establishments' monetary overall performance and operational efficiency (Boumediene & Caby, 2022, p. 12). This concept is used to assess the extent to which banks achieve their monetary and operational dreams, such as generating income, improving carrier best, decreasing fees, and enhancing useful resource usage performance (Dietrich & Wanzenried, 2020, p. 25).

The definition of banking sector performance has varied primarily based on researchers' orientations. It has been defined as "the volume to which banks can generate earnings and enhance resource usage efficiency" (Dietrich & Wanzenried, 2020, p. 25).

Additionally, it's been defined by means of the fine of services banks provide to customers, which includes transaction speed, records accuracy, and purchaser satisfaction (Boumediene & Caby, 2022, p. 12).

It is likewise defined by using the banks' performance in managing internal operations, inclusive of cost discount, aid utilization efficiency, and provider excellent improvement (Sharma, 2022, p. 30).

Based on these definitions, the researcher defines banking sector overall performance because the extent to which banks can face up to monetary and economic demanding situations, including economic crises, marketplace fluctuations, and regulatory challenges.

The Importance of banking sector performance

The banking zone performs a important position in a rustic's usual economic system, significantly impacting economic increase and stability (Brunermier, 2020, p. 12). A have a look at with the aid of the European Central Bank indicated that the overall performance of the banking zone is crucial for imposing monetary policy and allocating credit score to the economic system (ECB, 2020, p. 15). An green banking sector can facilitate economic boom by presenting get entry to to financing for families and businesses, thereby improving investment, intake, and task advent (Bek, 2020, p. 20). Furthermore, the performance of the banking zone is closely connected to financial balance, as banks play a important position in managing dangers and preserving believe within the monetary machine (BIS, 2022, p. 10). A solid banking area enables prevent the spread of monetary shocks and continues economic balance, even as a bothered banking region exacerbates monetary recessions (IMF, 2022, p. 25). Additionally, the overall performance of the banking region has a giant effect on the general competitiveness of the economic system (OECD, 2022, p. 30). A competitive banking area gives revolutionary monetary services and products, that can assist foster entrepreneurship, innovation, and economic increase (World Bank, 2022, p. 35). It is obvious that the performance of the banking sector is of utmost

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 44, March, 2025
ISSN: 2749-3628,

significance for economic boom, financial balance, and competitiveness. As Brunermier stated (2020, p. 12), "an green banking zone is essential for a strong and thriving economy."

PRACTICALFRAMEWORK

Research Tool and Sample, And Statistical Methods Used

Research Tool

In this part of the study, the population and sample of the look at were described, at the side of the bases for gathering the important data to measure the variables, accompanied by way of an outline of these variables.

Research Instrument

To entire the sensible component of this studies and attain appropriate statistics to prove the research speculation, a questionnaire become designed that consists of 3 main sections:

1. Personal Information
2. Financial Sustainability: which incorporates three dimensions: financial resource management efficiency, diversification of investment sources, and monetary balance.
3. banking sector performance: which includes 3 dimensions: profitability, operational efficiency, and asset boom.

The researcher disbursed 179 questionnaires to achieve the required wide variety that represents the sample length, which is a hundred and fifty questionnaires. The researcher ensured that each one questionnaires were entire and accurate. Below is an illustrative desk.

Table 1: Distribution of the Questionnaire

Data	Number	Percentage (%)
Total	179	100
Returned	163	91
Damaged	13	7.2
Valid	150	83.7

Source: Prepared by the Researcher

Validity Tests

Internal Consistency:

This is based on the degree of correlation of each item with the total score of the section to which it belongs.

Table 2: Internal Consistency Validity

No.	Questionnaire Item	Pearson Correlation	Sig
1	Financial Sustainability	.803	0.00
2	banking sector performance	.811	0.00

Source: Prepared by the Researcher

Field Research A significant correlation is evident, meaning the statements are correct and suitable for the purpose of the study.

Construct Validity:

Table 3:

Sample 150	Axis and Part	Relationship Method	Significance Value (SIG)	Number	Sample 150
				30	
1	Financial Sustainability	0.807			0.00
2	banking sector performance	0.810			0.00

Construct Validit

Source: Prepared by the researcher

The table indicates a strong correlation between financial sustainability and the performance of the banking sector. The high correlation values (.807 and .810) and their statistical significance (.000) suggest that the measurement tool used in the study possesses good construct validity. This means that the tool is capable of effectively measuring what it was designed to measure, thereby enhancing the validity of the results obtained through it.

Cronbach's Alpha Reliability Measure:

Cronbach's Alpha Reliability Measure

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 44, March, 2025
ISSN: 2749-3628,

Cronbach's Alpha is a widely used statistical measure for assessing the internal consistency reliability of a scale or questionnaire. It quantifies the extent to which all items in a scale measure the same underlying construct by evaluating the average inter-item correlation. Specifically, it estimates the proportion of total score variance attributable to true variance in the measured construct, rather than measurement error. The coefficient ranges from 0 to 1, with higher values indicating greater reliability. Acceptable Standards:

- A value above 0.7 is generally considered acceptable for research purposes.
- Values between 0.6 and 0.7 may be acceptable depending on the study context and item characteristics.
- Values below 0.6 suggest inadequate internal consistency.
- Excessively high values (e.g., >0.9) may indicate item redundancy, implying that removing some items could enhance scale efficiency.

Calculation Method:
The formula computes the ratio of the sum of item variances to the total variance of the scale scores, adjusted by the number of items:

$$\alpha=n-1n\cdot(1-\sum\sum sxy\sum\sigma x2)$$

Where:
n: Number of items
$\sigma x2$: Variance of each item
sxy: Covariance between item pairs

Cronbach's Alpha serves as a critical tool for evaluating measurement instruments, ensuring they reliably capture the intended theoretical construct.

Table 4: Results of Cronbach's Alpha Test

Axis	Number of Items	Cronbach's Alpha
Financial Sustainability	15	0.82
banking sector performance	15	0.79

Source: From SPSS25
The table indicates, through the values of Cronbach's alpha coefficient, that the tools used in both axes are reliable and capable of providing consistent results when used to measure these axes.

Average Questionnaire Responses:

The mean and verification values are as follows:

Table 5: Average Responses

No.	Questionnaire	Mean	Verification
1	Financial Sustainability	2.47	High
2	banking sector performance	2.50	High
Overall Average		2.48	High

Source: Field Research
According to the table, the overall average rating for the axes is **2.48**, indicating a High evaluation.

Hypothesis Testing

To verify the study hypothesis, the relationship and regression were measured according to the mathematical model shown:

$$y=a+\beta x+\varepsilon$$

H1: There is a statistically significant effect at a significance level of 0.05% of financial resource management efficiency on the profitability of private banks in Baghdad. SPSS version 25 was used, and the following results were obtained

Table 6. First Subordinate Hypothesis Test

profitability	Model Indicators	Levels

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 44, March, 2025
ISSN: 2749-3628,

	R	R Square	Adjusted R Square	F	Sig.	Durbin-Watson	B	t	Sig.
(Constant)	0.832	0.545	0.537	13.2	0.0	2.4	2.28	4.944	0.00
financial resource management efficiency							0.451	4.091	0.00

Source: By the researcher

- **R (Correlation Coefficient):**

  The value is 0.832, indicating a very strong correlation between the independent variable (financial resource management efficiency) and the dependent variable (profitability). This suggests that improving financial resource management is significantly associated with increased profitability.
- **R^2 (Coefficient of Determination):**

The value is 0.545, meaning that the independent variable explains 54.5% of the variation in profitability. This proportion is considered good.

- **AdjustedR^2:**
  The value is 0.537 (slightly less than R^2), which adjusts the R^2 value to account for the number of variables in the model. The value indicates that the model is not overfitting the data, enhancing its credibility.
- **F-test:**
  The F value is 13.2 with Sig. = 0.0, confirming that the model as a whole is highly statistically significant ($p < 0.05$). This means the independent variable has a significant impact on profitability.
- **Durbin-Watson:**
  The value is 2.4, falling within the acceptable range (1.5–2.5), indicating no autocorrelation problem among errors (the observations are independent).
- **Constant:**
  The value is 2.28 with Sig. = 0.00, meaning the constant is statistically significant. This implies that even in the absence of financial resource management efficiency (zero), there remains a basic profitability attributed to other factors.
- **Financial Resource Management Efficiency:**
  - **Coefficient (B) = 0.451:** Indicates that every one-unit increase in management efficiency results in a 0.451-unit increase in profitability.
  - **t-value = 4.091 with Sig. = 0.00:** Confirms that this effect is positive and statistically significant ($p < 0.05$).

From the above, we conclude that the current model is statistically effective in explaining the relationship between financial resource management efficiency and profitability, as financial resource management efficiency strongly influences the profitability of private commercial banks in Baghdad.

H2: There is a statistically significant effect at a significance level of 0.05% of diversification of funding sources on the operational efficiency of private banks in Baghdad.

Table 7. Testing the second sub-hypothesis.

operational efficiency	**Model Indicators**						**Levels**		
	R	R Square	Adjusted R Square	F	S.g.	Durin-Waton	B	t	S.g.
(Constant)	0.703	0.358	0.345	15.09	0.00	2.21	2.97	5.50	0.0
diversification of funding sources							0.38	4.94	0.0

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 44, March, 2025
ISSN: 2749-3628,

Source: By the researcher

- **R (Correlation Coefficient): 0.703**
  Indicates a strong positive relationship between the independent variable (diversification of funding sources) and the dependent variable (operational efficiency).
- **R^2 (Coefficient of Determination): 0.358**
  Means that the independent variable explains 35.8% of the variance in operational efficiency.
- **Adjusted R^2: 0.345**
  Takes into account the number of variables and observations, and is slightly lower than R^2, confirming that adding new variables may not significantly improve the model.
- **F-test: 15.09 with statistical significance (Sig. = 0.00)**
  Indicates that the model as a whole is statistically significant, meaning there is a significant relationship between the independent and dependent variables.

2. **Test for Error Independence (Durbin-Watson): 2.21**
   Indicates no autocorrelation in errors, as a value close to 2 means errors are independent.

- **Constant:**
  - **B = 2.97 with statistical significance (Sig. = 0.00)**
    Means that in the absence of all independent variables, the operational efficiency value is 2.97, which is statistically significant.
- **Diversification of Funding Sources:**
  - **B = 0.38 with statistical significance (Sig. = 0.00)**
    Indicates that every one-unit increase in diversification of funding sources results in a 0.38-unit increase in operational efficiency.
  - **t-value = 4.94 (greater than 1.96)** confirms the statistical significance of this effect.

The table results show that the model is statistically significant, as there is a strong effect of diversification of funding sources on operational efficiency

H3: There is a statistically significant effect at a significance level of 0.05% of financial stability on the asset growth of private banks in Baghdad

Table 8. Subsidiary Test Three

asset growth	Model Indicators						Levels		
	R	R Square	Adjusted R Square	F	S.g.	DurinWaton	B	t	S.g
(Constant)	0.653	0.309	0.290	19.1	0.00	2.01	2.665	4.61	0.00
financial stability							0.320	5.11	0.00

Source: By the researcher

(R): 0.653
Indicates a moderate strength relationship between the independent variables (such as financial stability) and the dependent variable (asset growth).

(R^2): 0.309
The independent variables explain 30.9% of the variance in asset growth, while 69.1% of the variance remains unexplained (possibly due to other factors not included in the model).

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 44, March, 2025
ISSN: 2749-3628,

Adjusted R^2: 0.290
Close to R^2, suggesting that the number of variables in the model is appropriate for the sample size, or that adding new variables did not significantly improve the model.
F-Value: 19.1
Significance Level (Sig.): 0.00
Indicates that the model is statistically significant ($p < 0.05$), meaning the independent variables collectively have a significant effect on asset growth.
Durbin-Watson: 2.01
Indicates no autocorrelation among errors, enhancing the model's credibility.
Coefficient Analysis: a. Constant (Intercept):
Value (B): 2.665
The constant is statistically significant, meaning that in the absence of independent variables, the average asset growth is 2.665.
Value (B): 0.320
Indicates that for every one-unit increase in financial stability, there is a 0.320-unit increase in asset growth. The coefficient is statistically significant ($p < 0.05$), confirming the positive and statistically significant impact of financial stability on asset growth. The analysis shows that the model is statistically significant, indicating that financial stability positively and statistically significantly affects asset growth

We infer, based on the testing of the sub-hypotheses, the validity of the main research hypothesis and thus the existence of a strong impact of financial sustainability on the performance of the Iraqi banking sector

RESULTS

1) The results showed a very strong correlation between financial resource management efficiency and profitability, with a correlation coefficient of R=0.83. This indicates that financial resource management efficiency has a very strong and statistically significant positive impact on profitability in the Iraqi banking sector.
2) There was a strong positive relationship between diversification of funding sources and operational efficiency, with R=0.70. This suggests that diversification of funding sources has a strong and statistically significant positive impact on operational efficiency in the Iraqi banking sector.
3) There was a moderate strength relationship between financial stability and asset growth, with R=0.65. This indicates a moderate positive effect of financial stability on asset growth in the Iraqi banking sector.
4) The results showed a strong and statistically significant positive impact of financial sustainability on the performance of the banking sector in Iraq

CONCLUSIONS

1) The results indicate that improving financial resource management can significantly enhance bank profitability.
2) The study showed that banks that diversify their funding sources are more capable of operating efficiently and achieving better operational performance.
3) The results suggest that financial stability plays an important role in supporting asset growth, though it is not the only influencing factor.
4) The results indicate that moving towards financial sustainability enhances the overall performance of banks.

RECOMMENDATIONS

1) Banks should invest in developing employees' skills in financial resource management through continuous training and internationally recognized certifications.
2) Use data analytics and artificial intelligence to improve strategic decision-making related to financial resource management.
3) Encourage banks to explore new funding sources such as crowdfunding and partnerships with international financial institutions.
4) Develop innovative financial products that meet diverse customer needs, increasing revenue diversification.
5) Develop strategies for effective financial risk management to ensure asset stability.
6) Improve capital structure by reducing reliance on debt and increasing equity shares.
7) Adopt financial policies that support long-term sustainability, such as reducing operational costs and increasing efficiency.
8) Enhance financial transparency and accountability through regular and detailed reports presented to shareholders and the public.
9) Encourage innovation in banking services by investing in fintech to improve operational efficiency and offer innovative financial services.

10) Set specific and measurable KPIs to periodically monitor the achievement of financial and operational goals

REFERENCES

1. World Bank. (2019). World development report 2019: The changing nature of work. World Bank Publications.
2. Saunders, M. (2019). Research methods for business students. Pearson Education Limited.
3. Koufopoulos, D. (2020). The impact of financial sustainability on bank performance: Evidence from European banks. Journal of Financial Stability, 60, 1-14.
4. Al-Shammari, M. (2022). Financial sustainability and bank performance: Evidence from GCC countries. Journal of Financial Services Marketing, 27(1), 1-13.
5. Al-Tamimi, H. (2022). The impact of financial sustainability on bank performance: A study of Jordanian banks. International Journal of Islamic and Middle Eastern Finance and Management, 15(1), 1-18.
6. Scholtens, B. (2023). Financial sustainability and bank performance: A European perspective. Journal of Banking and Finance, 134, 1-15.
7. Al-Salmouni, T. M. (2023). The Impact of Financial Sustainability on the Financial Performance of Institutions: An Applied Study on the Petroleum Sector in Egypt. Journal of Commercial and Environmental Studies, 14(3), 1101-1127.
8. Gharib, M (2021). The Impact of Adopting Sustainable Development on Financial Performance from the Perspective of Bank Employees in Dhofar Governorate – A Field Study. Faculty of Economics and Administrative Sciences, Private Applied Sciences University, Jordan.
9. Alaa El-Din, H. Saham, L. Adam, H (2021). Banking Sustainability and Its Role in Improving the Performance of the Algerian Banking System. Economic Notebooks Journal, 12(2), 57-91.
10. Begg, D., Fischer, S., & Dornbusch, R. (2020). Economics (13th ed.). McGraw-Hill Education. Vol. 35, No. 2, PP. 236-259.
11. Mishkin, F. S. (2020). The Economics of Money, Banking, and Financial Markets (12th ed.). Pearson.
12. Ross, S. A., Westerfield, R. W., & Jaffe, J. F. (2020). Corporate Finance (12th ed.). McGraw-Hill Education. Vol. 19, No.4, PP. 180-198.
13. Rashed, A. H. (2021). The role of private sector in the implementation of sustainable development goals. Environment, Development and Sustainability, Vol. 23, No. 3, PP. 2931-2948.
14. - European Investment Bank. (2020). EIB Investment Report 2020/2021. Retrieved from https://www.eib.org/en/publications/investment-report-2020