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THE ROLE OF GOVERNANCE IN THE PERFORMANCE OF ISLAMIC BANKS, A CASE RESEARCH IN IRAQ

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Abstract:
The research aimed to try to find links among the rules of governance. The research dealt with the advantages of co. After talking about its importance in the banking sector in general, governance in Islamic banks and then measuring the impact of applying governance rules on financial performance on a sample of Islamic banks in Iraq from 2016 to 2020.
The researchers used the descriptive and statistical approaches, they used the first to present and discuss the theoretical side, then they used the appropriate statistical analyzes like the T-test One to examine and analyze the data. And the researchers terminated: There is a correlation between the usage of governance rules and the financial performance of the Islamic banks under research. The results showed a (positive) correlation among the return on property and each of the composition of the assembly of directorship, the size of the assembly of directorship, the number of committees in the assembly, and the number of assembly members. Sharia Supervisory Assembly. The greater the size of the indirect variable (the rules of governance), the greater the return on property (the redirect variable), while it is clear that there is a negative correlation between the return on property and the variable of concentration of ownership.

Keywords: Governance, Islamic banks, Islamic banks in Iraq, financial performance.

1. INTRODUCTION

1.1. Background

The global financial crises imposed, corporate governance was imposed as a reliable solution by the stakeholders in the company, so (governance) became an international concern. The financial crises that swept the global economy, including the Asian crisis in 1997, the real estate banking crisis that began in 2008, as well as the scandal of the American company Enron, and others... These crises had a meaningful impact on the emergence of the importance of governance (locally and globally).
Therefore, there was an international consensus by academics and professionals that governance is an important path towards reducing risks, preventing corruption, and bringing about expansion.In addition to the foregoing, the banking sector adheres to governance more than other sectors, since banks are the stockpiles of investors and the public's money, so their management has a greater responsibility towards implementing transparency and others, and Islamic banks have greater privacy, because the usage of Sharia is an additional restriction on them.
As many studies have found, following sound rules of governance leads to providing the necessary precautions against administrative corruption and contributes to encouraging and consolidating transparency in economic life.

1.2. Research problem

The problem is :
- What is the nature of the correlation among co. governance variables and the financial performance of Islamic banks?
  Is there a difference in governance among conventional banks and Islamic banks?

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How can governance usages contribute to raising the activeness of Islamic banks?

1.3. Objectives

The objective of the research is to try to measure the impact of the usage of governance rules on the financial performance of Iraqi Islamic banks.

1.4. Methodology

On the theoretical side, the researchers used the inductive approach, in order to describe the problem and present and discuss previous studies. With regard to the practical part, the researchers used the statistical approach, and they used the appropriate statistical tools, including: financial ratios. and repetition and one-stage T-tests.

1.5. Previous studies

- Research of Ramiz Rahman and Enayatullah Manqala,

- Research of Ramiz Rahman and Enayatullah Manqala,(Co. Governance and the Performance of Financial Companies in Pakistan).A Comparative Research Comparing the governance procedures followed in the two types of banks (conventional and Islamic). As well as examining the impact of applying the rules of governance in Islamic banks (a sample from the Gulf and East Asian countries). and the research reached several results, the most important of which are: that there are fundamental diversity among governance in conventional and Islamic banks, and there are diversity among governance in the Gulf countries and Asia, and the research also found that the expenses of the assembly of directorship negatively affect the Islamic banks' return, and that the characteristics of the Shariah Supervisory Assembly do not affect the financial performance of Islamic banks. (Ramiz, U.R. and Mangla, I,2010).

- Research of Fatmawati, and others 2020

Presentation and discussion of Sharia governance in Islamic banks, where this research can be summarized in the following: The researcher used the descriptive and analytical approach by analyzing and comparing international and national symbols of Sharia governance in 11 countries of different nationalities where the annual determination of the largest indirect Islamic bank. In each of these former countries As well as relying on the framework of the theory of practice whose content is through comparisons, where the researcher identified Recognize the similarity and the difference among countries in the practices of legal governance, practitioners and practical usage. And the researcher terminated that the eleven countries that she reviewed adopted different approaches (ranging from strict, moderate or flexible), and that the approach followed by each country affects the practices of Sharia governance, and that Islamic banks in the countries affiliated with the Centre are Flexible aerobatics are more diverse. In the conditions of Sharia governance practices and comparing them with their counterparts in places with strict regulations (Fatmawati, and others 2020).

- Research of Hireche, 2017

The aim of the research is: to know the role-played by Sharia governance in controlling business within the Algerian Islamic banks. The researcher used the descriptive approach and considered Sharia supervision to be the main advantage among Islamic banks and commercial banks, and after researching and analyzing the reality of the situation of banks in Algeria, the researcher reached: There is an urgent force to implement the rules and foundations of Islamic Sharia The researcher also terminated: The Islamic financial institutions in Algeria need a (legal) structure to advance this sector (Hireche, 2017).

- Research of Bourakba, & Gherbi, 2015

This research aims to determine the correlation among governance and financial performance in Islamic banks. Where the researcher used the descriptive approach in presenting and discussing the privacy of governance in Islamic banks and its importance in the banking strip (commercial in general and Islamic in definite).

Also the sample of this research was from Islamic banks in the Arab Gulf region during the period from 2005 to 2012, the researcher also discussed the influence of applying co. governance on the financial performance of these banks.

In addition, the research summarized There is a good correlation among the rules of governance and the financial progress of the banks under research, and the researcher terminated: (1) There is correlation among the return on property and the size of the assembly of directorship (number of members), as well as the number of committees affiliated to the assembly (2) There is an inverse correlation among the rate of return on property and the concentration of ownership in the hands of a small group (Bourakba, & Gherbi, 2015).

- Research of Al-Beshtawi, and others, 2014

In this research, the role of co. Governance in commercial banks and Islamic banks in Jordan has been clarified and its impact on performance (financial and non-financial performance). As well as the operations and mission of the internal activities of banks and raise the level of performance. The statistical method was also used, where a sample of Jordanian (Islamic and commercial) banks was taken, which included sixteen

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banks.
The researcher used the questionnaire method in collecting the primary data, and after obtaining and analyzing the data, the researcher reached the following:
The process of applying co. governance by commercial banks and Islamic banks in Jordan by defining their rules and implementing their steps there are definite committees to activate the usage of co. governance in banks.
The researcher recommended the need to pay more attention to the supervisory authorities (oversight and legitimacy), and the need to fully comply with the laws and instructions related to governance (Al-Beshtawi, and others, 2014).

1.6. research assumes

Guided by previous studies, and for the purpose of achieving the goal of the research, the researchers assume the following:
- There is a (statistically meaningful) correlation among the rules of governance and the performance of Islamic banks.
- There is a (statistically meaningful) correlation among the composition of the assembly of directorship and the financial performance of Islamic banks.
- There is a (statistically meaningful) correlation among the pattern of ownership and the rate of return on property in Islamic Islamic banks.
- There is a (statistically meaningful) correlation among the size of the Shariah Supervisory Assembly and the financial performance of Islamic Islamic banks.

2. Theoretical framework

2.1. Co. Governance Definition

The Association of Co. Governance defined co. governance as "the method that achieves a balance among economic and social-aims on the one hand, and among individual and common aims on the other hand, and that the co. governance framework encourages the active use of resource and also urges the provision of accounting and accountability systems for the management of these resource, the aim being to bring as close as possible the interests of individuals, businesses and society (Cadbury, 1992).
As for the Organization for Economic Cooperation and Expansion (OCED), it defined governance as "a set of relations among the company's management, its assembly of directorship, its owners and other parties that have an interest in the company (related parties). achieving them, and therefore good governance is what provides both the assembly and the executive management with the appropriate incentives to reach the aims that are in the interest of the company and facilitate the process of creating active control, and thus help the company to rationally exploit its resource that enable it to achieve the aims set in what is known as efficient performance (Organization for Economic Co-operation and Expansion,2000).
It is also known as the structure through which the company seeks to achieve its aims and the means and methods used by the assembly of directorship, which plays an important role in achieving these aims. It is also known as a set of work and control rules that govern the company in its time and place (Hirogoyen, G. and Caby, J,2001; Bessire, D. and Meunier, J. ,2001).
The researchers see: Co. governance is the tools and procedures that organize the network of correlations that link the various parties, including owners, managers, the assembly of directorship, customers and suppliers.. It includes, explicitly or implicitly, questions about authority, control and responsibility, within the framework of defining the strategy of the general direction of the company's performance.

2.2. Reasons for the growing interest in co. governance

It can be summarized in the following points:
- The consequences of financial globalization, with the multiplicity of share holders of companies listed on the stock exchange scattered around the world, and consequently, the difficulty of controlling companies' operations by owners.
- Executives controlling the company and exploiting it for their personal interests in the first place, either due to the weakness of the assembly's of directorship or by collusion with them;

The spread of financial and administrative corruption in many national and international companies;
The collapse of many companies, like the bankruptcy of the International Commercial Credit Bank in 1991, with losses amounting to 60 billion US dollars, the collapse and bankruptcy of the American Savings and Loan Company in 1994, with a loss evaluated at 179 billion dollars, the crisis of Southeast Asian countries in 1997, as well as the crisis of (Enron) in the United States of America in 2001, and the crisis of the American telecommunications company (World com) in 2002.

2.3. Governance Rules

The theory of governance emerged as a result of the expansion of many new management theories like the theory of property rights, the theory of costs and procedures, the theory of reference , and in definite the agency theory. and mitigating the risks facing the interests of the company directly and their personal interests indirectly (Charreaux, G. ,2002) , and therefore the

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Organization for Economic Cooperation and Expansion (OECD) proposes (through the theory of governance in the ministerial meeting of those countries on May 26-27, 1999 a set of rules, rules and procedures aimed at ensuring the rights of all relevant parties interest and then raise the activeness of the company's performance, and can be summarized in the following points (Bancel, F. ,1997):

Providing protection to owners by securing methods of ownership transfer, active participation in the fundamental changes of the company, and disclosure of the company's financial procedures. Equal treatment of all owners as the co. governance framework ensures equal treatment of all owners, including minority and foreign owners.

The management authorities in companies must rely on a policy of ensuring respect for the rights of owners and their preservation, and the existence of mechanisms for the participation of owners, and that these priorities ensure the element of improving performance levels, through proper disclosure of the financial statements.

The co. governance framework must ensure disclosure and transparency in all basic matters related to the company, including the financial position, performance, ownership and management of the company.

The co. governance framework should ensure the expansion of strategic co. planning,active monitoring of management performance, and emphasis on the responsibility of the assembly of directorship to the company and owners, leading to co. awareness of the environmental and social interests of societies.

In summary, it can be said that governance is based on four main rules: justice, responsibility, accountability, and transparency.

2.3. The importance of co.

Many researchers and interested people agree on the importance of co. governance and what it represents to push the wheel of expansion, Improving the level of job performance, and this will reduce the risks associated with corruption, whether at the level of companies or countries. Both. The benefits of governance according to owners can be expanded as follows : (Al-Fadl, Muayad Ali ,2007):

2.3.1. Its importance to the company

Laying the foundations for the correlation among the company's managers, the assembly of directorship and the owners, which leads to clarity of the rights and duties of each party that allows the best exploitation of the available capabilities, which raises the economic activeness of the company

- Working on developing a regulatory framework through which the company's aims and ways to achieve them can be determined by providing appropriate incentives for members of the Executive Assembly of Directorship to work towards achieving those aims that take into account the interests of owners.
- Leads to openness to global financial markets and attracts a broad base of investors to finance expansion projects.

The usage of governance rules increases the confidence of investors, because these rules guarantee the protection of their rights.

2.3.2. Importance to owners

Helps guarantee the rights of all owners, like the right to vote, and the right to participate in decisions regarding any fundamental changes that may affect the company's performance in the future(Nguena O.J. et al.,2001).

Full disclosure of the company's performance, financial position, and fundamental decisions taken by senior management helps owners determine the risks involved in investing in these companies (Ibid,1997).

2.3.3. The importance of governance in generating value

Governance, according to the previous definitions, aims mainly to ensure that managers follow the aims of wealth generation set by owners, and that managers receive wages as much as they provide, in the sense of the actual value of the services provided, and governance is highly concerned with the correlation of managers and owners, because only those who do not have contracts that allow them By guaranteeing their interests, and the conflict of interests among the two parties can be reduced by linking the managers' wages to their performance, so that the problem of conflict of interests among owners and managers becomes partially resolved, and for some writers, owning part of the capital in the company is an indicator of confidence and a good indication of the future performance of the rest of the other parties

2.4. Governance in banking

2.4.1. The concept of governance in the banking sector

Co. governance from the bank's point of view: is the way the bank is managed and the roles are shared among the executive management and the assembly of directorship.

which affects the identification of the objectives of the bank, the observance of the rights of the beneficiaries of financing and the protection of the rights of depositors (Egyptian Banking Institute).

2.4.2. The importance of co. governance in financial institutions

Governance is of definite importance in banks, due to the special nature of banks. Banks are the sector that supports the rest of the sectors (industrial, commercial, service) by providing liquidity and by lending..., so their collapse often

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affects the course of the economy in the country.
The collapse of Bank (Q), for example, does not mean that the damage will befall the depositors and those dealing with Bank (Q), because the collapse of any bank - especially if it is large - will necessarily affect all other banks. Therefore, many writers emphasized that governance in the banking sector is of greater importance than other sectors. (Louizi, G., 2006).
Being careful and being cautious in large procedures has a special meaning and importance in this sector, due to its uniqueness in some activities like: accepting long-term deposits, granting loans, accepting short-term deposits (saving accounts), granting facilities..., and other related activities. By trading money as a commodity, in short. Banks are stores of money.
So we are talking about a sector that needs all kinds of oversight. (Mehram, H., 2004).

2.4.3. Governance Determinants

Governance cannot be applied in banks as the management desires. There are determinants that control otherwise, and these determinants are:
- Internal determinants: a set of systems, instructions and policies that are issued from within the bank.
- External determinants: a set of laws and legislations that are issued by parties outside the company, but they affect it, like the government, unions, unions and civil society organizations. The activeness of regulatory agencies and bodies, companies operating in the capital markets and investment companies, and to special elements that include owners And private companies and professionals of accountants, auditors, legal and others.(Fawzi, S. ,2003).

2.4.4. The Central Bank's position on the governance of banks

Central banks have great supervisory powers over all banks that operate within the country, so they have a great impact on the governance of banks., control and internal control to the extent that achieves adequate protection for theproperty of financial and banking companies and the rights of depositors, and ensures the integrity of their financial position and the strengthening of their financial and administrative stability (Jean-Pierre, P. ,2000).

2.5. Governance from an Islamic perspective

2.5.1. Defining governance from an Islamic perspective

Mohsen Al-Khudairi says: "Administrative work in Islam has its doctrinal components based on the Islamic faith, which places restrictions and limitations for it, and draws a path for it that governs the behavior of the administrative leader, the administrative organization, and the individuals working in it, whether in their correlations with each other, or their correlations with the surrounding community. Hence, the Islamic administration becomes a comprehensive message for all acts of worship, procedures and morals in an integrated framework that it is impossible to separate part of it from the other parts (Al-Khudairi, Mohsen Ahmed ,1990).

2.5.2. Rules of Co. Governance from an Islamic Perspective

From the Islamic perspective, justice is a major principle of legal contracts, and there are many evidences for that from the Qur'an and the Prophet's Sunnah, including, for example: "And if you judge among people, judge with justice." And Islam commanded us to be just even with those who harmed us. In Surat Al-Ma'idah (And let not the resentment of a people prevent you from transgressing....)
There is a general wisdom that says, "Justice is the foundation of kingship.", and all responsibility and actions are determined, and the responsibility is on each party, and the responsibility and actions, It is precisely defined by Islamic Sharia, because any person who contracts with others is not only responsible before the one who contracted with him, but is first responsible before God Almighty (Al- Othaimeen, Muhammad bin Saleh ,2007), According to the Almighty's saying: (And We have imposed upon every human being a bird around his neck, and We will bring forth for him on the Day of Resurrection a book which he will meet) (The Noble Qur'an, Surah Al-Isra, Verse 1)And saying: (A day they send them all Allah, and they will fill them with what they have said to Allah and forgive him and God for everything martyr) (The Noble Qur'an, Surat Al-Mujadila, Verse 1) and came in the words of the Prophet (peace and blessings of Allaah be upon him)(Narrated by Al-Bukhari) Also, responsibility in Islamic Sharia is a responsibility that does not end with a decision taken in the light of truthful data and information, but rather extends to the results of this decision(Al-Khudairi, Mohsen Ahmed ,1990).
Accountability: It means that there are procedures for following up on the decision and imposing oversight and investigation on the decision-maker - if there is a need to do so. A good and continuous usage of accountability will pave the way for theusage of reward measures (for the purpose of deepening good practices) and punishment measures (in order to reduce harmful practices for the company).
- Transparency: It means comprehensive disclosure of the company's work and achievements, provided that such disclosure reaches the owners in the form (method) and at the appropriate time.
Based on the above, it can be said that Islamic Sharia contains the rules of governance (defined by international organizations. Therefore, Islamic banks need (or should

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apply) two types of governance, which are the rules of general governance and the rules of Sharia governance.

2.5.3. Governance in Islamic Banks

There are two opinions about the activities of Islamic banks. The first opinion sees them as commercial banks with an Islamic formality. As for the second opinion, it is considered that they are financial institutions that adhere to the usage of Islamic law in their dealings. We may answer these problems if we answer the following question: What distinguishes the governance of Islamic banks (GIB) from the governance of traditional banks?

As well as testing the hypothesis that we put forward at the beginning of the research, which is that governance in Islamic banks(GIB) differs from governance in conventional banks, due to the different rules underlying both types.

It can be said that the most important feature of governance in Islamic banks is: that it takes into consideration - more - the interests of investment depositors who deposit their money on the basis of the principle of speculation, because they bear greater risks than ordinary depositors in conventional banks. (Central Bank of Syria, 2009).

The other advantage is: the existence of dual governance in Islamic banks, due to the presence of two different assembly, from the regular assembly of directorship to which internal control is linked, and a assembly, and this leads to tightening control on the one hand, and may also lead to the difficulty of the bank's internal procedures. Shari'a supervision to monitor the extent to which banking operations comply with Islamic Shari'a.

Having two different aims in the same bank can exacerbate the conflict of interest and, of course, may lead to some difficulties in the bank's activity.

2.5.4. The Islamic Financial Co. Governance Standard issued by the Islamic Financial Services Assembly

These standards were issued by the Islamic Financial Services Assembly in Malaysia, and they include seven general rules, which Islamic banks should abide by, and they are similar in their mandatory rules to the rules of the Organization for Economic Cooperation and Expansion and the decisions of the Basel Committee. It includes: (1) The necessity of adhering to the provisions and rules of Islamic Sharia. (2) Providing the assembly of directorship with reports showing the extent of the Islamic financial services company's compliance with Islamic accounting standards (issued by the Islamic Accounting Standards Assembly in Malatya as well. (3) The necessity for banks to form an internal Sharia audit committee. (4))

Islamic banks should bear fiduciary responsibility towards investment account holders. (5) Disclosure and transparency of important information. (6) Assigning the Management Controls Committee to monitor the "Profit Rate Reserve" and the "Risk Reserve" and recommend to the Assembly of Directorship how to use it. (7) The plurality of Shariah opinions should remain a permanent feature of the Islamic financial services sector.

There are general directives like: The necessity for internal auditors and Sharia auditors to receive the necessary and appropriate training to improve their skills in terms of Sharia compliance review. The Islamic financial services company must adopt transparency in theusage of the provisions and rules of Islamic Sharia issued by Sharia scholars, and banks should comply with the decisions of the central Sharia assembly or disclose the reason for non-compliance. Islamic banks should also provide information to investment account holders about the basis of profit distribution before opening an investment account, especially the profit and loss ratio. (Islamic Financial Services Assembly, 2006):

2.5.5. Mechanisms and strategies for developing governance in Islamic banks

The most important mechanisms and strategies necessary to activate governance in Islamic banks can be summarized in the following points:

- One of the important steps is the establishment of bodies that support Islamic banks, like the establishment of a general fatwa council. This council works to unify jurisprudential opinions - as much as possible - and to consider emerging issues, and to consider new banking products and others.

Detailing the contracts and defining their terms and conditions accurately from the legal and regulatory standpoints so as to keep them away from any fraud, ignorance and deception.

After we know what distinguishes the governance of Islamic banks from their traditional counterpart, we will try to answer the following question: How does the governance of Islamic banks contribute to raising theiractiveness?

2.5.6. The role of governance in raising the activeness of Islamic banks

The issue of bankingactiveness and its determinants is a very important topic because banks play a major role in mobilizing financial resource through the mediation role among the financial surplus units and the financial deficit units. Therefore, the process of evaluating theactiveness of the performance of these companies and analyzing the specific factors for that is a necessary matter that increases the confidence of owners Both depositors and investors.

Effectiveness is represented in the correlation among the means of production used and the results achieved, where we can say that the company is efficient if the results are

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achieved with a rational and rational use of the available means (MALO, J.L. and MATHE, J.C, 2000).

As we terminated above, governance aims to regulate relations among different parties with different interests, and limit managers' exploitation of their position and availability for their personal aims; That is, it aims to divide the information in the management of the company according to a fair basis for the returns earned among the various parties, Which leads to raising its operational activeness, and laying the foundations for the correlation among the management and the assembly of directorship, the supervisory assembly, owners, and other owners leads to avoiding conflict of interests and clarity of the rights and duties of each party increases the possibility of optimally exploiting the available means and thus raising the level of economic activeness of the bank .

However, the presence of the Shariah Supervisory Assembly in these banks leads to the latter's inability to invest in activities prohibited by Islamic Sharia, which leads to a reduction in the profit margin of managers in Islamic banks compared to their counterparts at the level of traditional banks, where the managers of Islamic banks will work to cancel all operations Banking that does not comply with Islamic law, even if it is highly profitable.

In addition, the lack of activeness ,activeness and clarity of the Shariah Supervisory Assembly in issuing fatwas may incur additional costs for the Islamic bank that affect its competitiveness and activeness in front of the traditional bank that does not bear such expenses, and at the same time it may lead to alienation of the public of customers and thus a decrease in the volume of operations, which inevitably leads The decrease in the operational activeness of the Islamic bank(Rafik Younes Al-Masry,2007).

Thus, it can be said that the success of Islamic banks depends on achieving the two competencies at the same time. The Shariah competence of the supervisory body and the financial and operational activeness of the management and other parties.

To answer the question posed, we say that governance directly affects the activeness of Islamic banks through the governance of the administration and the governance of the Shariah Supervisory Assembly. Good usage of their rules side by side leads to raising the activeness of the performance of the Islamic bank, and vice versa.

3. Case research

3.1. Research variables

The standard model includes a redirect variable represented in the return onproperty, which expresses the quality of the financial performance of the banks (within the sample), and also includes six other indirect variables, which are: The basis for the number ofindirect members in the assembly, the variable number of assembly committees, the ownership concentration variable, which is measured through the percentage of shares owned by major owners, and the variable related to the size of the Shariah supervisory assembly, which is measured by the number of members. As for the sixth indirect variable, it is called a control variable, which is the size of the bank, which is measured by the logarithm of total property.

Table (1) Research variables coding table

Variable type	variable name	Code	Measurement
redirect Variable	the performance	ROA	Return on Total property = Net Profit / Total property
indirect variable	Assembly composition	BCM	The number of indirect members of the Council
	Assembly Committees	CBD	Number of committees in the assembly of directorship
	Ownership Focus	OCN	Percentage of shares owned by major owners
	The size of the Shariah Supervisory Assembly	SSB	The number of members of the Shariah Supervisory Assembly
	Drain size (control variable)	SZE	Logarithm of total property

3.2. Measuring tool

The researchers will choose the method of correlation analysis, for the purpose of examining the impact of corporate governance principles on the financial performance of Islamic banks. The following equation illustrates this

$ROA_{it} = \alpha_0 + \beta_1 BCM_{it} + \beta_2 BSZ_{it} + \beta_3 CBD_{it} + \beta_4 OCN_{it} + \beta_5 SSB_{it} + \beta_5 SZE_{it} + \varepsilon_{it}$

whereas

ROA_{it}: The redirect variable that shows the financial performance of Islamic banks

(β_1- β_5): coefficients of the indirect variables

BCM_{it}: Number of indirect members of the assembly

CBD_{it}: Number of Committees on the Assembly of Directorship

OCN_{it}: the percentage of shares owned by major owners

SSB_{it}: The size of the Shariah Supervisory Assembly.

SZE_{it}: The size of the Islamic bank = the logarithm of totalproperty.

ε_{it}: random error.

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3.3. research population and sample

The research population is all 21 Iraqi Islamic banks, according to the statistics of the Central Bank for the year 2020. Twelve banks were randomly selected from them as a sample for the research (Appendix No. 1), and through the reality of the published final accounts of those banks, their financial performance for the research period was summarized in

The evolution of the average variables of banks can be summarized in the following table:

Variable	lowest value	greatest value	average	standard deviation
ROA	0.40	0.80	0.57	1.069
BCM	2.00	8.00	4.62	2.386
CBD	4.00	10.00	7.12	2.295
OCN	0.17	0.36	0.26	0.072
SSB	2.5	5.5	4.25	0.123
SZE	4.53	8.59	6.18	1.331

Table (2) The average expansion of the research variables during the period from 2013 to 2020

	SZE	SSB	OCN	CBD	BCM	ROA
2013	4.53	2.5	0.17	2	2	0.4
2014	5.04	3.5	0.19	2	3	0.5
2015	6.02	3.5	0.21	3	3	0.6
2016	6.24	4	0.25	3	3	0.4
2017	5.12	4.5	0.28	4	4	0.8
2018	6.64	5	0.31	4	6	0.6
2019	7.28	5.5	0.36	5	8	0.7
2020	8.59	5.5	0.35	5	8	0.6

3.4. Statistical data

The following table indicates the statistics related to the main variables of research (independent and dependent), where the average return on assets was approximately (57%), and the average variable lit by the board of directors was approximately (4.62). That is, approximately 5 indirect members on average from the board of directors, which indicates the presence of a number of indirect members, which increases the acceptance of the independence and transparency of the association, and thus the effectiveness of cooperation. judgment. that is, approximately on average 5indirect members of the assembly of directorship, which indicates that there are A number of indirect members, which increases the acceptance of the independence and transparency of the Assembly, and thus the activeness of co. governance.

As for the variable of Assembly Committees (CBD), the average number of committees in the assembly of directorship across the Islamic banks under research was evaluated at about 7, which is close to the average number of committees recommended by co. governance rules.

For the variable of the property focus (OCN), the average share of shares owned by senior owners is evaluated at (26%) of total shares; Which they do not exceed (50%), which shows the inability of senior owners to control the Bank's resolutions and guide them for their own interests; Which helps to apply the rules of governance and then to the performance of the banks under research.

As for the variable of the size of the Shari'a Supervisory Assembly (SSB), it becomes clear that the average number of members is evaluated at about 4 members, which facilitates the work of the Shari'a Supervisory Assembly. And it is not in a large number that may lead to difficulty in understanding and coordinating the members of the Shariah Supervisory Assembly.

Table (3) Statistical data for the research variables

Preparing the researchers using the (Eviews) program.

3.5. Standard Research

Table No. (4) The results of the correlation coefficient indicate between the dependent variable (represented by the rate of return), which represents performance, and adherence to the rules of governance (the independent variable), and the least squares method was used, through cross-sectional data (data panel) and that the number of observations is 96 views, i.e. (8 years x 12 banks = 96 views)

Table (4) Estimation of the coefficients of the function

Redirect Variable: ROA Method: Least Squares Sample: 2005 2012 Included observations: 96				
Variable	Coefficient	Std. Error	t-Statistic	Prob
C	0.763537	0.066693	11.44848	0.0075
BCM	0.025301	0.010760	2.351519	0.0430
CBD	0.348128	0.029398	11.84187	0.0071
OCN	-7.614178	0.853048	-8.925854	0.0123
SSB	0.279575	0.036588	7.641151	0.0167
SZE	-0.112323	0.011096	-10.12278	0.0096
R-squared	0.994828	Mean redirect var		0.575000
Adjusted R-squared	0.981897	S.D. redirect var		0.138873
S.E. of regression	0.018685	Akaike info criterion		-5.008501
Sum	0.000698	Schwarz criterion		-

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squared resid			4.948920
Log likelihood	26.03400	F-statistic	76.93642
Durbin-Watson stat	2.238717	Prob(F-statistic)	0.012880

Prepared by the researchers using the (Eviews) program.

3.6. Hypothesis testing and research results

The previous table shows the evaluated coefficients of the model and the statistical value (t), as well as the (standard deviation), and also shows the percentage of error that may occur. The results indicate that the value of the coefficient of determination (R^2) is evaluated at (0.99); And that the indirect variables have a statistically meaningful effect (significant) at the level of significance (5%), meaning that these variables have a strong correlation with the redirect variable (return on property (ROA) at (99.48%), There is a (strong) correlation among the return on property ratio and the rules of governance. There is a very strong correlation among return on property (ROA) and co. governance variables.

The results also showed that the Watson-Durbin coefficient reached its statistical value of 2.49, which indicates that there is no automatic correlation problem among the indirect coefficient.

Also, the probabilistic value Prob (F-statistic) = 0.012880 < 0.05)) that is, it is statistically meaningful (Significant), which means that the model used has statistical significance and is suitable for the data used and the results can be relied upon.

It is clear through the procedures of indirect variables that there is a positive correlation among the return on property and each of the composition of the assembly of directorship and the variable number of committees in the assembly, as well as the variable number of members of the Shariah Supervisory Assembly; where the higher the size of the variable; The return on property has increased, while it is clear that there is a negative correlation among the return on property and the ownership concentration variable; That is, the higher the percentage of shares owned by major owners, the lower the return on total property.

Based on the foregoing, the practical results can be summarized as follows:-

- The results also indicate a (negative) correlation among the percentage of return onproperty and the percentage of ownership concentration (ie, the increase in the percentage of shares owned by owners.
- There is a positive correlation among the financial performance of Islamic banks (return on property) and the governance variable: the number of committees in the assembly of directorship.

There is a positive correlation between Islamic banks' financial performance (return on property) and the governance variable: the number of members of the Shariah Supervisory Assembly.

There is a negative correlation between Islamic banks' financial performance (return on major property) and the governance variable: Ownership centered, i.e. the number of shares held by the owners concerning the total number of shares (held by the owners and shareholders).

CONCLUSION

From the above results and analysis, the importance of governance is evident from its objectives, which are to achieve transparency and justice and grant the right to hold the company's management accountable, and then achieve protection for owners, Taking into account the interests of all groups related to the bank, and this coupled with reducing the bad use of power, all of this will lead to attracting investment and increasing profits.

The existence of an active system capable of providing confidence and fighting corruption in Islamic financial companies will bring them more success and support the expansion of their operations. Sharia control .

Use the rules of cooperation. Governance (in Islamic banks) has an added importance, by detailing contracts very accurately, and clearly defining the terms, conditions and conditions for all parties. standpoints; Away from any fraud, ignorance and stitches, and Islamic banks will be efficient if their managers succeed in achieving the two aims at the same time, a financial goal to meet the demands of owners and investors, and a religious goal for the validity of banking operations from a legal point of view.

RECOMMENDATIONS

In support of all of the above, the researchers advise the following:

1) Due to the recent experience of Islamic banks in Iraq, and the scarcity of scientific research concerning them, we see the necessity of writing more research on Islamic banks in the environment of Iraq.

2) We also recommend to delve into the research of (Shari'a Governance) only, and link its impact on the financial performance of Iraqi Islamic banks.

3) As well as the need to research the impact of compliance with the rules of governance on the market value of the share price of Islamic banks in the Iraqi Stock Exchange.

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