



**THE IMPACT OF BANK GOVERNANCE IN LIGHT OF FINANCIAL
AND ECONOMIC CRISES- AN APPLIED STUDY IN THE IRAQI
MIDDLE EAST INVESTMENT BANK – BAGHDAD**

Assistant Prof Jasim. M, Doai
AL-ESRAA University
Jasim_mashatat@yhoo.com

Assistant Lecturer, Hanan Jumaa Hanzal
Imam Ja'afar Al-Sadiq University (peace be upon him)
College of Administrative and Financial Sciences
hanan_jumaa@sadiq.edu.iq

ABSTRACT	KEYWORDS
Government banking is receiving increasing attention from financial institutions in all countries due to its crucial role in avoiding the risks of financial and economic crises. In light of this, the research aims to measure governance variables in the face of these crises, as the Iraqi Middle East Investment Bank and the Bank of Baghdad tested a research model, and this was tested through two hypotheses, as several statistical methods were used, including descriptive statistics for the arithmetic mean and standard deviation. A set of conclusions were reached, including There is a clear interest on the part of the bank under discussion in applying the foundations, principles and standards of governance, as they are a guarantee characterized by transparency. Accordingly, recommendations were presented, including the importance of taking sound financial and administrative measures to confront financial and economic crises, including practicing basic activities in Work and avoiding activities (buying, selling, mortgage, etc.	Governance, financial and economic crises.

Introduction

Research Importance

The importance of the research comes as follows- :

1. The importance of the bank under study and other banks applying governance principles and standards as it is a precautionary step to confront crises before they occur.
2. Adopting the foundations, principles and standards of governance in financial and banking institutions, including the bank under study, makes ethical and legal banking transactions subject to continuous and fair oversight.

3. Ensuring the continuity of a financial or banking institution in an ever-changing environment that is constantly exposed to crises requires it to adhere to the principles and standards of governance.

Research Aims

1. The research seeks to achieve the following objectives:-
2. Identify the concepts related to governance according to what will be addressed in the research literature.
3. Measuring the research variables (secretariat, public policy, monitoring the progress of work in the bank, compensation, committees, and basic functions of the board) and the financial crisis on the other hand.
4. Finding successful means of governance through which the bank can achieve outstanding performance and avoid financial crises.

Research Hypothesis

The research is based on two hypotheses Two basic ones are:-

The first main hypothesis: There is a good impression among the research sample about the importance of the relationship between governance standards represented by (secretariat, general policy, monitoring the progress of work in the bank, compensation, committees, and basic functions of the board) and the financial crisis.

The second main hypothesis is that the interest of bank employees in governance standards is represented by (honesty and politics. The public, monitoring the progress of work in the bank, compensation, committees, and the basic functions of the Board) would preserve the rights of shareholders in the bank and avoid the financial crisis.

Search limits

1. _1Time limits from 9/1/2023 to 2/1/2024_ _ _
2. _2Spatial boundaries:- The Iraqi Middle East Investment Bank_in Baghdad Governorate

previous studies

1- Study by Abdel Halim/2005

The study is entitled (Bank Governance). The study aims to measure the extent to which Sudanese banks

apply institutional governance and highlight the importance of applying governance to the Sudanese banking system. The researcher used the questionnaire as a tool for the study, while the research community is the total national banks operating in Sudan.

The study concluded that Sudanese banks apply the principles of corporate governance represented in the decisions of the Basel Committee on Banking Supervision and the instructions of the Central Bank of Sudan.

2- Study by Abu Al-Oyoun 2/2003

The title of the study is (Governance from a Banking Perspective: Important Controls to Achieve the Most Efficient Management in Egyptian Banks and Apply International Standards in Liquidity and Reserve Ratios and Lending Concentration). The study confirmed that sound practice of governance leads to supporting the soundness of the banking system. The Basel Committee on Banking Supervision has established the necessary standards to regulate and monitor the industry. Banking. The Central Bank has taken many measures that are in line with the basic rules approved by the Basel Committee, which includes the legal, regulatory, supervisory and banking framework, in addition to setting prudent rules and oversight and how to implement and apply banking laws, which are the limits of the activity of banking units, the liquidity ratio, the reserve ratio, the capital adequacy rate,

asset classification and composition. Provisions and concentration ratios for loans, linked loans and lending to related parties.

3- Al-Saidi's study / 2005

Title of the study (Corporate governance in countries of the Middle East and North Africa region: The role of the banking system in ensuring transparency and disclosure). This study addressed three main topics:

The importance of corporate governance principles and standards in an increasingly connected world is evidence of the relationship between corporate governance/management, economic efficiency, investment and growth.

Governance problems of the banking and financial sector and the role of the banking and financial sector in adopting good practices and applications of corporate governance /management in the non-banking financial sector.

Procedural steps and action plan to promote corporate governance /management in MENA countries with a focus on the special role of monetary and banking supervisory authorities.

4- Akoum study , 2006

Study title (Islamic Banking Towards a Governance Model

The study addressed the need to comply with international standards and create legal, legislative and regulatory frameworks that help the growth of Islamic banks and financial institutions and benefit from global finance, especially with the current developments in the factors of liberalization of global trade, the freedom of movement of capital without barriers, the lack of qualified human resources, and the decreased ability to spread geographically within Islamic countries, due to the small size of banks, the low degree of transparency in presenting results and operations, and the weakness of capital, governance in Islamic financial institutions focuses on the relationship of management with ownership, protecting rights holders and everyone related to the institution, in addition to the specificity of these institutions as they operate in accordance with Islamic Sharia, and here the importance of implanting the principles of Governance is consistent with the Islamic banking system, especially the risks it includes, such as profit and loss sharing.

The first topic

A cognitive framework for governance in banks

First: The concept of governance

The concepts and foundations of good governance, the translation of the term (good governance), have spread in developed countries for nearly 15 years, and have moved to the Arab administration space for several years, especially through the activities of the Arab Organization for Administrative Development in 2002 through its publications of the book: “ Governance.” “Issues and Applications ,” as well as its conferences aimed at disseminating that term and its components. (Arab Organization for Administrative Development, Fourth Conference 2010, 18) Corporate governance is represented by (the set of relationships that bring together the company's executive management, its board of directors, its shareholders, and other stakeholders on the other hand, as it is the mechanism through which the company's strategy and objectives are determined and then the appropriate means to achieve these objectives. (Matar and Nour, 2007, 15) and with us Therefore, corporate governance is

receiving increasing attention in various countries of the world, including developed and emerging countries, for its crucial role in companies avoiding the risks of criticism and financial failure alike (Jian Fu, 2014)

Second: The factors that were imposed on governance

There are several factors that contributed to resorting to governance , which are: (Hamad, 2005, 29) (Al-Rubaie, 9, 2018)

1. Executives' control over capabilities The company, and exploiting it primarily for their benefit, either due to the weakness of the boards of directors or In collusion with him, whose members are major shareholders.
2. The enemy here is companies Competition , and defeating it means working by all means to exclude it from the commodity or commodity market activity, and all of this turned the market into a battlefield, not a place of livelihood , which deepened the conflict of interests even among Shareholders, executive management and other stakeholders, hence the need It is urgent that there are controls to regulate the relations between these parties, which is what they do Governance To find it
3. The corruption that was rampant in... The economic and financial field led to a series of collapses and numerous bankruptcies of major corporations Companies and institutions in the world, the most prominent of which is the collapse and bankruptcy of the Commercial Credit Bank International in 1991,

Third: General characteristics of governance:

The term corporate governance refers to the following characteristics (Youssef, 2008, 17) Oecd, 2011, 13)

Discipline: that is, following appropriate and correct moral behavior.

Transparency: that is, providing a true picture of everything that is happening.

Independence: that is, there are no unnecessary influences or pressures to work.

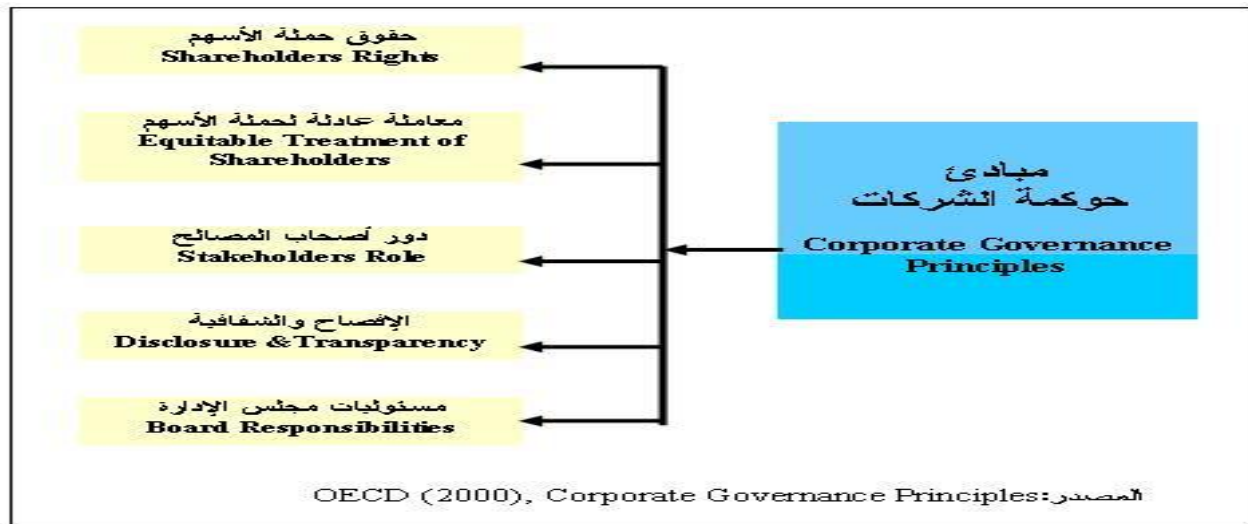
Accountability: that is, the ability to evaluate and evaluate the work of the Board of Directors and executive management.

Responsibility: That is, there is a responsibility before all stakeholders in the facility.

Fairness: Respecting the rights of various stakeholder groups in the facility.

Social responsibility: that is, viewing the company as a good citizen.

Accordingly, the following figure (1) represents the most important principles of corporate governance



:Source <http://www.cipe-arabia.org/>

It must be noted that in recent times the importance of corporate governance has increased significantly for achieving economic development, legal prudence, and social well-being for economies and societies around the world.

The second topic

Corporate governance applications in banks

The most important characteristic of banking activity is how risks are managed and not avoided. Hence the importance of describing, measuring and disclosing these risks in a way that enables users of financial statements to judge the extent of the bank's ability to manage and control risks. (Miraj and Ahmed, 2009, 14) (Monitoring performance by the Board of Directors and senior management of the bank, protecting the rights of shareholders and depositors, in addition to paying attention to their relationship with external actors, which is determined through the regulatory framework and the powers of the supervisory body. Governance in the banking system applies to public banks, private and joint banks) (Youssef, 2008, 20) As you know, it is the rational exercise of management powers by relying on the laws, standards and regulating rules that define the relationship between the company's management on the one hand and its shareholders. Shares and stakeholders or related parties on the other hand. (Sami, 2005, 86) (Muhammad, 258, 2013)

First: The proposed model for governance applications in Iraqi banks:

We will analyze the results of applying governance to the financial crisis in the form of indicators of measurement levels through the proposed model, adapted from (Al-Jubouri 2007, 91).

Table No. (1)

Its topics	Number of indicators	Measurement level	T
Integrity , transparency, accountability, and concern for results.	3	honesty	a
Basic objectives, examining management performance , financial decisions.	3	Public policy	B
Evaluating the bank's performance, taking into account the legal framework and compliance With ethical considerations .	3	Monitoring the workflow of the bank	C
Salaries, bonuses, and bonuses	3	Compensation	Dr
Internal audit committees, external audit committees, performance evaluation committees.	3	Committees	e
Strategy formulation , risk management, delegation of powers.	3	Basic functions of the council	And
The impact of the financial crisis, investment management, confrontation measures	3	The financial crisis	g

Second: Applications of governance to the financial crisis in the Iraqi Middle East Investment Bank (indicators and topics

1- Honesty

- Integrity : Some principles have been applied as a basis for preventing corruption and bribery in the work of the Iraqi Middle East Investment Bank, whether at the level of internal or external transactions. These principles are: (integrity and justice, confidentiality and privacy, professionalism and professionalism, adherence to directives, follow-up of proper implementation procedures, and transparency of operations. And distinguished customer service, promoting the bank's services, operations that raise suspicion, collecting and retaining information about customers, dealing with customer complaints, internal relations in the bank, and exchanging tasks and rotation with other parties) are considered sub-principles of the original principles of governance issued by the Basel II Committee .

- Transparency and accountability: The bank follows most of the principles related to transparency and accountability, as it is impossible, in the event of a lack of transparency, to hold board members accountable or to support the market to help correct the mistakes of bank members if sufficient data is not disclosed.

- Attention to results: The bank is one of the Iraqi banks most concerned with results, as most of its dealings with the public take place through its branches, and therefore it must be concerned with achieving profits for shareholders. If the bank fails to achieve profits year after year, the reason for this is due to mismanagement, corruption, and the absence of conscious management with a clear strategic vision.

-

2- Public policy

- Basic objectives: As a private sector bank, its primary objective is to provide the appropriate service to the public (investment) while achieving profit, security and liquidity as basic objectives for any bank, as its lending activity is very active, especially through its dealings with real estate loans and related banking facilities. .

- Examination of management performance: The bank relies on specialized experts in the fields of financial and banking sciences, and a specialized expert is appointed alongside each manager in

order to support and monitor the performance of management in the bank. The process of auditing these managers and their work is periodic in order to preserve the bank's reputation.

- **Financial Decisions:** The Middle East Bank takes very special care of decisions related to financial and other aspects of disbursement to avoid wasting funds and issues of corruption and bribery. The Bank does not make these decisions except after an in-depth study of these issues based on the data and information received from its branches.

3- Work progress monitoring

- **Evaluating the bank's performance:** The Central Bank of Iraq evaluates the bank's work performance as it is a body that supervises banks in the country, as it is done in accordance with Article (40) of the new Central Bank Law, which stipulates that (the Central Bank of Iraq has absolute authority to take all measures to grant a license and regulate... And to exercise oversight over banks and their branches in accordance with what is stipulated in this law and the Banking Law, and this includes the authority to conduct external oversight and conduct audits of the licenses granted to banks and their branches according to the growth and timing chosen by the Central Bank of Iraq.

- **Taking into account the legal framework:** The Middle East Bank, in accordance with the new banking law, is not permitted to open representative offices in or outside Iraq except with the approval of the Central Bank of Iraq, as confirmed in Article Nine. Nor is any bank permitted to terminate its operations without prior approval from the Central Bank of Iraq. .

- **The governing legislation and regulations regulating the work of banks** are the backbone of banks' governance frameworks, as they regulate laws and decisions in a precise and specific manner.

4- Commitment to ethical considerations

- **The Middle East Bank** is one of the well-established banks in dealing with the public, and therefore it enjoys a good reputation as a result of its commitment to banking ethics. It is no secret that the bank's commitment to these ethics will enhance governance and thus increase investors' confidence in it. It is also no secret the importance of training administrative staff and making them aware of instilling information and their awareness. With responsibility as rules for a new professional behavior in themselves, it is expected that a managers training institute will be opened as a start for this.

-

5- Compensation

- **Salaries:** The Middle East Bank provides salaries to its employees and senior management according to the ranks of the career ladder affiliated with the Ministry of Finance, according to age, certificate, and years of service.

- **Bonuses:** The Middle East Bank provides moral and material benefits and bonuses to its employees in order to help them perform better, follow the established plans to the letter, and not allow them to fall under the temptations of bribery and corruption.

- **Rewards :** The Middle East Bank grants rewards to members of the boards of directors, managers in banks, and employees who provide distinguished services in their work.

6- Committees

- Internal Audit Committees: The Middle East Bank has internal audit committees consisting of specialists in internal control and auditing, especially those related to auditing credit transactions and banking facilities.
- External audit committees: These are committees that supervise all the bank's work. These committees are represented by the Central Bank of Iraq and the Integrity Commission, which audits the work of banks by reviewing the total accounts of the Middle East Bank in the Central Bank of Iraq.
- Performance evaluation committees: The performance of the bank's employees and senior management is evaluated periodically during Board of Directors meetings, and when it is noted that some of them are incompetent, it is recommended to dismiss them or refer them to retirement. As for the executive director, he evaluates his performance separately through appointment, since the Middle East Bank is affiliated with the private sector.

7- Basic functions of the council

- Strategy formulation : The Middle East Bank formulates strategies according to its organizational objectives. These strategies are usually long-term, and these plans, which are drawn up by the Council, are then evaluated on detailed plans for the branches and departments.
- Risk Management: Banking risk management in the bank is carried out through the Credit Control Department, as well as supporting the work of this department through the Control Department.
- Delegation of powers: This is done through the powers that the executive director gives to managers in senior management, thus appointing department managers.

8- The financial crisis

- The impact of the crisis on the bank: Taking effective monitoring measures and adopting governance standards.
- Impact on investment: Controls for granting investment loans are activated and applied
- Coping measures: Encouraging departments to use resources to a greater and more efficient extent.
-

9- The financial crisis, its causes and consequences

- The financial crisis began as a result of an exaggerated rise in real estate prices that was disproportionate to the real supply and demand in America as a result of the ease of obtaining loans. When borrowers were unable to repay the debt, they returned the homes to the banks, which did not find anyone to buy them. The problem worsened with the inability of companies to market and resell them. These properties are a result of the excessive increase in their prices, as well as the decline in the purchasing power of real estate buyers on the other hand, which led to the spread of infection to other similar institutions. (Abboud, 2009, 12) As a result of the securities that banks sold to other institutions, or what is called (debt securitization), which is debt backed by mortgages, which began to turn into (high-risk mortgages), investors around the world began to be more cautious in using these securities. There are no longer buyers for it. This has led to a near-freeze in the availability of credit around the world.

These reasons can be identified as follows: (Abboud, 2009, 14)

A- The financial crisis began as a result of the availability of what is known as cheap money (the decline in the interest rate until it reached 1% in 2003 AD, which increased the demand for loans, especially real estate loans, and with the ease and facilitation of these loans, the demand for them increased, which led to an increase in the price of real estate in the United States. This bubble in the US real estate sector tempted major banks and investment funds to enter the US mortgage market, spreading their risks more widely.

B- Lower quality mortgages. This comes from the fact that the American citizen buys his property on credit from the bank in exchange for mortgaging this property. When the price of the mortgaged property rises, the property owner tries, and as a result of the ease of obtaining a loan, the mortgage holder seeks to obtain a new loan, in exchange for a new mortgage from Second-class mortgages, and hence they are called lower-quality mortgages, because they are second-class mortgages, meaning they are more risky if the price of the property decreases, and banks expanded into this type of lower-quality loans, which raised the degree of risk in collecting these loans.

C- The huge increase in the securitization of real estate debt, which was done by financial engineers in the United States, and that these loans can be converted into complex securities (debt securitization) through which successive waves of financial assets can be generated based on a single asset.

D- - Lack or lack of adequate oversight or supervision over intermediary financial institutions , as investment banks are not subject to new financial products such as financial derivatives or supervision over financial bodies that issue certificates of creditworthiness. Cycles of increase and decline in real estate prices were previously limited to the countries through which they pass. Before, but the recent bubble in the American real estate sector tempted major banks and investment funds from other countries to enter the American real estate loan market, which spread their risks more widely.

governance is not just good moral slogans that must be applied , but it has very important implications for businesses, and therefore companies should not wait for governments to impose certain standards of corporate governance on them , but rather they should adopt them voluntarily.

Unless investors are able to obtain what guarantees them a return on their investments, financing will not flow to enterprises , and without financial flows the full potential of enterprise growth cannot be achieved . One of the major benefits that arise from improving corporate governance is the increased availability of financing and the possibility of obtaining cheaper sources. For financing, which increases the importance of governance, especially for developing countries.

The third topic

The practical side

First: A brief overview of the Iraqi Middle East Investment Bank

The bank was established as a joint stock company in 1993 with a nominal capital of 400 million Iraqi dinars, paid for with 100 million dinars, and actually began its work on 5/8/1994. The bank's goal is to mobilize national savings and employ them in various investment fields and contribute to strengthening the process of economic development in Iraq in accordance with the general policy framework of the state. In order to achieve the bank's goals of development and growth, the bank

undertakes various types of banking activities and as permitted by the laws and instructions of the Central Bank of Iraq, such as (investment loans, banking facilities, and external transfer). As for the number, locations, and branches of the bank, they are 20 operating branches inside Iraq, 8 inside the city of Baghdad and 12 outside it

Second: The results of analyzing the research variables using percentages and testing the first hypothesis, as shown in the following tables

(Table 2)
Honesty variable

1- Nominating qualified members of the General Assembly or outside it for membership in the Board of Directors who are characterized by honesty		
% Percentage	Repetition	Scale degree
4	1	1
4	1	2
12	3	3
40	10	4
40	10	5

2- The bank sets standards that determine the membership of board members in the board of the bank and other banks		
% Percentage	Repetition	Scale degree
4	1	1
4	1	2
24	6	3
36	9	4
32	8	5

3- oversight function of the Board of Directors requires separating the responsibilities of the Board of Directors and Executive Management and not combining them in one person		
% Percentage	Repetition	Scale degree
4	1	1
8	2	2
20	5	3
40	10	4
28	7	5

The table above shows that the research sample had a good impression of the honesty variable, as 80% represented a good impression on the paragraph related to the efficiency and honesty of the Board of Directors, while the percentages reached 68% and 68%, respectively, on the paragraphs related to setting standards and separating the two responsibilities of the Board of Directors (administrative). and executive)

B- Public policy**(Table 3)**

1- The bank's interest requires focusing on the diversity of members' practical and scientific experiences		
% Percentage	Repetition	Scale degree
8	2	1
12	3	2
16	4	3
36	9	4
28	7	5

2- The Council's efficiency and performance are evaluated to achieve the strategic objectives and other performance measurement standards		
% Percentage	Repetition	Scale degree
4	1	1
8	2	2
20	5	3
40	10	4
28	7	5

3- The Board of Directors sets goals and strategies, develops them, and verifies compliance with them		
% Percentage	Repetition	Scale degree
4	1	1
12	3	2
12	3	3
44	11	4
28	7	5

The table above shows that the research sample had a good impression of the public policy variable, as 72% represented a good impression on the paragraph related to setting goals and strategies, while the percentages reached 68% and 64%, respectively, on the paragraphs related to evaluating the efficiency and tools of the Council and focusing on the diversity of practical experiences. The academic standing of the council members and all the pedigrees are good.

C- Monitoring the progress of work**(Table 4)**

1- The Council supervises the formation of the organizational structure and approves the tasks powers, duties, responsibilities and job descriptions		
% Percentage	Repetition	Scale degree
0	0	1
0	0	2
8	2	3
36	9	4
56	14	5

2- Any proposal related to restructuring or reorganization is carefully studied by the Board of Directors		
% Percentage	Repetition	Scale degree
4	1	1
4	1	2
16	4	3
32	8	4
44	11	5

3- The bank is committed to fair treatment with all shareholders, depositors and borrowers alike		
% Percentage	Repetition	Scale degree
4	1	1
8	2	2
16	4	3
40	10	4
32	8	5

The table above shows that the research sample had a good impression of the workflow monitoring variable, as 92% represented a good impression on the paragraph related to the Board of Directors' supervision of the workflow, while the percentages reached 76% and 72%, respectively, on the paragraphs related to restructuring, organization, and treatment. Fair for shareholders, depositors and borrowers, and all ratios are good.

D- Compensation

(Table 5)

1- There is a compensation and rewards system approved by the Board of Directors and known to employees		
% Percentage	Repetition	Scale degree
12	3	1
20	5	2
28	7	3
40	10	4
0	0	5

2- There is a clear wage structure that is fair, objective and friendly		
% Percentage	Repetition	Scale degree
20	5	1
20	5	2
28	7	3
32	8	4
0	0	5

3- Rewards and incentives for employees are approved by a committee with authority .characterized by integrity and efficiency		
% Percentage	Repetition	Scale degree
20	5	1
12	3	2
16	4	3
52	13	4
0	0	5

The table above shows that the research sample had a good impression of the compensation variable, as 52% represented the impression on the paragraph related to approving rewards and incentives, while the percentages reached 40% and 32%, respectively, on the paragraphs related to the compensation and rewards system and wage structuring , which are weak percentages.

E- Committees

(Table 6)

1- The Council forms committees that ensure the safe, sound and effective conduct of the . bank's business and determines their tasks and terms of reference		
% Percentage	Repetition	Scale degree
8	2	1
4	1	2
16	4	3
40	10	4
32	8	5

2- The Board of Directors appoints a risk management committee to enhance its mission in .managing strategic risks		
% Percentage	Repetition	Scale degree
4	1	1
4	1	2
16	4	3
40	10	4
36	9	5

3- The audit committee is established in accordance with the requirements of disclosure and .transparency and the instructions of the governing monetary authority		
% Percentage	Repetition	Scale degree
4	1	1
16	4	2
20	5	3
36	9	4
24	6	5

The table above shows that the research sample had a good impression of the committees variable, as 76% represented a good impression on the paragraph related to appointing a risk management committee, while the percentages reached 72% and 70%, respectively, on the paragraphs related to forming committees to manage the bank's business and establishing a committee. The review is in accordance with the requirements of disclosure and transparency, which are good rates.

F- Basic functions

)Table 7(

1- The Board of Directors analyzes the strategic risks represented by markets, products, and competitors		
% Percentage	Repetition	Scale degree
0	0	1
4	1	2
14	3	3
32	8	4
52	13	5

2- The bank is committed to the approved decisions of the Monetary Authority regarding risk management		
% Percentage	Repetition	Scale degree
4	1	1
4	1	2
20	5	3
24	6	4
48	12	5

3- The bank takes adequate measures to protect the rights of shareholders, depositors and borrowers		
% Percentage	Repetition	Scale degree
0	0	1
0	0	2
12	3	3
40	10	4
48	12	5

The table above shows that the research sample had a good impression of the basic functions variable, as 88% represented a good impression on the paragraph related to protecting the rights of shareholders, depositors, and borrowers, while the percentages reached 84% and 72%, respectively, on the paragraphs related to analyzing strategic risks and adhering to the approved monetary authority. Regarding risk management, these are good ratios.

G- Financial crisis**(Table 8)**

1- The bank is affected by the financial crisis as it is part of the global banking system		
% Percentage	Repetition	Scale degree
0	0	1
0	0	2
8	2	3
40	10	4
52	13	5

2- .The financial crisis affects the investment policy followed by the bank		
% Percentage	Repetition	Scale degree
8	2	1
8	2	2
20	5	3
40	10	4
24	6	5

3- The bank takes necessary measures to confront or limit the effects that arise from .financial and economic crises		
% Percentage	Repetition	Scale degree
4	1	1
4	1	2
16	4	3
32	8	4
44	11	5

The table above shows that the research sample had a good impression of the financial crisis variable, as 92% represented a good impression on the paragraph related to the bank being affected by the financial crisis, while the percentages reached 76% and 64%, respectively, on the paragraphs related to taking necessary measures to confront crises and the impact of the crisis. The financial ratios are based on the investment policy followed by the bank, which are good.

Accordingly, the first main hypothesis was accepted, which states, “ There is a good impression among the research sample about the importance of the relationship between governance standards represented by (secretariat, public policy, monitoring the progress of work in the bank, compensation, committees, and basic functions of the board) and the financial crisis” .

Third: The results of analyzing the research variables using descriptive statistics (arithmetic mean and standard deviation) and testing the second hypothesis, as shown in the following tables:

A- Security variable**Table 9**

standard deviation	Arithmetic mean	Paragraphs	T
1.0376	4.080	Nominating qualified members of the General Assembly or outside it for membership in the Board of Directors who are characterized by .honesty	-1
1.1299	4.120	The bank sets standards that determine the membership of board .members in the board of the bank and other banks	-2
1.0536	3.880	Implementing the oversight function of the Board of Directors requires separating the responsibilities of the Board of Directors and Executive .Management and not collecting them in one person	-3
1.0737	4.027		the total

Table (9) shows that the arithmetic mean for the honesty variable reached (4.027) with a standard deviation of (1.0737), which is greater than the hypothesized mean of (3). The table above also shows the arithmetic means and standard deviations for the items in the honesty variable, which are all greater than the hypothesized mean as well, and this indicates The research sample's interest in the variable of honesty in the bank and its subparagraphs.

B- Public policy**Table 10**

standard deviation	Arithmetic mean	Paragraphs	T
1.2543	3.611	The bank's interest requires focusing on the diversity of members' practical and scientific experiences	-1
1.0801	3.800	The Council's efficiency and performance are evaluated to achieve the .strategic objectives and other performance measurement standards	-2
1.1180	3.800	The Board of Directors sets goals and strategies, develops them, and verifies .compliance with them	-3
1.1079	3.737		the total

Table (10) shows that the arithmetic mean of the public policy variable reached (3.737) with a standard deviation of (1.1079), which is greater than the hypothesized mean of (3). The table above also shows the arithmetic means and standard deviations for the items of the public policy variable, which are all greater than the hypothesized mean as well. This It indicates the interest of the research sample in the variable of the general policy followed by the bank and its subparagraphs.

Monitoring the progress of work in the bank

(Table 11)

standard deviation	Arithmetic mean	Paragraphs	T
0.6532	4.488	The Council supervises the formation of the organizational structure and approves the tasks, powers, duties, responsibilities and job descriptions	-1
1.0770	4.080	restructuring or reorganization is carefully studied by the Board of Directors	-2
1.0924	3.880	The bank is committed to fair treatment with all shareholders, depositors and borrowers alike	-3
0.9409	4.147		the total

Table (11) shows that the arithmetic mean of the variable monitoring the workflow in the bank reached (4.147), with a standard deviation of (0.9409), which is greater than the hypothesized mean of (3). The table above also shows the arithmetic means and standard deviations for the items of the variable monitoring the workflow in the bank, which are all of them. It is also greater than the hypothetical mean, and this indicates the research sample's interest in the variable of monitoring the workflow in the bank and its subparagraphs.

C- Compensation

Table 12

standard deviation	Arithmetic mean	Paragraphs	T
1.0598	2.960	There is a compensation and rewards system approved by the Board of Directors and known to employees	-1
1.1372	2.720	There is a clear wage structure that is fair, objective and friendly	-2
1.2247	3.000	Rewards and incentives for employees are approved by a committee with authority characterized by integrity and efficiency	-3
1.1406	2.893		the total

Table (12) shows that the arithmetic mean for the compensation variable was (2.893) with a standard deviation of (1.1406), which is less than the hypothesized mean of (3). The table above also shows the arithmetic means and standard deviations for the items in the compensation variable, which are all also less than the hypothesized mean except for paragraph (3). This indicates the weakness of the compensation that the bank provides to employees.

D- Committees**(Table 13)**

standard deviation	Arithmetic mean	Paragraphs	T
1.1788	3.840	The Council forms committees that ensure the safe, sound and effective conduct of the bank's business and determines their tasks and terms of reference	-1
1.0408	4.000	The Board of Directors appoints a risk management committee to enhance its mission in managing strategic risks	-2
1.1547	3.600	The audit committee is established in accordance with the requirements of disclosure and transparency and the instructions of the governing monetary authority	-3
1.1247	3.813		the total

٥-

و Table (13) shows that the arithmetic mean for the committees variable reached (3.813) with a standard deviation of (1.1247), which is greater than the hypothesized mean of (3). The table above also shows the arithmetic means and standard deviations for the items in the committees variable, which are all greater than the hypothesized mean as well, and this indicates The research sample's interest in the variable of committees formed by the bank.

E-**Basic functions****(Table 14)**

standard deviation	Arithmetic mean	Paragraphs	T
0.8524	4.320	,The Board of Directors analyzes the strategic risks represented by markets products, and competitors	-1
1.1150	4.080	The bank is committed to the approved decisions of the Monetary Authority regarding risk management	-2
0.7000	4.360	,The bank takes adequate measures to protect the rights of shareholders depositors and borrowers	-3
0.8892	4.253		the total

Table (10) shows that the arithmetic mean for the basic functions variable reached (4.253) with a standard deviation of (0.8892), which is greater than the hypothesized mean of (3). The table above also shows the arithmetic means and standard deviations for the items in the basic functions variable, which are all greater than the hypothesized mean as well. This It indicates the interest of the research sample in the variable of basic jobs in the bank

F- The financial crisis**(Table 15)**

standard deviation	Arithmetic mean	Paragraphs	T
0.6506	4.440	The bank is affected by the financial crisis as it is part of the global banking system	-1
1.1860	3.640	.The financial crisis affects the investment policy followed by the bank	-2
1.0770	4.080	The bank takes necessary measures to confront or limit the effects that arise from financial and economic crises	-3
0.9712	4.053		the total

Table (15) shows that the arithmetic mean for the financial crisis variable reached (4.053) with a standard deviation of (0.9712), which is greater than the hypothesized mean of (3). The above table also shows the arithmetic means and standard deviations for the items in the financial crisis variable, which are all greater than the hypothesized mean as well. This It indicates the interest of the research sample in the variable of the financial crisis facing the bank and the rest of its subparagraphs . Accordingly, it can be said that the second main hypothesis, which states that (the interest of the bank's employees in governance standards represented by (secretariat, general policy, monitoring the progress of work in the bank, compensation, committees, and the basic functions of the board) (This would preserve the rights of shareholders in the bank and avoid the financial crisis) had been accepted.

Conclusions

The research reached a set of conclusions, which are as follows:

- 1- The results of the research showed that there is a clear interest on the part of the Iraqi Middle East Bank to invest in applying the foundations, principles and standards of governance because of its guarantee of transparency.
- 2- The work requires the existence of standards for membership of the Board of Directors that are characterized by transparency and focused on integrity and achieving the results that the bank seeks.
- 3- There is a diversity of scientific and practical experiences of board members, which play a role in achieving the bank's strategic objectives and making appropriate financial decisions.
- 4- Monitoring the workflow requires the application of good banking governance, as this falls within the bank's primary responsibilities.
- 5- The system of rewards and incentives granted to members of senior management and employees meets their needs and matches the distinguished performance of those entitled to them.
- 6- The bank operates internal and external audit committees and performance evaluation committees that work efficiently and actively, and their duties include auditing credit transactions and banking facilities.
- 7- The bank has a risk management and strategy formulation department that is important in developing plans and programs that advance the bank's work.

8- Facts have been proven, the most important of which is that banks have shifted to performing all financial activities, including lending, buying and selling, for the purpose of profit, and have abandoned their basic activities, which exposes them to financial and economic crises.

Recommendations

- 1- It is necessary to strengthen the work of the Compliance Department, which undertakes to monitor the bank's implementation of the foundations, principles and standards of governance, as they are the basic guarantee of the bank's success.
- 2- It is necessary to develop a work guide, standards for job behavior, and a system to measure the extent of adherence to it by the various administrative levels and all employees therein.
- 3- Emphasis on developing detailed plans in the form of regulations and instructions for each department in order to implement and monitor it.
- 4- Attention is given to finding multiple means to monitor the workflow to ensure the efficiency of work in the bank and to enhance the role of institutional governance.
- 5- Providing financial and administrative incentives to senior management in an appropriate manner and also to employees, whether in the form of bonuses, promotions, or any other form.
- 6- Attention is paid to activating the role of the audit committee, which provides sufficient independence for internal and external auditors and limits the dominance of executive management.
- 7- Setting strategic and detailed objectives that are known to the bank's employees to ensure their proper implementation.
- 8- The importance of taking sound financial and administrative measures to confront financial and economic crises, including practicing basic activities at work and avoiding activities (buying, selling, mortgages, etc.).

References

1. <http://www.cipe-arabia.org/>
2. Abu Al-Atta, Nermin - Corporate Governance for Progress - State Enterprise Center - US Chamber of Commerce, Washington (2004)
3. Reports of the Middle East Investment Bank for the years 2005__2012
4. Al-Jubouri, Nisreen Farouk, governance standards for improving performance in the banking sector: an analytical study of a sample of Iraqi banks - unpublished higher diploma research / Administrative Technical College / Baghdad 2007
5. Hashad, Nabil - Banking Risk Management - Union of Arab Banks - Issue No. 286, Beirut, September 2004
6. Hammad, Tariq Abdel-Al, Corporate Governance (Concepts, Principles , Experiences), Governance Applications in Banks, University House, Egypt, 2005,
7. Al-Hamalawy, Saleh - Towards the role of internal audit in examining the effectiveness of governance in Egyptian banks - The Fifth Conference on Corporate Governance and its Accounting, Accounting , and Economic Dimensions, Part Three, Alexandria University , Faculty of Commerce 2
8. Sami, Magdy Mohamed (The role of audit committees in corporate governance and their impact on the quality of financial statements published in the Egyptian business environment) The Fifth Conference on Corporate Governance , Alexandria University, Faculty of Commerce 2005

9. Suleiman, Muhammad, (Corporate Governance and Addressing Financial and Administrative Corruption) Study Comparison, house University Alexandria 2005
10. Abdel Halim, Muhammad - Bank Governance - The Fifth Conference on Corporate Governance and its Accounting, Administrative and Economic Dimensions, Part Three, Alexandria University 2005
11. Abboud, Salem Muhammad, The global financial crisis between the principle of disclosure and transparency , research presented to the Third Scientific Conference, Amman, Jordan , 2009.
12. Al-Ghunaimi Mahmoud, Governance and the Banking System, a working paper presented to the Fifth Conference on Corporate Governance and its Accounting, Administrative, and Economic Dimensions, Part Three, Alexandria University, Faculty of Commerce, 2005
13. Matar, Muhammad, and Nour, Abdel Nasser (The extent to which Jordanian operating companies adhere to the principles of corporate governance) A comparative analytical study between the banking and industrial sectors - University of Jordan - Jordanian Journal of Business Administration , Volume 3, 1st January 2007
14. Miraj , Abdel Qader Hawari and Ahmed , Abdel H. Faiz A Majdal , research (Corporate governance in the banking and financial sector and its role in establishing the rules of transparency . 2019
15. Arab Organization for Administrative Development, Arab Society for Environmental Management, Working Papers of the Fourth Arab Conference on Environmental Management, Sustainable Development and Community Management (Future Resources for Central and Local Governments, the Private Sector and Civil Society). 2010
16. Al-Rubaie, Bank Governance and its Impact on Performance and Risk, Iraq, Al-Yazouri, 2018.
17. Allen, Jamie & Li Rui . (Nana Li). (2018). Awakening Governance : ACGA China Corporate Governor - 17
18. Nance Report 2018, Asian Corporate Governance Association, Harvard Law School Forum on Cor
19. porate Governance and Financial Regulation , Saturday, August 25, Available At : <https://Corp.gov>
20. Law. Harvard.Edu/2018/08/25/Awakening-Governance-Acga-China-Corporate-Governance-Re - 18_ port 2018/?fbclid=Iwar267uekpq83flfspymqwezwgqfwe9x4mgn3o_lilodrqayyrge3kr5 rzf
21. HKEX. (2014). Hong Kong Corporate Governance: A Practical Guide by the Hong Kong. White – 19 Page: London, Corporate Governance Principles, April, Mainland China and Hong Kong, Hermes.