

THE ROLE OF THE DIMENSIONS OF THE TARGET COST APPROACH IN PRICING BANKING SERVICES FOR COMMERCIAL BANKS TO ACHIEVE A SUSTAINABLE COMPETITIVE ADVANTAGE

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A B S T R A C T	KEY WORDS
<p>The aim of the study is to determine how the use of the target cost method for pricing banking services affects the ability to maintain a sustainable competitive advantage. While the study focused on finding a solution to the issue of the multiplicity and diversity of these services provided to customers, as well as increasing the use of technology through which services are provided, which exposes commercial banks to high competition in the banking services market. To achieve the objectives of the study, a questionnaire consisting of several paragraphs was designed, addressed to a group of (80) clients dealing in the banking sector. As for the study sample, (10) commercial banks operating in this financial sector were selected, and many statistical methods were used to achieve the objectives of the study. After conducting the study analysis process and its hypotheses, the study reached a number of results, the most important of which is that most commercial banks apply the target cost method. There is a need to adopt the target cost approach in pricing in order to ensure the survival and continuity of the sustainable competitive advantage, as all of the paragraphs that measure the competitive advantage in commercial banks obtained high averages. This is an indication that the pricing of services in these commercial banks is done through the target cost method, in addition to the development of cost systems that effectively contribute to the decision-making process. The study reached a number of recommendations, the most important of which is the need for commercial banks to expand the application of the target cost approach to achieve benefits, benefits and competitiveness in light of global economic and technological developments, as well as working to educate banks about the importance of this approach and its advantages through holding seminars and training courses by the Central Bank. Aware of the importance of using target costing in this field, the study also</p>	<p>Target costing, pricing of banking services, sustainable, competitive, advantage.</p>

recommended that commercial banks increase the use of the target costing approach to achieve the advantage of sustainable competition.	
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Introduction:

The banking services industry is characterized by its wide variety and expansion to touch the daily life facilities of contemporary societies, especially after the emergence of new banking services that differ from the traditional services that prevailed in previous periods. In addition to the advanced information systems that are used, which led to the racing of these banks in their reliance on these methods with the aim of facilitating the implementation of their banking activities and satisfying customers. The policy of setting the price for banking services is a difficult and complex process. Therefore, setting the price must be carried out according to well-thought-out principles and rules that take into account not only supply and demand, and competitors' prices, but also and most importantly, the cost of the service itself. Since the price paid for a particular service comes among the customer's priorities, the consumer has become the main determinant of the price, as the latter is considered one of the most important factors affecting the success of the institution and increasing its competitiveness. Based on this, it became necessary for any financial institution to search for ways to price its services in order to achieve customer satisfaction and at the same time help in achieving the objectives of the institution. Thus, banking institutions must improve and develop methods of pricing their banking services in order to be able to ensure their continuity in the market. Among these methods, we find the target cost method, which seeks to achieve the satisfaction of each of the customer by focusing on high quality at the right price and on the satisfaction of the institution through achieving profits to sweep the markets and the sustainability of competition for them.

Hence, the impact of the target cost on the competitive advantage will make banks pioneers and able to obtain a large market share. As for the elements of competitive advantage represented in cost, which enables the organization to obtain the largest possible market share, and the quality that makes the customer trust what the organization offers, Creativity, which represents the engine of attraction for the organization, as well as flexibility, the speed of response to changes that occur in the design of banking services and to suit the customer makes him the most desirable to the customer, and time or delivery is the last element in the competitive advantage is either to increase or decrease customers so that the product or service arrives at the right time It makes him successful and distinguished.

Search Method:

First: the problem of the study

Commercial banks face a number of challenges in their pursuit of success and continuity, or a sustainable competitive advantage, as a result of the market for financial services is experiencing increased competition due to the variety and abundance of these services, as well as the growing use of technology to deliver high-value services. The ability of the bank management to apply the target costing strategy and allow the banks to reach their desired goals depends on more than just that; the bank must also have the appropriate components. In addition to working to develop new services that cater to consumer needs, banks should make sure that these services are offered at a level of quality and cost that is acceptable to the client and their capacity to pay for the service. As a result, the research dilemma can be summarized in the following questions:

- 1- Do commercial banks operating in the banking industry in Iraq have what is required to use the target cost method when pricing banking services to gain a long-term (i.e. sustainable) competitive advantage?
- 2- Are banks operating in the Iraqi banking industry aware of the benefits they obtain from using a target costing strategy to price their banking services in order to obtain a long-term (sustainable) competitive advantage?
- 3- Are there any obstacles or challenges that prevent banks operating in the Iraqi banking sector from using the target cost method to establish a long-term (sustainable) competitive advantage?

Second: The aim of the study

The primary objective of the study is to study how the application of target costing can be used to set prices for banking services in order to achieve a sustainable competitive advantage, especially because of the benefits it brings to planning and cost control, as well as the subsequent reduction of costs. The main objective led to the emergence of the following sub-objectives:

- 1- Knowing the elements of applying the target cost approach and the difficulties that banks face in applying the target cost.
- 2- Identifying the impact of applying the target cost approach on the pricing of banking services in order to achieve a sustainable competitive advantage.

Third: The importance of the study

The banking sector suffers from a clear decline in the competition market due to the escalation of competition in the banking services market, economic openness and the entry of foreign banks with modern technologies in the competition market. Therefore, the study seeks to apply the target cost approach in the Iraqi banking sector to achieve a sustainable competitive advantage, And that is based on modern methods of calculating costs and determining prices and profit margins and leaving the traditional methods of determining prices, profit margins and costs, and that the pricing of services within the limits of the permissible costs after comparing them with the estimated costs in the light of the appropriate design that meets the desires and needs of the customer.

Fourth: The hypotheses of the study

The adoption of the target cost approach leads to improving the competitive position and reducing costs for banking services and thus creating a sustainable competitive advantage in addition to increasing quality and offering services to banking financial markets where a sustainable competitive environment. The study attempts to test the following hypotheses:

The main hypothesis(H01): There is no effect of the target cost variables (pricing of banking services, profitability in banks, attracting new customers and maintaining existing customers) on the competitive advantage in commercial banks in Iraq at a level of statistical significance $\alpha \leq 0.05$. The following sub-hypotheses are derived from it: -

- 1- **The first sub-hypothesis (H01.1):** There is no effect of the target cost variables represented by (the pricing of banking services, profitability in banks, attracting new customers and maintaining

existing customers) on the cost variable in commercial banks in Iraq at the level of statistical significance $\alpha \leq 0.05$.

2- **The second sub-hypothesis (H01.2):** There is no effect of the target cost variables represented by (the pricing of banking services, profitability in banks, attracting new customers and maintaining existing customers) on the quality variable in commercial banks in Iraq at the level of statistical significance $\alpha \leq 0.05$.

3- The third sub-hypothesis (H01.3): There is no effect of the target cost variables represented by (the pricing of banking services, profitability at banks, attracting new customers and maintaining existing customers) on the creativity variable in commercial banks in Iraq at a statistical significance level of $\alpha \leq 0.05$.

4- Fourth sub-hypothesis (H01.4): There is no effect of the target cost variables represented by (the pricing of banking services, profitability at banks, attracting new customers and maintaining existing customers) on the flexibility variable in commercial banks in Iraq at the level of statistical significance $\alpha \leq 0.05$.

5- The fifth sub-hypothesis (H01.5): There is no effect of the target cost variables represented by (the pricing of banking services, profitability in banks, attracting new customers and maintaining existing customers) on the time variable in commercial banks in Iraq at the level of statistical significance $\alpha \leq 0.05$.

Theoretical aspect: target cost

Target cost concept:

There are many concepts explaining the target cost. (Horngren) defined it as the estimated long-term costs of a particular product or service, if it is provided to customers, that enables the company to achieve a target income, the target profit margin is subtracted from the target price to arrive at this required cost. The target price was also defined as the estimated price for a product or service that prospective customers are willing to pay, and this estimate is based on customers' understanding and perception of the value of this product or service (Horngren, et.al: 2006,680).

(Hilton, R. W, 2002) Recognizing that the target cost is a useful tool for pricing, particularly in commercial markets with high levels of competition, where the prospects for the success of the product or service provide, prior to the allocation of productive resources to it, in contrast to pricing on the basis of cost. It is possible that the bank will discover that the price of the service is uncompetitive after the materials have been used in the production of the service. In the traditional approach, the cost is determined and then a profit margin is added to reach the price, but the alternative approach goes in the opposite direction. Determining the price precedes the cost, as the pricing process according to the modern approach goes through the following stages:

- 1- Defining the product or service for which the price is to be set.
- 2- Determine the target price.
- 3- Determine the target cost by deducting the desired profit margin from the target price.
- 4- Service design and marketing within the framework of the target cost.

From the above, it can be said that target costing is a method that aims to reduce product costs in the early stages of the product or service life cycle by making good use of available resources, taking into account the level of quality required, in light of the cost that customers accept in order to achieve the objectives of banks when providing Services. The target cost differs from the classical approach, since

instead of designing the product or service, its cost is determined, the target cost is determined first, and then the product is designed. The impact of the target cost can be measured through the following dimensions in commercial banks and as follows. First: pricing of banking services. Second: the profitability of the banks. Third: Attracting new customers and maintaining existing customers (Thompson & Strickland: 2003,140).

Target cost dimensions:

1- Pricing of banking services

Banks achieve a minimum cost advantage if they can reduce the costs of their value-producing activities to the lowest levels compared to those achieved by their competitors (M. PORTER: 1993, 48), which makes them able to charge a price lower than the price of competitors while achieving the same level of profit or achieving greater returns if competitors resort to similar prices (Charles and Gareth: 2001, 150). In order for banks to achieve this advantage, they must have a good understanding and knowledge of critical activities in the value chain. The cost of banking services provided to customers plays an important role in pricing decisions for services, because the bank cannot achieve returns if the pricing is less than costs, and the pricing approach is divided on the basis of cost into:

A- The traditional curriculum in pricing:

It depends on determining the total cost of the service and then setting the profit margin that the bank's management desires and thus forming the final price of the service that is offered to it, and depends on pricing in the traditional curriculum on the basis of the total cost, the variable cost or the rate of return on investment and defects the traditional curriculum of pricing:

- Ignoring the demand for the service, all that the bank has to do is to determine the costs for the product or service and then determine the profit margin it wants, as this method assumes that the customer needs and requests the expected quantities, regardless of the price (Abu Awwad: 2008, 56)
- The price is determined based on estimated figures for the costs of providing banking services to customers (Garrison et al, 2006, 832).

B- Target Cost Approach:

It is a modern approach to determining the cost of banking services. It is based on starting with setting the target price that the customer wants and the customer can benefit from for the service, and then determining the profit margin that the bank wants to achieve, and then subtracting that margin from the target price; The target cost is determined in this way. In other words, this method deviates from the traditional pricing strategy, which starts with target price and ends with target cost. (Abu Awwad, 2008, 58), target costing is an effective pricing strategy in markets with high levels of competition, that is, it allows an accurate assessment of the likelihood of success of the product before allocating productive resources to it, in contrast to pricing based on cost, the bank may find that the price of the service is uncompetitive after using the resources to produce it (Al-Khalaf and Zoelf: 2007, 175).

2- Profitability of banks (Al-Ajarmah, 2005: 487)

- Maximizing profits: where profit is one of the primary objectives of banks, which means achieving reasonable rates of profits for shareholders. The level of required profits varies from one bank to another.

– Maximizing the return on investment: the objective of pricing banking services on the basis of the target cost approach may be to achieve the required rate of return on the money invested in the bank, so the bank's management may set prices on the basis of that percentage, meaning that the required percentage of return is added to the cost of the service.

3- Attracting new customers and maintaining existing customers:

Any business's success comes from its customers, who also serve as the foundation for its survival, expansion, and prosperity. However, today's customers have different expectations than they did in the past. The priority nowadays is to retain customers, with efforts to increase customers and attract new customers in second place. In the beginning, marketing relied solely on acquiring new customers without focusing on their continued financial dealings with the bank or ensuring their continued cash flow. However, financial markets are highly competitive, with thousands of companies competing to win customers, no business in the financial sector can continue to operate without building a loyal customer base. The presence of customers is important and necessary for the spread of banking services, thus it's crucial to have a clientele to support the delivery of services, and relying on a very small number of customers is a dangerous matter, as losing one of the bank's customers may lead to a cash flow crisis. Therefore, banks must put in great time and effort in order to gain new customers in order to be able to protect the bank from the risk of failure and develop work to increase the competitive advantage sustainable. And the objectives associated with dealing in attracting new customers and maintaining existing customers (Moalla, 1994: 178) and include two objectives as follows:

– **Reaching the largest possible number of customers:** This goal is related to the market share of customers in the banking sector, ie the size of the bank's customers depends on the banking audience. Some banks aim to price their services to maintain or increase this percentage, and the pricing element is one of the tools to achieve this. Perhaps this objective is characterized by the flexibility of the price and its ability to adapt to the competitive conditions of the bank, and the bank's temporary acceptance of minimal losses in order to increase customer market share and generate long-term profitability. (Al-Ajarma, 2005, 285).

– **Preserving the market share of the bank:** some banks consider their ideal position in the market, so they try to maintain it without creating conflicts with competitors when working to achieve a kind of stability, which leads to generating a positive image among customers as a result of price stability, which is something desirable for the customer (Macdonald & Koch, 2006:354).

Target Cost Strategies for Pricing Banking Services: (Al-Sumaidaie and Youssef, 2005: 277)

1- Penetration strategy in banking markets: The pricing penetration strategy through the target cost is based on pricing banking services at low prices, in order to obtain a marketing share and attract customers as a result of the low price. The implementation of this strategy requires the sacrifice of short-term profits; In order to obtain a market, share in the long term, this strategy is used when providing a new service to the market and that the objective of this strategy is to penetrate and grow in the market and obtain the largest possible share in it.

2- Market skimming strategy: This strategy is known as the browsing strategy for pricing through the target cost, and its idea is based on setting high prices for banking service from the beginning in order to maximize profits in the short term, as there is a category of customers who have the desire and willingness to pay the price and obtain the service, Then the bank reduces the price in order to obtain other categories of customers, and respond to the market and competition.

3- Price leadership strategy: This situation is embodied when there is a particular bank that is generally known by the rest of the banks as a rate commander since it is he who sets the price and then the rest of the banks follow him; The choice of the strategy that the bank follows depends on several factors, including the bank's objectives, and the assessment of the strategy that has greater chances of success. The pricing of new services is one of the most difficult problems facing the bank because of the ambiguity and uncertainty surrounding the ability of customers to accept the prices offered for these new services. It is better to study and collect information from the market before pricing in order to enlighten them when pricing services, because following the appropriate pricing policy will lead to rationalizing pricing decisions and contribute to achieving the bank's goals, whether in the short or long term.

Theoretical aspect: sustainable competitive advantage

First: The concept of sustainable competitive advantage:

The concept of competitive advantage emerged in the mid-seventies of the last century after the concept of comparative advantage prevailed among economists and businessmen, which was the cornerstone in determining the path of international trade and areas of specialization, and through which work is evaluated for organizations and countries alike. How to convert comparative advantage into competitive advantages through the ability to produce factors of production has become the main challenge facing economists and management, which are founded on high human skill levels on the one hand and a solid scientific foundation on the other, the idea of competitive advantage has drawn significant attention in the literature of financial management, and in spite of that, this term still needs more enrichment and framing (Al-Sherbiny,1996: 1).

The study (Reed & Defellipi: 1990, 90) showed that there is no completely defined and agreed upon concept or definition of competitive advantage. The reason for this is due to the novelty of the field of financial management, which made some of its concepts, including the competitive advantage, still without a fully defined definition. In addition, the dimensions and elements that the competitive advantage interacts with are numerous and varied.

The most obvious concept of competitive advantage, which sees that obtaining a competitive advantage is through creating a creative offensive strategy that cannot be threatened by competitors (Thompson & Strickland: 2003,185). There is another concept of competitive advantage as, the capacity of the organization to outperform and stand out from rivals by building specialized competencies within the organization (Mohsen and Al-Najjar, 2004: 52).

As for the importance of competitive advantage, it stands out as a goal that all organizations seek to reach in order to achieve superiority over their competitors in the business market, the success they aspire to, and survival and growth in light of the enormous pressures and rapid changes that characterize those markets. The study (Macmillan & Tampo: 2000, 89) showed that the competitive advantage is an important criterion for the banking sector because successful banks are constantly creating new models for their competitive advantage, as long as the old models for them have become widely known and available and that competitors are fully aware of them.

As for (Awad, 2000: 135), he points out that the importance of competitive advantage stands out in determining the availability of the basic elements of success compared to competitors, which is that the bank has to adopt its strategies based on a competitive advantage that other banks do not have. It also avoids strategies whose success requires the availability of strengths that are not available in other

banks, and thus the bank's strategies cannot succeed unless they are commensurate with its internal capabilities, what should be done is to evaluate these potentials in a realistic manner so that banks set their strategies within the limits of real potentials, because good strategies are based on realizing the strengths and weaknesses of the organization to work within its limits.

The concept of sustainable competitive advantage is based on the interconnected structure, reputation, innovation, and strategic assets. Sustainable competitive advantage, in fact, is a product linked to two aspects: the competitive advantage and the strategic advantage, considering that the sustainable competitive advantage is meeting the current needs of customers, taking into account the future needs of future generations (Kuuml, 2011: 52).

From this, it is noted that the sustainable competitive advantage is a set of characteristics that are unique to banks when providing services to customers, in the sense that they have a set of capabilities, competencies, knowledge, etc., which banks enjoy and through which they provide greater values and greater satisfaction to customers than what competitors offer. It enables banks to achieve superiority over competitors through the services they provide, thus enabling banks to achieve a sustainable competitive advantage.

Second: Factors Affecting Achievement of Competitive Advantage:

Both (Tracey & Bakos) see that competitive advantage arises from two factors, namely (Hicks Jar: 1993,105):-

1- Relative efficiency (comparative): It refers to banks' capacity to produce banking services at a lower cost than their rivals, and this is influenced by two elements:

A- Internal Efficiency: This term describes how much money an organization spends internally.

B- Mutual organizational efficiency: Describes the expenses that banks suffer as a result of their interactions with outside organizations and how to use global networks to reduce the costs of internal and external communications.

2- Bargaining power: It is the power that allows banks to achieve bargaining situations with their customers and suppliers for private interest. This power is affected by other basic factors:

A- Costs associated with research and development: These are the costs that refer to the cost of the bank marketing its services, suppliers, and customers at the best prices for banking services.

B- The unique characteristics of the service: which are the characteristics of banking services that make them different from the characteristics of competitors' services.

C- Transfer costs: These are the costs incurred by customers and suppliers if they refuse to deal with that bank.

Third: General Competitive Strategies:

Competitive advantage is based on a specific strategy to compete with the aim of achieving priority over its competitors by obtaining a competitive advantage or advantages. The strategy is defined as "those structural decisions taken by the organization to achieve precise goals that depend on the degree of achievement of the success or failure of the organization." And "M. Porter" classified the strategy of sustainable competitive advantage into three categories.

1- Cost leadership strategy: Sustainable competitive advantage (Khalil, 115: 2005) aims to achieve a lower cost compared to competitors while maintaining the type of product. This is achieved

through optimal investment of resources, production with ideal standards, use of alternatives to raw materials, and benefiting from economies of scale.

(Mohsen, and Al-Najjar, 2004: 53) indicates that cost leadership, which is also called (low cost strategy), achieves the competitive advantage of the bank when this organization makes itself the low cost commander in the business that the organization adopts, which generally produces high quantities of standard services (In the mature stage of the product life cycle), it is also allowed to provide its services at cheaper prices than competing banks that produce the same services, but perhaps newer and in smaller quantities.

We can understand from the foregoing that this strategy achieves competitive advantage by producing standard services in large quantities that are offered at low prices compared to competitors' prices by controlling fixed costs and selling costs (i.e. reducing the unit cost of service) while not neglecting the quality factors and services provided.

2- **Discrimination strategy:** In this strategy (Al-Obaidi, 2005: 95), the organization tries to distinguish its services from competitors in the banking industry. The organization may use advertising or the features and characteristics of the exceptional service or the new technology to achieve the intended service as distinguished, and this strategy focuses on customers who are not interested in the price in particular, so it can be very profitable and the distinction can depend on the service itself through marketing and other factors. It also shows that this strategy achieves a sustainable competitive advantage by establishing concepts related to the consumer that allows him to obtain a unique service, and that distinguished banks are able to satisfy the needs of the consumer and attract him in order to increase the volume of service provision and then protect the bank from its competitors, and here discrimination makes the organization impose Prices that you see fit and develop consumer loyalty. It is more clear that there are two ways to achieve differentiation, namely: the bank's attempt to reduce the degree of risk and the cost incurred by the consumer when obtaining the service. And the bank's attempt to find unique advantages in the performance of the service over those that exist in the services of competitors in a clear and specific manner. Discrimination formulas can take many forms, including evaluation, quality, technology, customer services, a network of distributors, and the image of the type of service in the minds of the consumer.

3- **Focus strategy (market segmentation):** It is an integrated set of actions designed to provide services that meet the needs of a specific competitive part, and that the basis of the focus strategy is that the bank can serve a specific part of the market in a successful or efficient manner, more capable than other competitors (Hitt & others: 2001,168).

The application of these strategies is mediated by two alternatives, the first includes paying attention to the cost center, that is, working to achieve (cost advantage), and the second is paying attention to the center of discrimination, that is, searching for discrimination within the targeted banking sector. It is clear to us from this that the focus strategy specializes in a specific service or a specific market, so sustainable competitive advantage is achieved by focusing either on reducing the cost of the product (services) or focusing on discrimination in one or more elements of competition. If the competitive advantage is achieved, the feature of continuity, if the institution can maintain the lowest cost advantage or differentiate the product in the face of competing institutions. In general, the greater the competitive advantage, the greater the efforts required by competing banks to overcome it or to determine its impact (Al-Arabi, 2005: 440).

Fourth: Competitive dimensions

All banks seek to achieve economic value in order to be distinguished. This is done according to multiple dimensions that they choose based on the nature and size of their activity and the changing and targeted desires of their customers. He explained (Al-Obaidi, 2005: 51) that the key to developing strategies for effective competitive operations refers to understanding how to create added value for customers, especially the value that is added through competitive priorities or the priorities that are chosen to support the adopted strategy. He explained that in the past, the focus was on low cost, and with the passage of time high quality was added to it, then flexibility became an important dimension and a result of the dynamism of global markets. Most writers and researchers have agreed on several dimensions to achieve competitive superiority that the organization chooses and focuses on in providing its products (goods or services) to meet the desires of customers through one or more of these dimensions:

1- Cost: Cost was defined (Krajewski & Ritzaman, 1999:33) as resources sacrificed for a specific goal of the organization in order to achieve sustainable competitive advantage and that providing services at low prices can increase the demand for services, i.e. increasing the share of the bank in the banking sector. It also reduces profit margins if it is not possible to provide the service at a lower cost, and competition on the basis of cost entails interest in reducing work costs and other costs, which aims to reduce the cost per unit of service.

It was defined, (Al-Taweel and Al-Hafiz, 12: 2002) Cost as a group of cash income that the bank uses to obtain the factors of production necessary to achieve the goals it wants to reach.

That is, banks (Evans & Collier, 1997: 124) can lower their expenses by effectively using the production capacity for the service at their disposal, as well as the ongoing enhancement of service quality, innovation in service design, and process technology, as these are crucial building blocks for cost reduction and help managers support and credit the company's aim to be a leader in the field of cost.

2- Quality: The term quality was used to express different points of view (Al-Taweel and Al-Hafiz, 2002: 18), The value of the product's service, the degree to which it fulfills its intended purpose, and the price the customer is ready to pay are all factors that influence how the customer perceives the product. In contrast, the product's vision focuses on providing services that meet the requirements set down for them in terms of quality. It implemented intensive training programs for its employees, promoting innovation and allowing them to take independent decisions. On the other hand, the organization offers the knowledge and skills required by the staff to improve their performance, as quality is the objective of every manager and a factor that greatly affects how well banks operate and, consequently, how competitively they are positioned.

Quality is one of the important competitive advantages, which refers to (Krajewsky & Ritzman, 1999:36) doing things correctly to provide services that are in line with the needs of customers. Customers want quality services that include the features they need. People are the qualities they expect from banks or see in their advertisements, and banks that do not provide high-quality services that meet customers' requirements, desires, and expectations cannot survive and thrive in the competitive financial markets.

Flexibility: It was dealt with (Evans, 1997:87), emphasizing the use of flexibility and diversification by many banks, and flexibility means the ability of the production system to adapt to successful

changes and environmental developments for the purposes of facing changes in customer demands, as well as the use of new technologies in order to obtain a competitive advantage in specific financial markets.

And (Al-Ali, 2006: 39) confirms that flexibility has become an effective weapon in competition between business organizations, as it includes the ability to provide a wide variety of new services on an ongoing basis, as well as the speed in developing existing services, in addition to responding in general to the needs and desires of the customer. Flexibility is considered the basis (Dilworth, 1996:57) to achieve sustainable competitive advantage for banks through rapid response that occurs in service design, as this generally reflects the ability (ability) to adapt to a wide range of potential environments.

3- Delivery: In light of the increasing importance of time for the customer, this dimension has become a competitive dimension and a form of organization differentiation, which is the customer response time, which is the time taken for the commodity until its delivery or service until its performance (Hill & Jones, 2001:132). And (Kotler, 2000:222) defined delivery as the best way to deliver the service to the customer and includes speed and accuracy in the delivery process. As for (Mohsen and Al-Najjar, 2004: 35), they indicated the ability of operations management in organizations to meet the requirements of providing service to consumers. The efficiency of processing is measured by the degree of adherence to the established delivery dates.

4- Creativity: The Creativity process requires cooperation between a number of overlapping operations in the bank in order to use and adopt new ideas and technical developments by adopting scientific methods for the purpose of providing a new banking service for the bank, in order to design a new service production process, or to improve it for the purpose of achieving the bank's goals of survival and growth and making it more capable on competition (Al-Taweel and Ismail, 83:2008), Creativity is considered one of the important matters for all institutions that face a changing and complex environment. It has become necessary to focus on it and it has become at the forefront of the goals that many banks seek to develop and provide services with a sustainable competitive advantage. The importance of creativity has increased in light of the increasing strength of competition between organizations in different sectors and to avoid the risk of disappearance (Qandil, 2010: 43).

The practical side: (statistical analysis and hypothesis testing)

This chapter reviews the results of the statistical analysis of the response of the study sample to the variables in which it was adopted by presenting their answers represented in the arithmetic means and standard deviations for all the study variables. The chapter also deals with testing the study hypotheses for each of them.

First: Analyzing the study data

1- The dimensions of the independent variable, the target cost:

To describe and analyze the dimensions of the target cost represented in pricing banking services, profitability, attracting new customers and maintaining existing customers, the researcher resorted to using arithmetic means and standard deviations to verify the significance of the paragraphs and the importance of each paragraph, as shown in Tables No. (1), (2), (3), pertaining to all sub-variables of the independent variable, the target cost, and the following tables show the order of the study paragraphs according to their importance from the point of view of customers dealing in financial operations in banks, as follows:

A- The answers of the study sample to the paragraphs of the study tool related to the banking services pricing variable:

Table No. (1) The mathematical mean and standard deviation of the pricing variable for banking services

	Service pricing variable paragraphs	Arithmetic average	standard deviation	significance level
1	Applying the target costing approach makes the bank competitive in the services it provides.	3.81	0.880	Elevated
2	Pricing through target costing requires that pricing decisions be taken into account.	3.93	0.901	Elevated
3	Target cost pricing for banking services gives more flexibility when using competitive advantage.	3.97	0.873	Elevated
4	The target cost approach to pricing helps the bank get a competitive edge in the price of the services it offers by excluding cost components that do not give the client an advantage or benefit.	3.86	0.908	Elevated
5	The target cost method to pricing financial services is more equitable than the actual cost approach.	4.11	0.908	Elevated
6	Banking services priced according to the target cost approach are affected by competitors.	4.15	0.782	Elevated
7	The process of pricing banking services according to the target cost approach is influenced by competitors.	4.00	0.871	Elevated
8	To build a target cost approach in pricing banking services that generates incentives to improve the quality of those services to increase competition.	3.73	1.087	Elevated
9	Following the target cost approach makes the bank's management interested in developing its performance and improving its services.	3.92	0.778	Elevated
10	Banking services in a bank are priced on a cost basis rather than supply and demand.	3.71	0.897	Elevated
total		3.91	0.586	

Source: Using the statistical program (spss) and (Excel).

Table No. (1) indicates the respondents' answers to the paragraphs related to the sub-variable, which is the pricing of banking services. The arithmetic means for this variable ranged between (3.71 - 4.15), With a total average of (3.91), which indicates a high level of responses of the study sample to the sections of the questionnaire on the pricing of banking services, In the first place came the paragraph "Banking services priced according to the target cost entrance are affected by competitors" With an arithmetic mean of (4.15), higher than the overall arithmetic mean of (3.91), the overall standard deviation being (0.586), Regarding the section on "Pricing Policies for Banking Services," it is focused on the cost approach rather than supply and demand. It ranked last with an arithmetic mean of (3.71), which is lower than the total arithmetic mean of (3.91) and with a total standard deviation (0.586).

B- The answers of the study sample to the paragraphs of the study tool related to the profitability variable

Table No. (2) Calculating the profitability variable's mathematical mean and standard deviation

	Profitability variable paragraphs	Arithmetic average	standard deviation	significance level
1	A bank can increase its market share by pricing banking services using the target costing approach.	4.04	0.637	Elevated
2	The bank's reputation is enhanced and sales are subsequently increased by using the target cost strategy when pricing banking services.	4.11	0.879	Elevated
3	In order to meet consumer needs and increase revenues, the target cost strategy necessitates constant development.	4.07	0.762	Elevated
4	The target cost approach achieves the profit margin that the bank's management aspires to.	3.56	1.072	Average
5	Adopting a target costing approach leads to cost reduction and thus increased profitability.	3.50	0.954	Average
total		3.87	0.862	Elevated

Source: Using the statistical program (spss) and (Excel).

Table No. (2) shows the responses of the respondents to the paragraphs of the main study tool (questionnaire) related to the paragraphs of the sub-independent variable, which is profitability, where the arithmetic means for this variable ranged between (3.50 - 4.11) According to the study sample's thoughts, the product variable is rated highly, with a total average of (3.87) on the Likert scale, as the paragraph "The bank's reputation is enhanced and sales are subsequently increased by using the target cost strategy when pricing banking services" having a mathematical mean of (4.11), It exceeds the overall arithmetic mean of (3.87) and a standard deviation of (0.862), while the paragraph "The adoption of the target cost approach leads to cost reduction and thus increased profitability" ranked last with an arithmetic mean (3.50), which is lower than the total arithmetic mean (3.87) and a standard deviation (0.862).

C- The answers of the study sample to the paragraphs of the study tool related to the variable of attracting new customers and maintaining existing customers:

Table No. (3) The variable's arithmetic mean and standard deviation for acquiring new customers and retaining existing customers

	Variable paragraphs to attract new customers and retain existing customers	Arithmetic average	standard deviation	significance level
1	The target cost approach's requirement for continuous improvement in banking services helps the bank draw in new clients and keep existing ones.	4.07	0.962	Elevated
2	The bank is able to retain its current client base while attracting new ones by using the target cost approach to pricing.	3.65	1.231	Average
3	The Bank strives to maintain the quality of the services it provides and, as a result, maintains its existing customers by using the target costing approach.	3.98	0.908	Elevated
4	When pricing banking services, the bank gains credibility by using the target cost approach.	3.33	1.063	Average
5	At the entrance to the target cost, the bank's management makes it work to achieve the desires and needs of customers.	3.77	1.001	Elevated
6	The benefits accruing from the application of the target cost approach are a reason for the bank to maintain and attract customers.	3.87	0.974	Elevated
total		3.79	1.024	Elevated

Source: Using the statistical program (spss) and (Excel).

Table No. (3) indicates the respondents' answers to the statements related to distribution, as the arithmetic means for this variable ranged between (3.33 - 4.07), With a total average of (3.79) on a Likert scale, the study sample's responses to the questionnaire questions about luring new customers and retaining existing ones fell between the high and average ranges, as the first place came in the paragraph, "The target cost approach's requirement for continuous improvement in banking services helps the bank draw in new clients and keep existing ones" The arithmetic average (4.07) is higher than the overall arithmetic mean (3.79), and a standard deviation of (0.024), while within the paragraph "When pricing banking services, the bank gains credibility by using the target cost approach", it ranked last with an arithmetic average (3.33), which is lower than the overall arithmetic mean of (3.79), with a standard deviation of (0.024).

2- Dimensions of the dependent variable related to sustainable competitive advantage:

To describe and analyze the dimensions of the dependent variable, which is the competitive advantage (cost, quality, creativity, flexibility, time), The significance of each paragraph, as well as the arithmetic mean and standard deviation, were employed. As shown in Table (4) related to the sub-variable, which is cost, and Table No. (5) related to the quality variable, as well as Table No. (6) related to the creativity variable, Table No. (7) related to flexibility, and Table No. (8) related to the time variable, the following tables also show the order of the study paragraphs according to their importance from the point of view of customers dealing with dealers with banks. The tables will also show the level of importance for each paragraph according to the study sample's viewpoint, as follows:

A- The answers of the study sample to the paragraphs of the study tool related to the cost variable

Table No. (4) The cost variable's mathematical mean and standard deviations

	cost variable paragraphs	Arithmetic average	standard deviation	significance level
1	The bank has services that have lower costs than the competitors.	3.47	0.939	Average
2	The bank seeks to reduce the costs of services.	3.90	0.834	Elevated
3	Reaching the volume of production of services in proportion to the cost.	3.81	0.890	Average
4	The bank uses research and development policies to reduce costs.	3.49	1.188	Elevated
5	The bank's employees have extensive experience in banking operations.	3.74	0.974	Elevated
6	Censorship of operations leads to lower costs.	3.55	1.004	Average
7	The bank has the ability to control costs when serving specific customers.	3.52	0.923	Average
	total	3.65	0.629	Average

Source: Using the statistical program (spss) and (Excel).

Table (4) indicates the respondents' answers to the statements related to the cost variable, as the arithmetic averages for this variable ranged between (3.47 - 3.90), The study sample's high and medium levels are shown by its overall average on the Likert scale, which is (3.65). responses to the

questionnaire items related to the cost variable, In the first place came a paragraph, “The bank seeks to reduce the costs of services” The arithmetic mean (3.90) is greater than the general arithmetic mean (3.65), with a standard deviation of (0.629), while the paragraph “The bank has services with lower costs than competitors” ranked last with an arithmetic mean of (3.47), which is lower than the total arithmetic mean of (3.65) and with a standard deviation of (0.629).

B- The answers of the study sample to the paragraphs of the study tool related to the quality variable

Table No. (5) Arithmetic means and standard deviations for the quality variable

	Paragraphs of the quality variable	Arithmetic average	standard deviation	significance level
1	The bank has the quality that enables it to obtain a suitable market share.	3.98	0.842	Elevated
2	The bank seeks to match the quality of services with the expectations of customers.	3.96	0.838	Elevated
3	The bank improves the quality of services through customer complaints.	4.00	0.951	Elevated
4	The Bank maintains the quality of its services through appropriate handling means.	3.71	1.022	Elevated
5	The bank has a clear policy for providing services.	3.55	0.310	Average
6	The employees in the bank have a culture around quality.	3.35	1.170	Average
7	The bank adheres to international standards of banking quality.	3.90	0.984	Elevated
total		3.79	0.745	Elevated

Source: Using the statistical program (spss) and (Excel).

Table (5) indicates the respondents' answers to the statements related to the quality variable, as the arithmetic means for this variable ranged between (3.35 - 4.00), With a total mean of (3.79) on a Likert scale, the study sample responded to the questionnaire questions connected to the quality characteristic at a high and medium level, the paragraph “The bank develops the quality of services through customer complaints” ranked first, The arithmetic mean (4.00), greater than the general arithmetic mean (3.79), and the standard deviation (0.745). While the paragraph "Employees in the bank have a culture of quality" ranked last with an arithmetic mean of (3.35), which is lower than the total arithmetic mean of (3.79) and with a standard deviation of (0.745).

C- The answers of the study sample to the paragraphs of the study tool related to the creativity variable:

Table No. (6) The creativity variable's arithmetic mean and standard deviations

	Paragraphs of the creativity variable	Arithmetic average	standard deviation	significance level
1	The bank gets its innovations in providing services through new ideas.	3.34	1.111	Average
2	The bank's use of new ways to produce services.	3.50	1.034	Average
3	New ideas in the bank led to the development of banking operations.	3.48	1.068	Average
4	The Bank has a Research and Development Department.	2.71	1.333	Average
5	The bank applies creative methods in promoting the provision of services.	3.15	1.108	Average
total		3.25	0.923	Average

Source: Using the statistical program (spss) and (Excel).

Table (6) indicates the respondents' answers to the statements related to the creativity variable, as the arithmetic means for this variable ranged between (2.71 - 3.50), Having a total average of (3.25) on a Likert scale, the study sample's average level is indicated responses to the questionnaire items related to the creativity variable, the paragraph "The bank's use of new ways to produce services" ranked first, with an arithmetic average of (3.50), This is greater than the general arithmetic mean (3.25), with a standard deviation of (0.923), while the paragraph "The bank has a research and development department" was ranked first ranked last with an arithmetic mean of (2.71), which is lower than the total arithmetic mean of (3.25) and with a standard deviation of (0.923).

D- The answers of the study sample to the paragraphs of the study tool related to the flexibility variable:

Table No. (7) The flexibility variable's arithmetic mean and standard deviations

	Flexibility variable paragraphs	Arithmetic average	standard deviation	significance level
1	The bank offers a variety of services according to the wishes of customers.	3.93	0.845	Elevated
2	The bank offers on services continuously.	3.52	1.114	Average
3	The bank adopts modern means and methods for production, pricing and promotion of its services.	3.33	1.129	Average
4	The bank provides services according to the required quantities.	3.83	1.004	Elevated
5	The bank has capabilities to enter new financial markets.	3.75	0.893	Elevated
6	The bank buys automated teller machines and multi-use devices.	3.76	1.098	Elevated
7	The bank has the ability to respond to changes in the surrounding environment.	3.71	0.928	Elevated
total		3.70	0.701	Elevated

Source: Using the statistical program (spss) and (Excel).

Table (7) indicates the responses of the respondents to the statements related to the flexibility variable, as the arithmetic averages for this variable ranged between (3.33 - 3.93), With an overall average of (3.70) on the Likert scale, the study sample's high and medium levels are shown by this data responses to the questionnaire items related to the flexibility variable, In the first place came the paragraph "The bank provides various services according to the desires of customers" With an arithmetic mean (3.93), which is greater than the general arithmetic mean (3.70), and a standard deviation of (0.701), while the paragraph "The bank adopts modern means and methods of production, pricing and promotion for his services" ranked last with an arithmetic mean of (3.33), which is lower than the total arithmetic mean of (3.70) and with a standard deviation of (0.701).

E- The answers of the study sample to the paragraphs of the study tool related to the time variable:

Table No. (8) The time variable's arithmetic mean and standard deviations

	Paragraphs of the time variable	Arithmetic average	standard deviation	significance level
1	Providing services at the specified time agreed upon with customers.	3.86	0.923	Elevated
2	Agile response by the bank to its customers.	3.39	1.185	Average
3	The bank provides integrated information to customers in a timely manner.	3.59	1.154	Average
4	The bank has a system that enables it to reduce the time between service request and delivery.	3.26	1.111	Average
5	The bank has programs to rapidly develop its services.	3.23	1.173	Average
total		3.48	1.002	Average

Source: Using the statistical program (spss) and (Excel).

Table (8) indicates the respondents' answers to the statements related to the time variable, as the arithmetic averages for this variable ranged between (3.23 - 3.86), With a total average of (3.48) on the Likert scale, the study sample's high and medium levels are shown by this data responses to the questionnaire items related to the time variable, As the paragraph "Providing services at the specified time agreed upon with customers" ranked first, With an arithmetic mean of (3.86), which is greater than the general arithmetic mean of (3.48) and a standard deviation of (1.002), while the paragraph "The bank has programs to develop its services quickly" ranked last with an arithmetic mean of (3.23), which is lower than the total arithmetic mean of (3.48) and with a standard deviation of (1.002).

Second: Testing the study hypotheses

The main hypothesis: (H01) There is no effect of target cost exclusion (pricing of banking services, profitability of banks, attracting new customers and maintaining existing customers) on the competitive advantage in commercial banks in Iraq at the level of statistical significance $\alpha \leq 0.05$.

Multiple regression analysis was utilized to test this hypothesis since these hypotheses examine the impact of a number of independent variables on a single dependent variable. The results of testing this hypothesis appeared in the following table:

Table No. (9) Testing the first main hypothesis:

independent variables	B	dependent variable	T	P-Value	calculated value (F)	Correlation coefficient (R)	coefficient of determination (R^2)
pricing of banking services	0.41	Competitive advantage	2.369	0.000	14.608	0.663	0.440
profitability	0.66						
Attracting new customers and maintaining existing customers	0.46						

Source: Using the statistical program (spss) and (Excel).

Through Table No. (9) it was found that there is an effect of the independent variable with its dimensions combined on the dependent variable with all its dimensions, as the calculated F values

were high, and the value of the correlation coefficient R was 0.663, and the value of the determination coefficient R_2 was 0.440, and this explains the effect value of the elements variable target cost on sustainable competitive advantage. From the main hypothesis, several sub-hypotheses emerge, as follows:

Sub-hypothesis number one: (H01.1) The target cost dimensions shown by have no impact on (pricing of banking services, profitability of banks, attracting new customers and maintaining existing customers) on the cost variable in commercial banks in Iraq at the level of statistical significance $\alpha \leq 0.05$.

Table No. (10) Results of testing the first sub-hypothesis:

independent variables	B	dependent variable	T	P-Value	calculated value (F)	Correlation coefficient (R)	coefficient of determination (R_2)
pricing of banking services	0.47	Cost	3.822	0.000	25.204	0.393	0.154
profitability	0.66						
Attracting new customers and maintaining existing customers	0.97						

Source: Using the statistical program (spss) and (Excel).

With reference to the results of Table No. (10), which includes the results of testing the first sub-hypothesis, and with reference to the results of the first sub-hypothesis, we find that the calculated (T) value (3.822) is higher than its tabular value at the level of significance (0.05) equal to (1.96). The value of the observed significance level, the P-Value, is equal to (0.000), which is greater than the approved significant value, which entails rejecting the null hypothesis, which states that the target cost elements have no statistically significant impact on the cost variable, and accepting the alternative hypothesis, which states that the cost dimension has a statistically significant impact on the sustained competitive advantage in commercial banks in Iraq.

The second sub-hypothesis: (H01.2) There is no effect of the target cost dimension represented by (pricing of banking services, profitability of banks, attracting new customers and maintaining existing customers) on the variable of quality in commercial banks in Iraq at the level of statistical significance $\alpha \leq 0.05$.

Table No. (11) Results of testing the second sub-hypothesis:

independent variables	B	dependent variable	T	P-Value	calculated value (F)	Correlation coefficient (R)	coefficient of determination (R_2)
pricing of banking services	0.57	Quality	5.020	0.000	25.204	0.393	0.154
profitability	0.98						
Attracting new customers and maintaining existing customers	0.47						

Source: Using the statistical program (spss) and (Excel).

With reference to the results of Table No. (11), which includes the results of testing the second hypothesis, and with reference to the results of the second sub-hypothesis, we find that the calculated (T) value (5.020) is higher than its tabular value at the significance level (0.05) and equal to (1.96), and that the value of the significance level the viewer's P-value is equal to (0.000), which is greater than the approved significance value, It entails disproving the null hypothesis, which claims that lowering the target cost has no statistically significant impact on quality, Additionally, if the alternative hypothesis is correct, and the quality dimension has a statistically significant impact on the sustainable competitive advantage in commercial banks in Iraq.

The third sub-hypothesis: (H01.3) The target cost has no bearing dimension represented by (pricing of banking services, profitability of banks, attracting new customers and maintaining existing customers) on the creativity variable in commercial banks in Iraq at the level of statistical significance $\alpha \leq 0.05$.

Table No. (12) Results of testing the third sub-hypothesis:

independent variables	B	dependent variable	T	P-Value	calculated value (F)	Correlation coefficient (R)	coefficient of determination (R ₂)
pricing of banking services	0.84	Creativity	0.406	0.000	108.291	0.663	0.440
profitability	0.64						
Attracting new customers and maintaining existing customers	0.41						

Source: Using the statistical program (spss) and (Excel).

Referring to the results of Table No. (12), which includes the results of testing the third hypothesis, and referring to the results of the third sub-hypothesis, we find that the calculated (T) value (10.406) is higher than its tabular value at the significance level (0.05) and equal to (1.96), and that the value of the significance level the viewer's P-value is equal to (0.000), which is greater than the approved significance value, Reject the null hypothesis, which states that target cost factors have no statistically significant effect on creativity, and accept the alternative hypothesis that shows a statistically significant relationship between the creativity component and sustainable competitive advantage in commercial banks in Iraq.

The fourth sub-hypothesis: (H01.4) The target cost has no bearing dimensions represented by (pricing of banking services, profitability of banks, attracting new customers and maintaining existing customers) on the variable of flexibility in commercial banks in Iraq at the level of statistical significance $\alpha \leq 0.05$.

Table No. (13) The results of testing the fourth sub-hypothesis:

independent variables	B	dependent variable	T	P-Value	calculated value (F)	Correlation coefficient (R)	coefficient of determination (R ₂)
pricing of banking services	0.54	Flexibility	7.275	0.000	52.925	0.526	0.277
profitability	0.44						
Attracting new customers and maintaining existing customers	0.19						

Source: Using the statistical program (spss) and (Excel).

With reference to the results of Table No. (13), which includes the results of testing the fourth hypothesis, and with reference to the results of the fourth sub-hypothesis, we find that the calculated (T) value (7.275) is higher than its tabular value at the significance level (0.05) and equal to (1.96), and that the value of the significance level the viewer's P-Value is equal to (0.000), which is greater than the approved significance value, This entails rejecting the null hypothesis, according to which there is no statistically significant effect of the target cost's components on the flexibility variable, and accepting the alternative hypothesis, according to which the flexibility dimension has a statistically significant impact on the sustainable competitive advantage in commercial banks in Iraq.

The fifth sub-hypothesis: (H01.5) The target cost has no bearing dimensions represented by (pricing of banking services, profitability of banks, attracting new customers and maintaining existing customers) on the time variable in commercial banks in Iraq at the level of statistical significance $\alpha \leq 0.05$.

Table No. (14) The results of testing the fifth sub-hypothesis:

independent variables	B	dependent variable	T	P-Value	calculated value (F)	Correlation coefficient (R)	coefficient of determination (R ₂)
pricing of banking services	0.78	Time	4.561	0.000	18.257	0.358	0.128
profitability	0.48						
Attracting new customers and maintaining existing customers	0.84						

Source: Using the statistical program (spss) and (Excel).

With reference to the results of Table No. (14), which includes the results of testing the fifth hypothesis, and with reference to the results of the fifth sub-hypothesis, we find that the calculated (T) value (4.561) is higher than its tabular value at the significance level (0.05) and equal to (1.96), and that the value of the significance level the viewer's P-Value is equal to (0.000), which is greater than the

approved significance value, which entails rejecting the null hypothesis, which states that the target cost components have no statistically significant impact on the time variable, and accepting the alternative hypothesis, which states that the time dimension has a statistically significant impact on the sustained competitive advantage in commercial banks in Iraq.

Conclusions and recommendations:

First: Conclusions:

- 1- Commercial banks operating in Iraq have The possibility of using the target cost approach for pricing banking services, provided that banks take the view that customers are the most important component of the banking services market in order to obtain a sustainable competitive advantage.
- 2- Implementing a target costing approach helps reduce costs by eliminating activities that do not add value, working to provide good services and following an accurate pricing policy according to the purchasing power of customers and according to the customer's desire, and getting rid of aspects of extravagance.
- 3- The level of profitability attained by utilizing the target cost approach, due to its continuous improvement of services to meet the needs of customers in banks, Pricing in accordance with that strategy boosts the bank's market share and the pace of service delivery, which in turn creates profits and realizes sustainable competitive advantage. Reducing expenses and reaching the profit margin that management strives for.
- 4- When using the target cost strategy, banks are aware of the quality of service and price efficiency, which results in ongoing development of their financial services, creating a competitive advantage, since pricing based on the target cost method is more equitable from the perspective of banking management than pricing based on the actual cost approach, it also provides more flexibility in how the pricing policy for those services is applied.
- 5- The level of relative importance of all cost paragraphs is average according to the opinions of the respondents of the study sample. It is noted from this that this importance was medium due to many factors related to not relying on the experience curve, weak control systems, and failure to provide services as desired by the customer, as well as due to the inability of banks to provide services banking at a low price and less than competitors, according to the opinions of the study sample.
- 6- The study's sample of respondents' opinions revealed that the importance of the quality variable was high since banks were interested in it, represented by decision makers, in this element, as it is possible that there is a good market percentage in providing services and suitable for the bank in the event of applying quality standards.
- 7- The creativity dimension got medium importance according to the opinions of the study sample, and the reason for this is due to the lack of interest of banks in research and development, in addition to the lack of application of creative methods in many areas, especially in the promotional field.
- 8- The results of the descriptive statistics found that the flexibility dimension has obtained a high arithmetic average and a high relative importance, and the reason for that is the methods used in the process of providing services and according to the required quantities and based on the needs and desires of customers.
- 9- The relative importance of the time dimension got an average estimate, and the reason is due to the slow process of development and continuous improvement of some banking services, which

creates a waste of time, and this wasted time carries additional burdens on the factories, including those related to the cost.

Second: Recommendations

- 1- Commercial banks operating in Iraq have the possibility of applying the target cost approach, therefore, it is advised to make a strong effort to advance toward its implementation in banks due to the advantages, benefits, and competitiveness it achieves as well as its impact on achieving efficiency and effectiveness in banks.
- 2- Attempt to replace the conventional approach to service pricing with one that takes into account target costs, as this brings benefits to banks and increases their ability to compete in financial markets.
- 3- Educating and training the relevant authorities and bank staff about the benefits of the target cost strategy and how it can increase the effectiveness of pricing banking services, lowering expenses, increasing efficiency in providing services, and achieving the desire and interest of customers.
- 4- The need to organize operations and develop programs and plans capable of reducing the costs of providing services within banks.
- 5- Supporting quality programs that develop and increase the attractiveness of commodities offered by banks.
- 6- Addressing the weakness, which is represented by the lack of innovative methods applied or used by banks in many aspects.
- 7- Addressing problems related to the most important element of work, which is time, through organization and developing tools that make banks able to adhere to the deadlines for providing services to customers.

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