

The role of the balanced performance model in raising the level of performance in the banking sector Applied research in Al-Rafidain Bank

Rawad Feal Khalaf Al zaidawi¹, Baqer Abdulrhman Ali Al Zaidawi²

^{1,2}Al Qadisiyah University, Ministry of Higher Education &Scientific Research Iraq

ABSTRACT

The research aims to shed light on the Balanced Scorecard method and performance measures and to show the impact of applying the Balanced Scorecard to improve the performance of Al-Rafidain Bank on the banking business, as well as showing the extent of employee and customer satisfaction with the services provided by the bank. The research was based on a basic premise that “the use of the four dimensions of the balanced scorecard in evaluating the bank’s performance will help raise the level of performance in Rafidain Bank.” The researcher concluded that the goal of the balanced scorecard is the periodic review of the bank’s performance, in order to identify shortcomings in order to address them and Addressing the shortcoming in the traditional management systems due to their inability to link the various strategies of the institution in order to avoid losses that the bank may be exposed to in the future by applying the balanced scorecard with its four dimensions, which will help the bank to achieve its goals of profit, business continuity and prosperity

Keywords: Balanced performance, performance measures, periodic review, customers' satisfaction.

Corresponding Author:

Rawad Feal Khalaf Al zaidawi

Al Qadisiyah University, Ministry of Higher Education &Scientific Reesearch, Iraq

E-mail: admin.acco2107@qu.edu.iq

1. Introduction

International Statement No. (1006) defines the bank as “that institution whose main guest is accepting deposits and giving loans. The bank often offers other financial services, such as buying and selling precious metals, foreign transactions and a wide variety of financial bonds, issuing and accepting bills of exchange, and issuing guarantees.” International Statement 1006, 1990: 383, And the Egyptian legislator defined the bank as “that institution that normally accepts deposits that are paid on demand or for specific terms, and engages in internal and external financing operations, and undertakes the operations of developing savings and financial investment at home and abroad, and contributes to the establishment of projects and the required banking and commercial financial operations.” According to conditions determined by the Central Bank [1]. Banks (the banking system) can be defined as “institutions that habitually and permanently receive public funds, whether in the form of deposits or any other form, to be used in lending, credit and financial operations, for their own account and not for the account of depositors or as an intermediary. The bank bears full responsibility for This use.”[2]. As for the Law of the Central Bank of Iraq (No. 64 of 1976 as amended), the bank was defined as “an institution that engages in any banking business primarily as well as other banking business and services,” and what is meant by banking, as stated in the above law, is the professionalism of accepting deposits or accepting deposits. The opening of the credit together is at the depositor's account and responsibility [3]. Banks are defined as “intermediate financial institutions that collect the savings of individuals and economic units that achieve a surplus and use them to lend to individuals and projects with deficits.” While some jurists defined commercial banks as those institutions that rent and lease money or that work in the money trade [4, 5]. Based on the foregoing, the researcher defines the bank as “the entity that has been authorized to practice the process of professional acceptance of funds and deposits in order to invest them for their own account and to preserve individuals’ funds and to meet the requirements of economic development”.

2. Distinctive features of commercial banks

Money is the material that commercial banks deal with, which made it it has three important features that distinguish it from other business establishments, and these features are related to profitability, liquidity and security) [6] and as follows:

2.1. Profitability

Commercial banks rely heavily on bank deposits to finance their activities, and the interest expense on those deposits constitutes the bulk of the costs incurred by the bank. Increasing profits by a greater percentage, and on the contrary, if revenues decreased by a certain percentage, profits decreased by a greater percentage. Rather, the profits of the bank may turn into losses, and this requires the management of the bank to strive to increase revenues and avoid a decrease in them.

2.2. Liquidity

The liquidity factor is a closely related element to the element of trust that is the basis of the bank's existence. Confidence in the commercial bank is the belief in the bank's ability to fulfill its obligations at any time without delaying payment. And since the majority of the bank's liabilities are deposits that are due on demand, delaying their payment will destabilize the confidence of the public, especially depositors in the bank, which may result in depositors withdrawing their deposits, and this will put the bank in front of a crisis that may force it either to borrow or to bankruptcy. The bank's management has to balance the factors of profitability and liquidity, which should be evaluated daily on the basis of interest rates in the market, as well as evaluating the bank's statements of changes in liquidity risk [7], and this balance is done by keeping part of the bank's resources in its form. Liquid cash (idle) to meet liquidity considerations, and the rest is employed in various and diversified investments to satisfy the profitability factor

2.3. Safety

It is to achieve a sufficient degree of security for depositors on the basis of a small capital, as the capitals of commercial banks are small in relation to their net assets. (The bank cannot absorb losses that exceed the value of the capital. If the losses exceed that, they may devour part of the depositors' money, and the result is the bankruptcy of the bank) [6] Factors affecting the marketing of banking services
There are five factors that affect the marketing of banking services [8].

Perhaps the most specific manifestations of change in the behavior of customers are those that require acquiring knowledge of how to use modern devices in marketing the banking service when requesting, depositing and financing a quantity of money, which means the need to go towards customers and teach them how to use these technologies and deal with their mechanisms.

2.3.1. Limited laws and government interventions

And for the clarity of the character of dealing in the banking services sector, the laws and legislations that are issued are often relatively specific, and government legislations are also few due to the clarity of the image in dealing and giving banking units the freedom to use what they deem appropriate to deal with phenomena.

2.3.2. Competition

An apparent characteristic in the banking sector as a result of the flexibility of dealing in this aspect and the speed of change and amendment and taking stances against any phenomenon that comes from other competing banks. Acquisition of modern technologies and encouragement to use them is only a clear phenomenon in the field of competition, as this results in diversification in the banking service and its development over time.

2.3.3. Technical creativity

This aspect has a clear impact on the banking services market, as the use of modern technologies contributes to the expansion of resources and the ability of banks to compete in this industry.

2.3.4. Customer relationship with quality

The main task of marketing in banks is to attract customers and continually strengthen relations with them and obtain satisfaction with banking services. He has about the service provided and its conformity with his expectations from that service to satisfy his needs and desires.

3. The concept of banking performance:

Despite the large number of literature that dealt with the concept of banking performance, most of it lacked a definition of its concept, and when reviewing those literatures that dealt with the concept of banking performance and tried to give a concept to it, we find that there is no agreement about a specific concept of it, as we find that there is a difference In the viewpoints of researchers regarding the identification of criteria and indicators for his study .Some researchers believe that banking performance reflects how the bank uses its material and human resources and exploits them in a way that makes it able to achieve its goals [9]. Eccles agreed with this definition, as he stated that performance is a reflection of the bank's ability and ability to achieve its goals [10]. As for Al-Husseini, he defined it as the continuous holistic activity that reflects the success of the bank, its continuity, and its ability to adapt to the environment or its failure and contraction according to specific foundations and criteria set by the bank according to the requirements of its activity and in light of its long-term goals [1] . He defined it [11] as a reflection of the degree of success or failure of the bank in achieving its goals according to specific criteria set by the bank based on the requirements and nature of its work.

Accordingly, the concept of banking performance refers to a set of necessary means and various aspects of activity and efforts made for banks to play their role and implement their functions in light of the surrounding external banking environment in order to provide banking services that achieve goals [12].

4. Definition and characteristics of the balanced scorecard

Horngren defined it, "It is a translation of the organization's mission into an integrated set of performance measures, through a structure to implement the organization's strategy. In addition, the balanced scorecard does not focus on achieving financial goals, but it goes beyond that by focusing on non-financial goals" [13]. Al-Maghraby sees it as "the first systematic work that attempted to design a performance evaluation system that is concerned with translating the organization's strategy into specific goals, targeted standards and standards, and initiatives for improvement, and that it unifies all the standards used by the institution." [14] Wheelen & Hunger defined it as "a tool that combines financial measures resulting from financial procedures, taking into account operational measures of customer satisfaction, internal processes, enterprise innovation and development of activities as directives for future financial performance. , innovation and learning) [15]. From the above-mentioned definitions, we derive a definition of the Balanced Scorecard "as a roadmap that contains all the important units of measurement that are being developed in order to assist senior management in evaluating performance by relying on the four basic dimensions (financial, customer, internal operations, learning and growth."

There is a set of characteristics that the Balanced Scorecard enjoys, which highlights its importance and distinguishes it from other performance measures, represented by:

- 1- It serves as the cornerstone for the success of evaluating the performance of institutions in the present and the future, in contrast to the traditional measures that are concerned with what happened in the past period without indicating how to benefit from that for the purpose of improving and evaluating future performance [16] Emphasis on improvements, as it encourages the process of continuous improvement of performance, which is related to the issue of the institution's survival and continuity in carrying out its activity, and in the event of ignoring it, it will expedite its exclusion from the competition cycle [17]
- 2- The results of the periodic review of performance are linked to learning, as it is concerned with the outputs of the strategic feedback that enables managers to track performance and make the necessary adjustments during the implementation of the strategy, as well as the possibility of making substantial changes to it if necessary [18] Planning and setting goals, as it enables the institution to unify its work with financial planning, then these processes and activities can be used for the set of goals for the balanced performance measures as a basis for allocating resources and arranging strategic initiatives [19] Limiting the number of performance measures, as the Balanced Scorecard focuses on defining and defining the critical ones for the purpose of directing managers' attention to the measures that have the most impact on the implementation of the strategy.
- 3- Motivating managers to take actions whose final result will improve financial performance [20].

5. Elimination of the balanced scorecard

Traditional performance measurement focuses on financial results that are aging quickly, and performance evaluation sometimes needs additional non-financial information, so there are four perspectives (dimensions) on which the Balanced Scorecard is based, which are as follows

- 1- The financial dimensio

- 2- After the customer
- 3- After the internal operations
- 4- After learning and growing.

6. Research methodology

The use of the balanced scorecard method in improving the performance of the bank's work to take decisions and corrective measures to address the defect would develop the banking activity by improving the internal environment variables (strengths and addressing weaknesses) and external environment variables (competitors, customer satisfaction) and identifying the causes of the defect in banking performance. The research aims to shed light on the Balanced Scorecard method and performance measures and to show the impact of applying the Balanced Scorecard to improve the performance of Al-Rafidain Bank on the banking activity.

Then a statement of the degree of satisfaction of employees and customers on the services provided by the bank, so the researcher relies in preparing this research on the financial statements for the last years as they were not approved by the Federal Financial Supervision Bureau for the purpose of preparing this research, so it was relied on the four evaluation years of the year (2014). - 2018) that the financial statements are certified by the Federal Financial Supervision Bureau.

7. Application side

This topic aims to shed light on the presentation and analysis of the results of the use of the Balanced Scorecard and according to the four dimensions that were applied to the research sample, namely, Al-Rafidain Bank, as well as presenting the researcher's findings from the interviews he conducted with Al-Rafidain Bank employees and customers.

7.1. Indicators of the financial dimension

The financial dimension is one of the most important dimensions in evaluating the performance of banks, which measures the degree to which the bank's management can achieve its strategic goals of achieving profits and providing the ideal service to customers. The financial dimension of the bank includes the following measures:

Table 1. Indicators of the financial dimension

The year Detail	2015	2016	2017	2018
Current assets	245,229,325	266,385,883	273,493,958	260,181,597
Current liabilities	237,722,548	258,609,705	265,640,578	278,619,945
Liquidity Ratio (%)	103.15 %	% 103.006	% 102.95	% 93.33
Net profit	727,334	178,293	(8,890)	(13,993)
Total Assets	245,246,416	266,420,654	273,534,382	266,715,109
rate of return on assets	% 0.296	% 0.0669	% (0.0032)	% (0.0052)
basic capital	40,310	76,089	156,766	190,048
support capital	793,846	266,731	137,796	264,586
risk weighted assets	274,579,500	245,320,990	293,187,034	264,385,753
Capital Adequacy (%)	% 0.30	% 0.14	% 0.10	% 0.17
copyrights	74,730,526	86,337,719	168,724,435	204,207,179
cash credit	1,915,558	3,092,059	2,916,425	6,254,601
margin of safety	% 39.01	% 27.92	% 57.85	% 32.64
Total revenue	75,159	98,902	111,391	129,512
Total cost	92,242	151,261	200,741	194,660
Profit margin	(17,083)	(52,359)	(89,350)	(65,148)
cash credit	1,915,558	3,092,059	2,916,425	6,254,601
total deposits	15,189,928	20,035,698	20,260,694	25,083,276
Balance in use (%)	% 12.6	% 15.4	% 14.4	% 24.9
Net profit	727,334	178,293	(8,890)	(13,993)
total deposits	15,189,928	20,035,698	20,260,694	25,083,276
interest rate Paid	% 4.788	% 0.889	% (0.043)	% (0.055)

The year	2015	2016	2017	2018
Detail				
total revenue	411,933	885,090	459,593	(303,078)
revenue growth	_____	% 114.86	% (48.07)	% (34.05)
net income	321,067	727,334	178,293	(8,890)
Growth in net income (%)	_____	% 126.5	% (75.48)	% (104.97)
Net profit	727,334	178,293	(8,890)	(13,993)
copyrights	74,731	86,338	168,724	204,207
Return on Ownership (%)	% 973.3	% 206.5	% (5.27)	% (6.85)

7.2. Learning and growth Index

It is an indicator that measures the privileges and facilities granted by the bank's management to its employees to motivate them to work diligently and faithfully, to stand against all temptations to which they are exposed, and to raise their scientific level. It can be measured by the following equations - :

Table 2. Learning and growth indicators

The year	2015	2016	2017	2018
Detail				
number of customers	397	388	210	278
Growth in the number of customers (%)	_____	(2.27)	(45.9)	32.4
the accounts	7,739,035	12,231,191	16,332,972	16,039,727
Ongoing	_____	% 58	% 33.5	% (1.8)
Growth in current accounts	833,272	1,262,621	2,016,045	2,505,572
savings accounts	_____	% 51.5	% 59.6	% 24.2
Deposits account	640,796	704,931	586,263	625,036
Growth in savings accounts	_____	% 10.008	% (16.83)	% 6.6
Deposit accounts	8,662	10,736	15,020	14,152
Growth in Deposit Accounts (%)	_____	% 23.94	% 39.9	% (5.787)

7.3. Employee satisfaction

This goal uses the scale of employee turnover, which reflects the degree of workers' conviction in their jobs on the one hand, and the manner in which departments deal with them on the other hand. It is calculated as follows:

Table 3. Employee satisfaction indicators

The year	2015	2016	2017	2018
Detail				
number of subscribers	210	578	248	400
Total number of employees	7,319	7,440	7,624	7,733
Percentage of participants in training courses (%)	% 2.87	% 7.76	3.25%	% 5.17
Bank's total revenue Million dinars	885,090	459,593	303,078	315,527
Total number of bank employees	7,319	7,440	7,624	7,733
Employee productivity / million dinars per employee	120,93	61,77	39,75	40,80

The year	2015	2016	2017	2018
Detail				
Total number of employees	7,220	7,319	7,440	7,624
Growth in the number of employees	_____	% 1.37	% 1.65	% 2.47
The total number of employees holding higher degrees	27	27	28	28
Growth in the number of employees holding higher degrees	_____	zero	% 3.703	Zero
Rewards amount	1,071	330	171	224
Growth in the amount of rewards	_____	% (69.18)	% (48.18)	% (30.99)
The number of participants in the courses	million dinars	million dinars	million dinars	million dinars
Growth in the number of participants in courses (%)	_____	% (53)	% 175.238	% (57.09)
Number of training courses	47	29	75	40
Growth rate in the number of training courses (%)	_____	%(38.3)	% 158.6	% (46.67)
Training and qualification expenses	41	38	49	30
Growth in Training and Qualification Expenses %	_____	% (7.31)	% 28.94	% (38.77)
Total number of employees	7,220	7,319	7,440	7,624
The number of leavers	_____	zero	zero	Zero
Staff turnover	_____	zero	zero	Zero
Number of bank branches	156	160	161	168
Growth in the number of banks	_____	% 2.56	% 0.625	% 4.34

7.4. Indicators of internal operations

This dimension reflects the nature of the policies that are being relied upon within the banking organization in order to achieve differentiation between competing banks or those it seeks to compete with.

Table 4. Indicators of internal processes

The year	2015	2016	2017	2018
Detail				
Net profit	321,067	727,334	178,293	(8,980)
Operations expenses banking	39,232	92,242	151,261	200,740
overall productivity	% 818.4	% 788.5	% 117.8	% (4.43)
overall productivity	% 818.4	% 788.5	% 117.8	% (4.43)
productivity growth	_____	% (3.65)	% (85.06)	% (96.23)
Total number of banking services	14	14	15	15
growth in banking	_____	zero	% 7.14	Zero

The year Detail	2015	2016	2017	2018
The number of counter staff in the two branches	21	21	23	23
The total number of employees in the two branches.	114	114	114	114
The proportion of workers on the front lines	% 18.4	% 18.4	% 20.18	% 20.18
The number of computers used in the two branches	15	15	15	15
Expansion of the number of computers in use	————	zero	zero	Zero
Documentary credit accounts/million dinars	158,001	80,053	160,977	197,569
Development rate in documentary credits accounts (%)	————	% (49.3)	% 101.09	% 22.73
Accounts of letters of guarantee/ million dinars	94,609	6,324,006	5,359,130	3,553,581
Evolution in Letters of Guarantee Accounts (%)	————	% 6584.4	% (15.26)	% (33.7)

A summary of the results of the card and its comparison with the levels of performance achieved
The table below shows a summary of the indicators of the dimensions of the Balanced Scorecard related to the financial dimension and based on the previous studies that the researcher reviewed and on the limits of the standards of the Central Bank and the standards that were set by the researcher based on the analysis of the financial statements of the Rafidain Bank for the four years of evaluation, the following criteria were reached :

7.5. Presenting the results of the customer dimension according to the balanced scorecard

The following table shows a summary of the indicators of the dimensions of the Balanced Scorecard, related to the customer dimension, and based on the previous studies that we reviewed and the criteria that we set by relying on the analysis of the financial statements of Rafidain Bank for the four evaluation years.

Table 5. View the results of the financial dimension

N	Indications	2015	2016	2017	2018	Measurement standard
1	Revenue growth(%)	114.86	(48.07)	(34.05)	4.11	0% - 150%
2	Liquidity Ratio (%)	103.15	103.006	102.95	93.33	30 % =>
3	rate of return on assets	0.296	0.0669	(0.0032)	(0.0052)	0% - 15%
4	Capital Adequacy (%)	0.30	0.14	0.10	0.17	% 12 \geq
5	margin of safety	39.01	27.92	57.85	32,64	25% - 50%
6	Profit margin	(17,083)	(52,359)	(89,350)	(65,148)	0 – 100,000%
7	Balance in use (%)	12.6	15.4	14.4	% 24.9	10% - 40%
8	interest rate Paid	4.788	0.889	(0.043)	(0.055)	0% - 5%
9	Growth in net income (%)	126.5	(75.48)	(104.97)	(75.40)	0% - 150%
10	Return on Ownership (%)	973.3	206.5	(5.27)	(6.85)	0% - 1000%

N	Indications	2015	2016	2017	2018	Measurement standard
11	Loan development	102.1	102.5	9.36	198.42	0% - 200%
12	Leverage Ratio	607.59	801.42	810.42	1003.3	500% - 1000%
13	Growth in deposits	47.6	31.9	1.1	23.8	0% - 50%

7.6. Presentation of results after learning and growth according to the balanced scorecard

The table below shows a summary of the indicators of the dimensions of the Balanced Scorecard, related to the learning and growth dimension, and based on the previous studies that we reviewed and the criteria we set based on the analysis of the financial statements of the Rafidain Bank for the four evaluation years:

Table 6. Indications after the customer

N	Indications	2015	2016	2017	2018	Measurement standard
1	Growth in the number of customers (%)	_____	(2.27)	(45.9)	32.4	0 – biggest ratio
2	Ongoing	58	33.5	(1.8)	22.6	0% - 60%
3	savings accounts	51.5	59.6	24.2	9.3	0% - 60%
4	Growth in savings accounts	10.008	(16.83)	6.6	(1.25)	0% - 15%
5	Growth in Deposit Accounts (%)	23.94	39.9	(5.787)	(16.65)	0% - 100%

7.7. Presentation of results after internal operations according to the balanced scorecard

The following table shows a summary of the indicators of the dimensions of the Balanced Scorecard, related to the internal operations dimension, and based on the previous studies that we reviewed and the criteria that we set by relying on the analysis of the financial statements of Rafidain Bank for the four evaluation years:

Table 7. Indications after learning and growth

N	Indications	2015	2016	2017	2018	Measurement standard
1	Percentage of participants in training courses (%)	%2.87	%7.76	% 3.25	% 5.17	0 – 10%
2	Employee productivity / million dinars per employee	120,93	61,77	39,75	40,80	30 – 150
3	Growth in the number of employees	1.37	1.65	2.47	1.43	1 – 3 %
4	Growth in the number of employees holding higher degrees	Zero	3.703	zero	14.29	3 – 16%
5	Growth in the amount of rewards	(69.18)	(48.18)	30.99	12.3	0 – 1000%
6	Growth in the number of participants in courses (%)	(53)	175.238	(57.09)	61.29	30 – 180%
7	Growth rate in the number of training courses (%)	(38.3)	158.6	(46.67)	127.5	10% - 160%
8	Growth in Training and Qualification Expenses %	(7.31)	28.94	(38.77)	136.66	10 – 160%

N	Indications	2015	2016	2017	2018	Measurement standard
9	Staff turnover					
10	Growth in the number of banks	2.56	0.625	4.34	(1.190)	0 - biggest ratio

7.8. Presentation of results after internal operations according to the balanced scorecard

The following table shows a summary of the indicators of the dimensions of the Balanced Scorecard, related to the internal operations dimension, and based on the previous studies that we reviewed and the criteria that we set by relying on the analysis of the financial statements of Rafidain Bank for the four evaluation years:

Table 8. Indicators of internal processes

N	Indications	2015	2016	2017	2018	Measurement standard
1	overall productivity	% 788.5	% 117.8	% (4.43)	%(7.19)	100 – 800%
2	productivity growth	% (3.65)	% (85.06)	% (96.23)	%(62.3)	0 – 5%
3	growth in the number of banking services	Zero	% 7.14	zero	Zero	0 – 10%
4	The proportion of workers on the front lines	% 18.4	% 18.4	% 20.18	% 20.18	15 – 20%
5	Expansion of the number of computers in use	Zero	Zero	zero	13.33	0 – 15%
6	Cycle time					
7	The rate of development in documentary credits accounts (%)	% (49.3)	% 101.09	% 22.73	%(58.90)	20 – 100%
8	Evolution in Letters of Guarantee Accounts (%)	% 6584.4	% (15.26)	% (33.7)	% 37.8	0 – 100%

We have divided the total scores achieved by Rafidain Bank in each year by the total score of the balanced scorecard presented in the aforementioned table (9) below to get the percentage of the achieved performance. Using the percentages of the level of performance achieved in the aforementioned table (6), we will be able to determine the level of the bank's performance, and it turns out that the level of performance achieved for all performance evaluation years (2015-2019) was weak from the point of view of the balanced scorecard, and the decline was continuous for three years (2015-2017), noting that the bank's performance witnessed an increase, albeit slight, in 2018, but it The level of performance was within the level of poor performance, and the improvement of the axes of the balanced scorecard leads to an improvement in financial performance, which is reflected in improved performance, customer satisfaction and employee satisfaction, which is reflected in improved banking performance and achievement of the profit goal.

Table 9. Results of the actions taken

Actions taken	Performance nature	Verified performance
The need for drastic modifications	Weak	Less than 50
The need to improve it highly	Acceptable	50 – 60
Slight improve is required	Average	60 – 70

Actions taken	Performance nature	Verified performance
The need to keep it at this level	Good	70 – 80
The need to support and motivate performance	Very well	80 – 90
Excellent performance	Excellent	90 – 100

8. Conclusions

The bank faced a gradual decline in profit, down to losses for the last two years of performance appraisal, due to the influence of the Ministry of Finance and its intervention in granting loans and bank credit to customers, as the profits achieved in the bank are mostly realized from the activity of loans and bank credit as well as investments. Stopping these two activities leads to a decrease in profit and its absence, and thus the realization of a loss. By using the balanced scorecard, we find that the indicators of the customer and learning and growth dimensions and their measures are not sufficient for measuring and evaluating banking performance, except after consulting interviews with customers and employees to find out their personal opinions.

- 1- The impact of legal legislation on the level of banking performance, as the bank wants to increase its capital, but this increase is linked to the necessity of legislation to amend the bank's law, and this is what hinders banking work.
- 2- The bank management reports and the auditors' reports lack illustrative paragraphs that reveal the level of performance achieved for the bank as a whole. Rather, it is sufficient to mention only the net profit and loss and some financial indicators.
- 3- The bank has faced a gradual decline in profit to losses for the last two years of performance appraisal. The reason is due to the influence of the Ministry of Finance and its intervention in granting loans and bank credit to customers, as the profits achieved in the bank are mostly realized from the activity of loans and bank credit as well as investments. Reducing or stopping these two activities leads to a decrease and absence of profit, and consequently the realization of a loss.
- 4- By analyzing the results of applying the Bank's Balanced Scorecard for the selected years, it was found that there is instability in the banking activity, as there is an increase and decrease, i.e. fluctuation in activity.
- 5- The customer was not satisfied, as the services provided by the bank and its employees to the customer are almost unsatisfactory due to the delay in providing the service.
- 6- The customer's dissatisfaction was noted in terms of the large number of routine procedures in providing the service, whether the service is withdrawing or depositing funds, in addition to the lack of sufficient and comfortable waiting seats for customers.
- 7- It was noticed that the employees working in the bank were not satisfied, especially with regard to promotions and bonuses, and the lack of educational leave, which leads to the employee's failure to perform his work as required.
- 8- The lack of local standards or evidence in Iraq that stipulate that banks undertake the process of evaluating and measuring banking performance to determine the level of performance achieved.
- 9- The goal of the balanced scorecard is the periodic review of the bank's performance, in order to identify the shortcomings in order to address and remedy the shortcoming in the traditional management systems due to its inability to link the various strategies of the institution in order to avoid losses that the bank may be exposed to in the future through the application of the card Balanced performance in its four dimensions, which will help the bank to achieve its goals of profit, business continuity and prosperity.
- 10- The traditional financial indicators and the indicators of the balanced scorecard are similar in the financial dimension, but the most important difference is by adding performance indicators to the other three dimensions, on the basis of which customer satisfaction and employee satisfaction are reached.

9. Recommendations

- 1- The necessity of the existence of local standards or evidence in Iraq that stipulate that banks undertake the process of evaluating and measuring banking performance to determine the level of performance achieved.
- 2- The use of the balanced scorecard by banks will help to achieve the banks' goals of profit, business continuity and prosperity.
- 3- The necessity for the bank to prioritize two aspects: customer satisfaction and employee satisfaction, as they are the basis of the bank's work, meaning that banking work is based on them.

- 4- The necessity for the Central Bank of Iraq to set the upper and lower limits for all performance card measures, and it is not sufficient to set limits for some of them.
- 5- The bank should carry out the process of evaluating the banking performance and measuring it every year for the bank to identify the points of failure and weakness, address them and avoid them in the future.
- 6- The necessity for the supervisory authorities, whether this entity is the Central Bank of Iraq or the Federal Financial Supervision Bureau, to conduct the process of evaluating the performance of banks and measuring it from the financial and non-financial aspects of banking activities.
- 7- The necessity of speeding up the amendment of legislation to the banking law in the field of increasing the capital of banks.
- 8- The bank management reports and the auditors' reports should include explanatory paragraphs that disclose the current level of performance
- 9- The necessity for the Ministry of Finance to show the necessary flexibility in granting loans and bank credit to customers, as the profits realized in the bank are mostly realized from the activity of loans and bank credit, as well as investments.
- 10- The bank should pay attention to the services provided to customers and quickly respond to them by holding educational courses for employees and the directions to be followed by the bank's management by reducing routine procedures and responding to customers' complaints in order to achieve customer satisfaction.

Declaration of competing interest

The authors declare that they have no any known financial or non-financial competing interests in any material discussed in this paper.

Funding information

No funding was received from any financial organization to conduct this research

References

- [1] F. H. A. Al-Husseini, "Using financial indicators in measuring strategic performance - an applied study in a sample of mixed sector companies for the years 92-95," *Journal of Administration and Economics, Al-Mustansiriya University*, vol. 3, 1998.
- [2] A. M. Arshid, *Credit Administration*, . mman, Jordan 2001.: Dar Wael Library, 2001.
- [3] A. M. Obaid, "the role of accounting information in evaluating the organization's strategy using the balanced scorecard / a field study in a sample of private banks in Iraq, a master's thesis," *College of Administration and Economics, Al-Mustansiriya University*, 2005.
- [4] M. Wadi, " Money and banks," *Dar Al-Maysara Publishing, Amman*, 2010.
- [5] N. Hussien, I. Ajlan, M. M. Firdhous, and H. Alrikabi, "Smart Shopping System with RFID Technology Based on Internet of Things," *international Journal of Interactive Mobile Technologies*, vol. 14, no. 4, pp. 17-29, 2020.
- [6] M. I. Hindi, "Managing Commercial Banks, "Managing Commercial Banks, Introduction to Decision Making," *Third Edition, Alexandria Modern Arab Office*, 2000.
- [7] P. S. Rose, *Commercial bank management*. Irwin, 1999.
- [8] D. S. S. Al-Nimr, Al Murad, Dr. Najla Younis Muhammad, " Marketing of Banking Services, University House for Printing, Publishing and Translation, Mosul, Iraq.," 2002.
- [9] K. D. Miller and P. Bromiley, "Strategic risk and corporate performance: An analysis of alternative risk measures," *Academy of Management journal*, vol. 33, no. 4, pp. 756-779, 1990.
- [10] R. G. Eccles, "The performance measurement manifesto," *Harvard business review*, vol. 69, no. 1, pp. 131-137, 1991.
- [11] M. H. Muslim, "financial indicators and analysis of strategic factors and their impact on determining banking performance), u," *npublished high diploma research in banking management, submitted to the Board of the College of Administration and Economics, University of Baghdad*, 1998.
- [12] I. S. Salam, "Arab Banks and Investment Efficiency," *Union of Arab Banks, Beirut*, 2004.
- [13] C. Horngren, G. Foster, and S. J. I. Datar, New Jersey, USA, "Cost Accounting: A Managerial Emphasis Prentice-Hall International," 2003.
- [14] A. H. A. F. Al-Maghraby, "Strategic Management by Balanced Performance Measurement), Al-Asriya Library," *Mansoura for Publishing and Distribution, Arab Republic of Egypt*, 2006.

- [15] L. Wheelen Thomas and J. D. Hunger, "Strategic management and business policy," *TOWARD GLOBAL SUSTAINABILITY*, vol. 13, 2004.
- [16] R. Kaplan and D. Norton, "Putting The Balanced Scorecard to Work, Harvard Business Review," *Terjemahaan Peter R. Yosi. Erlangga: Jakarta*, 1993.
- [17] R. H. Garrison, D.B.A. CPA & Eric W. Noren, "Management Accounting," *McGraw-Hill*, 2000.
- [18] C. Drury, "(Management And Cost Accounting," *Business Press Thom Sen Iearning, 2002engineering company, MSc in Finance and International Business. Master thesis, Aarhus School of Business, University of Aarhus, Lithuanian*.
- [19] W. D. a. Hanraham, "Retail Strategy Planning and Control," *Mecmian Business*, 2000.
- [20] T. Horngren Charles, S. M. Datar, and G. Foster, "Cost Accounting: A Managerial Emphasis. Edisi ke-12," ed: New Jersey: Pearson Prentice Hall, 2006.