| Research Article

The Impact of Financial Health on Achieving Value-Based Financial Performance Applied research into some "banks listed on the Iraqi Stock" Exchange

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Abstract: The main objective of this study is to know or study the impact of financial health represented in its following dimensions (cash ratio, average collection period, return on equity, turnover ratio) on knowledge-based financial performance (economic value added, market value added, cash value added) in commercial "banks listed on the Iraqi Stock" Exchange for the period (2015-2021). In order to achieve the objectives of the study and reach the results, financial and statistical methods models were relied upon, using the least squares method, as the results of the study concluded that the relationship between financial health and value-based financial performance is a positive linear relationship, meaning that the higher the financial health, the higher the percentages of value-based financial performance, in addition to the recommendations reached by the research that relevant parties can use.

Key words: Financial health, value-based financial performance, commercial banks, Iraq Stock Exchange.

Introduction

Regulators are currently implementing new regulatory requirements and enhancing the flexibility of the financial industry, which is currently experiencing fundamental changes. These requirements necessitate a relative increase in equity and entail additional costs. By publicly committing to maximizing shareholder value and utilizing a related governance system, such as value-based management, banks can more easily attract new capital. Numerous studies conducted outside of the banking sector have demonstrated that the implementation of value-based

management enhances financial performance. A bank guarantees that its activities, incentive plans, and reporting are designed to optimize shareholder value by implementing value-based financial performance. This is accomplished by identifying and managing the financial and operational generators of shareholder value. The existing literature posits that a bank can demonstrate its dedication to shareholders by establishing shareholder value maximization as a public objective, implementing management practices that implement this commitment, and utilizing incentive plans that align managers' interests with those of shareholders (Schmaltz et al., 2019:37). What are the reasons for bank failures? Regulators, politicians, bank managers, customers, investors, and academics pose this inquiry following each crisis in the expectation that the response will enhance the stability of the financial system and avert future crises. Despite the fact that a diverse array of research has been able to offer a variety of responses to this inquiry, numerous aspects remain unresolved. The bankruptcy of banks during the recent financial crisis in the period 2007-2010 demonstrated that the knowledge acquired regarding banks' inability to pay their debts is still evidently insufficient to prevent a significant number of banks from declaring bankruptcy (Berger et al., 2016:1). Consequently, it is imperative to periodically evaluate the soundness of the banking system and concentrate on the financial health of institutions. The research was significant in that it sought to establish a connection between financial health and value-based financial performance in commercial banks listed on the Iraq Stock Exchange. The investigation was partitioned into four primary sections: The first section addressed the research methodology, the second section addressed the theoretical framework of the research, the third section concentrated on the practical aspect and the verification of the study hypotheses, and the fourth section addressed the conclusions and recommendations.

1- Research Methodology

1-1- Research problem

Given the turbulent conditions that the banking system in the world is exposed to, and in particular, the fluctuations that befell it during and after the global financial crisis, the main cause of which was the banking failure that befell some banks and extended to other banks, it was imperative for the regulatory and supervisory authorities in the world to pay attention to organizing banking work and pay more attention from the periodic supervisory point of view in order to stand on the health and safety of the banking system, which ultimately results in the quality of work and achieving more profits that benefit shareholders and increase the market and economic value of the bank, so the problem of this study came about the impact of the financial health of banks on the financial performance based on value through the following questions:

1. Do the commercial banks studied follow the methods of financial health?

2. Was the financial performance based on the value of the banks studied high during the study period?

3. Is there a correlation between financial health and financial performance based on value?

4. Is there a significant effect of financial health on financial performance based on value?

1-2- The importance of the research

The importance of the study lies in two directions: the theoretical aspect and the practical aspect:

1- The theoretical aspect:

The theoretical aspect of the research is represented by studying variables related to the reality of banking work. It has great importance in the continuity of the bank's work by knowing the levels of financial health and financial performance based on value. It also represents a scientific addition of great importance to researchers and practitioners.

2- The practical aspect:

Based on the practical aspect of the research, the importance of the study is highlighted in the results it reached related to the bank's financial performance based on the bank's value and its levels of financial health and the extent of adopting financial health measures in banking operations. The research also addressed the impact of financial health indicators on financial performance based on value and what the research reached of recommendations and conclusions that serve the interests of researchers.

1-3- Research objectives

The current research aims to:

1. Know the extent of application of financial health measures in the commercial banks studied.

2. Identify the levels of financial performance based on value in the commercial banks studied.

3. Know the extent of the impact of financial health on financial performance based on value.

4. Reach the most important practical conclusions regarding the study variables.

1-4- Research hypotheses

After reviewing the study problem and its questions and after determining the study objectives, the research addressed four main hypotheses represented in the following:

1. The first hypothesis: There is a statistically significant effect of financial health on the economic value added.

2. The second hypothesis: There is a statistically significant effect of financial health on the market value added.

3. The third hypothesis: There is a statistically significant effect of financial health on the monetary value added.

1-5- The hypothetical plan for the research

Based on the research variables and in order to clarify the relationships of influence between the research variables, a hypothetical plan for the research was developed as follows:
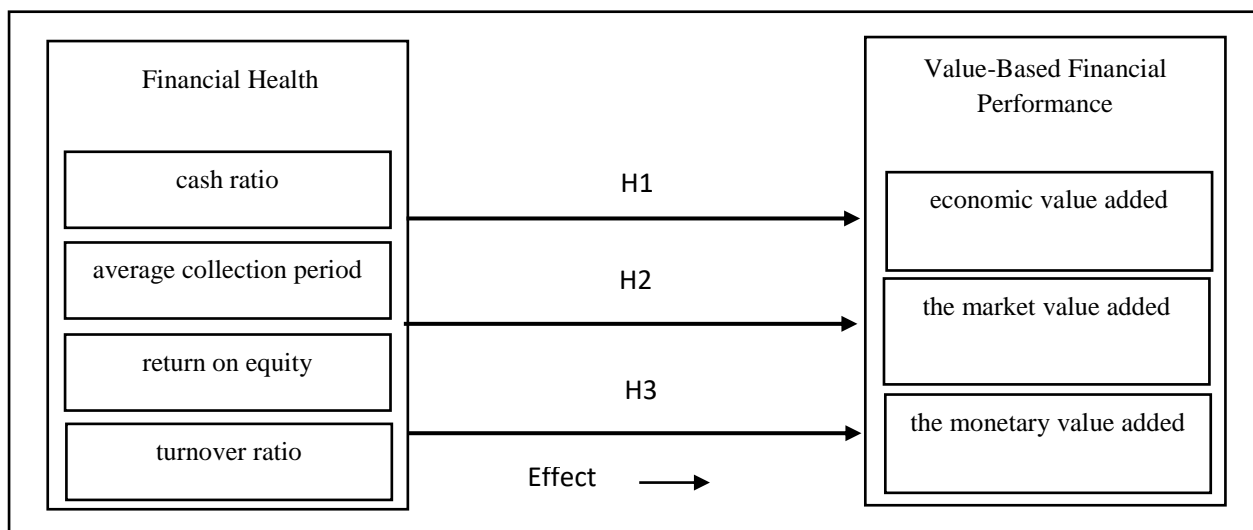

Figure (1) Hypothetical diagram of the study

Source: Prepared by the researcher

1-6- Scope of the research

The current research focuses on commercial banks listed in the Iraq Stock Exchange, and the study community represents commercial banks listed in the Iraq Stock Exchange. As for the study sample, it is the group of commercial banks that have complete data that contributes to achieving the research objectives, as in the following table:

Table (1) Commercial banks, study sample

Bank	Location
Erbil Investment Bank	**Iraq / Baghdad Al-Karrada**
Mansour Investment Bank	**Iraq / Baghdad, Al-Wahda District**
Middle East Investment Bank	**Iraq / Baghdad, Al-Arsat**
Gulf Commercial Bank	**Iraq / Baghdad, Al-Saadoun Street**
International Development Bank	**Iraq / Baghdad, Al-Karrada**
Iraqi Investment Bank	**Iraq / Baghdad, Adjacent to Al-Alawiya Hospital**
Iraqi Commercial Bank	**Iraq / Baghdad, Al-Saadoun Street**
Northern Finance Bank	**Iraq / Baghdad, Al-Karrada**

"Source: Compilation by the researcher using information obtained from the official website of the Iraq Stock Exchange"

2- Theoretical Framework of the Research

2-1- The Concept of Financial Health:

The function of banks in mitigating the costs of financial distress has been the subject of empirical studies in corporate finance for an extended period (Fukuda et al., 2009:1.). Economists contend that the actual economy is susceptible to disruptions in the provision of bank credit, as there are few alternative sources of credit. Disruptions in one bank can temporarily impact firms that interact with it, if long-term relationships between banks and firms are significant (Gibson, 1997:3).

The financial health of banks and their relationship to policy outcomes has recently been recognized as an important economic issue. While case study evidence clearly indicates that weak financial resources of banks can hinder effective policy implementation, the question of whether the financial health of banks affects their performance remains controversial. This is partly due to the lack of standard economic evidence. Recent years have witnessed a surge in the number of academic and applied contributions dealing with the issues of bank losses and the nature and role of monetary authorities. Drawing on the actual implementation of bank recapitalization plans, the issues discussed in this growing body of literature can be organized around three main questions: First, what are the causes that typically lead to weak bank balance sheets? Second, what is the relationship, in theory, between bank financial strength and policy outcomes? Third, what are the effects, from an empirical perspective, of leaving a bank in the midst of a financially unstable situation, i.e., not addressing underlying weaknesses? (Klüh & Stella, 2008:5). The effects of bank health should be revealed through the following factors. Initially, it is imperative that we are able to more accurately determine the impact of banking sector disruptions on firms that are more reliant on bank financing. Secondly, regressions conducted at the firm level will be less problematic with respect to the reverse causality from firms to banks. If the company's loans from

its bank are relatively large in comparison to the bank's capital, the financial health of the bank may be influenced by the borrower's performance (Fukuda et al., 2006:7).

2-2- Financial health indicators:

There are many indicators to measure the financial health of banks. There are three commonly used indicators: non-performing loan ratios, A comparative metric for assessing bank stocks and bank failures. The non-performing loan ratio is the initial indicator of a bank's solvency. Occasionally, banks in certain countries deliberately underestimate the magnitude of non-performing loans recorded in their financial records in order to conceal the actual magnitude of their issues. Nevertheless, the accumulation of non-performing loans persisted until they ultimately failed, resulting in substantial losses when the non-performing loans were sold to banks. Consequently, non-performing loan ratios are regarded as a significant metric for assessing the financial well-being of banks globally (Fukuda et al., 2009:7). (Setiawan & Handayani, 2020:1) indicated indicators to measure financial health:

1. Cash ratio (X-1)

$$\text{Cash Ratio} = \frac{\text{Cash Equivalents} + \text{Cash}}{\text{Current Liabilities}}$$

2. Average Collection Period (X-2)

Average Collection Period = 365 Days * (Average Accounts Receivables / Net Credit Sales)

3. Return on Equity (X-3)

$$\text{ROE} = \frac{\text{Net Income}}{\text{Shareholder's Equity}}$$

4. Turnover ratio (X-4)

Turnover ratio = Current Assets / Short-Term Debt

2-3- The concept of value-based financial performance:

The concept of value added is a well-established metric in economics that quantifies the economic success of an economic entity. It has long been seen as a rise in the financial prosperity of an economic organization. Therefore, it is a unique notion applied to quantify income. A company creates value for its shareholders when the return on shareholders exceeds the required return on equity. A shareholder's wealth is measured by the returns he receives on his investments. Economic value added (EVA) was introduced and advocated by Strain Stewart and Associates in 1982. Value added is used as a measure of financial performance over traditional measures and any added value or advantage in EVA over traditional methods. Today, EVA has managed to attract the attention of giant companies like Coca-Cola, TATA, etc., because it is able to depict the true profitability of the company (Naghshbandi et al., 2016:365).

Advocates of value-based financial performance measures argue that they represent a substantial enhancement compared to conventional performance measurements. Crucially, it is stated that with the inclusion of a company's cost of capital in its calculations, it becomes possible to evaluate the company's capacity to generate value. Provided that the company's projects provide returns above the cost of capital, the projects will possess positive net present values, therefore enhancing shareholder value. Furthermore, it is recommended that these value-based metrics also strive to rectify the deficiencies and limitations recognized by conventional performance metrics (Apreku et al, 2022:877).

Financial indicators enable bank participants to comprehend the volatility of their operations and acquire crucial information pertaining to their financial situation, total earnings, cash flows, and

changes in equity. Furthermore, financial performance indicators serve as the authentic benchmark for evaluating the success of a company. Three levels of interest, one indicator of liquidity, two indicators of solvency, and one indicator of efficiency characterize and quantify a company's performance and use profits per share (EPS) as a predictor of financial success. To assess a company's financial robustness and liquidity, consider key metrics such as earnings per share, the conventional accounting index, the cumulative volume-adjusted return (SAR), and the market reaction rate. Profit, return on investment, profit margin, customer portfolio, and product quality enhancement are broad indicators of corporate performance. Corporate failure prediction models were developed using mixed line analysis and retrospective analysis, focusing on four financial indicators: equity ratio, EBIT (interest and taxes)/total assets, cash flows/total debt, and improvement in sales percentage. These models categorised firms into three groups: health, disaster resilience, and financial constraints at risk (Apreku et al., 2023).

2-4- Value-based financial performance indicators:

As a result of the fact that the implementation of EVA, MVA, and CVA brings together all of the company's interest groups and the firm itself with the objective of generating shareholder value, it is theoretically anticipated that these measures will move in tandem with corporate governance procedures. We believe that value-based metrics can more accurately reflect firm success than accounting-based measures, according to a study that was conducted by Bayrakdaroglu et al. (2012):228. This study was conducted to investigate the relationship between the adoption of corporate governance and the performance of companies. In light of this, the study makes use of metrics that are based on values. This study focuses on these three variables (economic value added, market value added, and monetary value added) since they are accessible to be estimated using financial data that is available to the public. The calculation of certain additional value-based metrics is made more complex by the fact that they require data that is not readily available to the general public (Apreku et al., 2022:36).

1. Economic value added (Y-1)

$$\mathbf{MVETA} = \mathbf{NOPAT} - (\mathbf{TCE} * \mathbf{WACC})$$

Whereas:

NOPAT: represents net operating profit after tax

TCE : Total capital employed

WACC :Weighted Average Cost of Capital

2. Market Value Added (Y-2)

The market value added index is calculated using the following equation:

$$\mathbf{Market\,Value\,Added} = \mathbf{Market\,Value\,of\,Equity} - \mathbf{Book\,Value\,of\,Equity}$$

Whereas:

MVA : Represents the added market value

$: Market\,Value\,of\,Equity$

$: Book\,Value\,of\,Equity$

3. Cash Value Added (Y-3)

The added cash value is calculated using the following equation:

$$CVA = OCF - OCFD$$

Whereas:

CVA : represents the added cash value

OCF : Represents operating cash flow

$OCFD$: Represents the required operating cash flow.

OCF It is the operating cash flow, which is determined according to the following equation:

$$OCF = EBDIT + \Delta WK + NSL$$

.

Whereas:

$EBDIT$: Represents earnings before depreciation, interest and tax.

: ΔWK : Represents the change in working capital from one year to another.

NSL : Represents non-strategic investments.

3- the practical aspect

Financial analysis of the study variables

The financial analysis of the study variables provides some financial indicators that describe the ratios of the "Time series of" commercial banks. The research dealt with the indicators of the average, standard deviation, and upper and lower limits of the time series specific to the scope of the current research. The ratios that reflect the levels of the applied variables in the banks are as follows:

Table (2) The level of the applied variables in the commercial banks, the study sample:

Banks variables		Banks							
		Erbil Investment	Mansour Investment	Middle East Investment	Gulf Commercial	International Development	Iraqi Investment	Iraqi Commercial	Northern Finance
Financial	x-1	0.753	0.674	0.763	0.679	0.654	0.663	0.737	**0.646**
al	x-2	0.607	0.521	0.526	0.433	0.529	0.547	0.511	**0.483**
Health	x-3	0.022	0.018	0.017	0.017	0.016	0.013	0.019	**0.021**
Financial	x-4	0.657	0.653	0.651	0.726	0.709	0.643	0.720	**0.689**
al Health	Overall average	**0.510**	**0.467**	**0.489**	**0.464**	**0.477**	**0.467**	**0.497**	0.460
Value-Based	y-1	0.07	-0.01	-0.01	0.01	0.01	0.02	0.03	**0.06**
Financial	y-2	-0.249	-0.704	-0.446	-0.597	-0.383	-0.427	-0.410	**-0.521**
al	y-3	0.221	0.210	0.216	0.127	0.226	0.284	0.230	**0.214**
Performance	Overall average	**0.014**	**-0.168**	**-0.080**	**-0.153**	**-0.049**	**-0.041**	**-0.050**	**-0.082**

" Source: Compilation done by the researcher using Excel data."

Table (3): Description of the cash variable

Years	Average	deviation	The highest	The least	Ranks
2015	0.651	0.101	0.78	0.51	6
2016	0.72	0.079	0.85	0.59	3

2017	0.681	0.106	0.84	0.54	5
2018	0.728	0.12	0.83	0.55	2
2019	0.699	0.097	0.82	0.52	4
2020	0.65	0.1	0.79	0.51	7
2021	0.744	0.086	0.83	0.57	1
Overall average	0.6961				

" Source: Compilation done by the researcher using Excel data."

The financial analysis of the cash variable, as shown in Table (3), showed that the highest statistic in the time series extending from (2015 to 2021) for the study sample banks is the year (2021), as it reached (0.744), while the second highest statistic is the year (2018), as it reached (0.728), while the lowest statistic for cash was in the year (2020), as it reached (0.65), noting that the general average reached (0.6961).
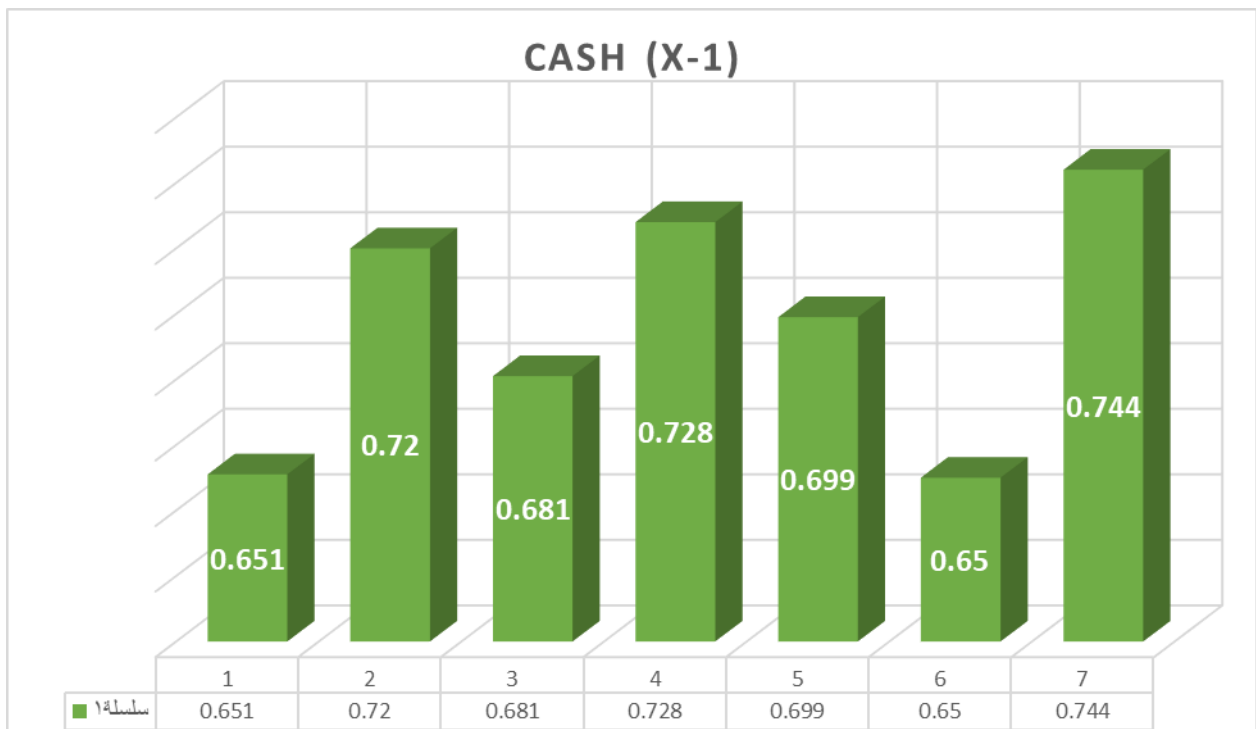

	1	2	3	4	5	6	7
سلسلة1	0.651	0.72	0.681	0.728	0.699	0.65	0.744

Figure (2) "Time series of" the monetary variable

Table (4): Description of the average collection time variable

Years	Average	deviation	The highest	The least	Ranks
2015	0.486	0.124	0.650	0.350	5
2016	0.564	0.115	0.700	0.370	2
2017	0.545	0.121	0.680	0.340	4
2018	0.470	0.127	0.670	0.310	6
2019	0.429	0.127	0.630	0.300	7
2020	0.555	0.143	0.680	0.340	3
2021	0.589	0.077	0.690	0.450	1
Overall average	0.520				

" Source: Compilation done by the researcher using Excel data."

The financial analysis of the average collection period variable, as shown in Table (4), showed that the highest statistic in the time series extending from (2015 to 2021) for the study sample banks is the year (2021), as it reached (0.589), while the second highest statistic is the year (2016), as it reached (0.564), while the lowest statistic for the average collection period was in the year (2019), as it reached (0.429), noting that the general average reached (0.520).
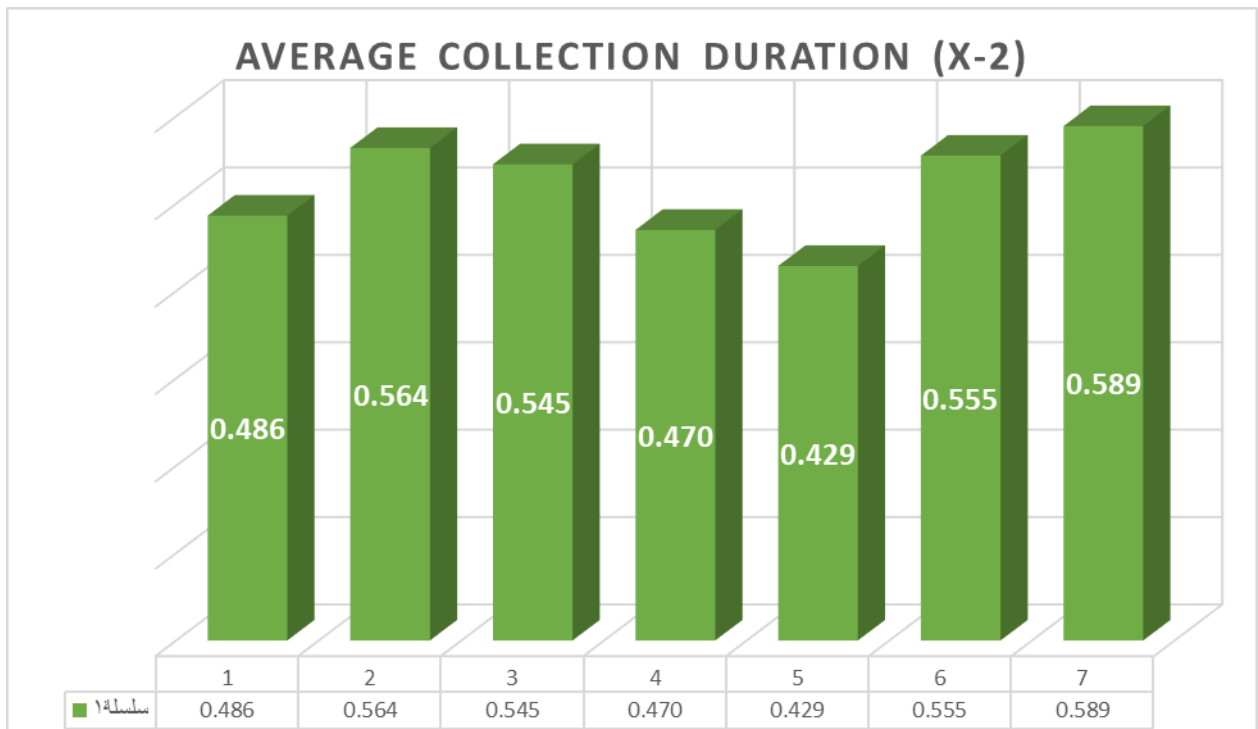

Figure (3) ""Time series of" the variable" Average collection duration

Table (5): Description of the return on equity variable

Years	Average	deviation	The highest	The least	Ranks
2015	0.017	0.008	0.026	0.008	5
2016	0.016	0.008	0.029	0.008	6
2017	0.022	0.008	0.029	0.006	1
2018	0.019	0.004	0.026	0.014	3
2019	0.019	0.009	0.027	0.005	2
2020	0.015	0.007	0.025	0.005	7
2021	0.018	0.008	0.03	0.006	4
Overall average	0.018				

" Source: Compilation done by the researcher using Excel data."

The financial analysis of the return on equity variable, as shown in Table (4), showed that the highest statistic in the time series extending from (2015 to 2021) for the study sample banks is the year (2017), as it reached (0.022), while the second highest statistic is the year (2019), as it reached (0.019), while the lowest statistic for the return on equity was in the year (2020), as it reached (0.015), noting that the general average reached (0.018).
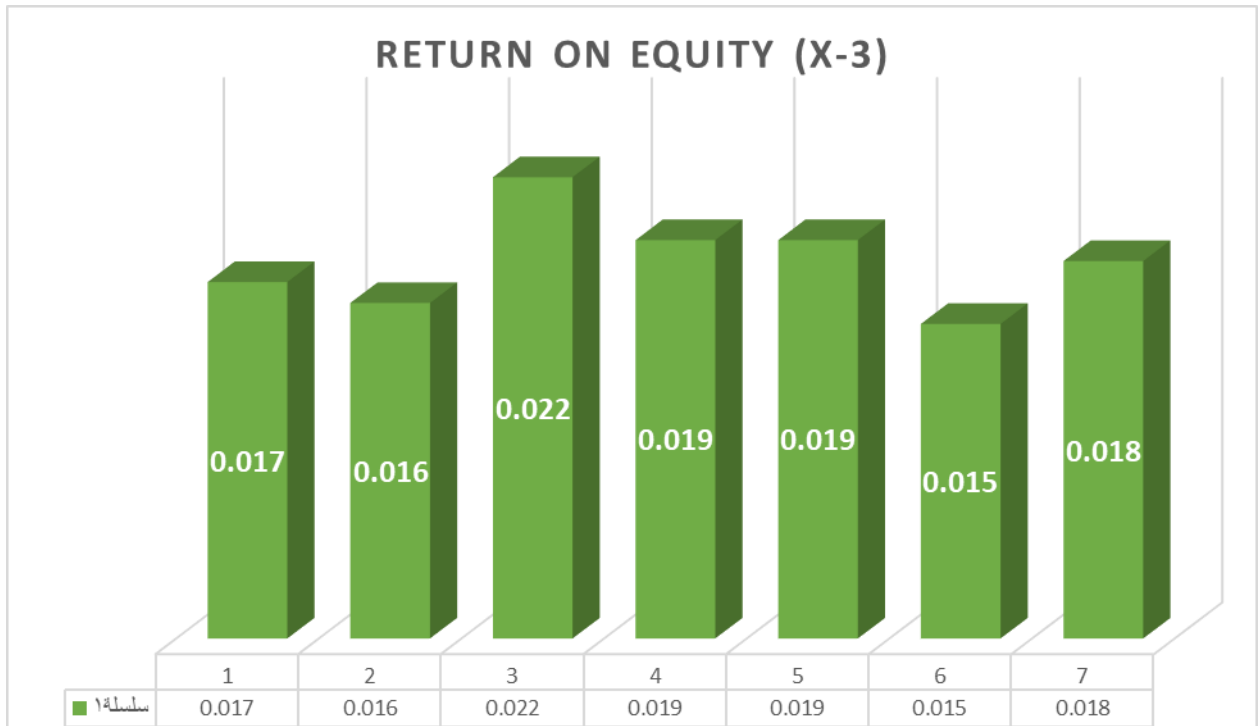
Figure (4) "Time series of" the return on equity variable

Table (6): Description of the turnover ratio variable

Years	Average	deviation	The highest	The least	Ranks
2015	0.685	0.072	0.770	0.580	2
2016	0.694	0.088	0.800	0.540	1
2017	0.678	0.070	0.760	0.530	6
2018	0.679	0.074	0.780	0.550	5
2019	0.685	0.097	0.800	0.540	3
2020	0.664	0.085	0.780	0.550	7
2021	0.683	0.076	0.800	0.610	4
Overall average	0.681				

" Source: Compilation done by the researcher using Excel data."

The financial analysis of the turnover ratio variable, as shown in Table (6), showed that the highest statistic in the time series extending from (2015 to 2021) for the study sample banks is the year (2016), as it reached (0.694), while the second highest statistic is the year (2015), as it reached (0.685), while the lowest turnover ratio was in the year (2020), as it reached (0.664), noting that the general average reached (0.681).
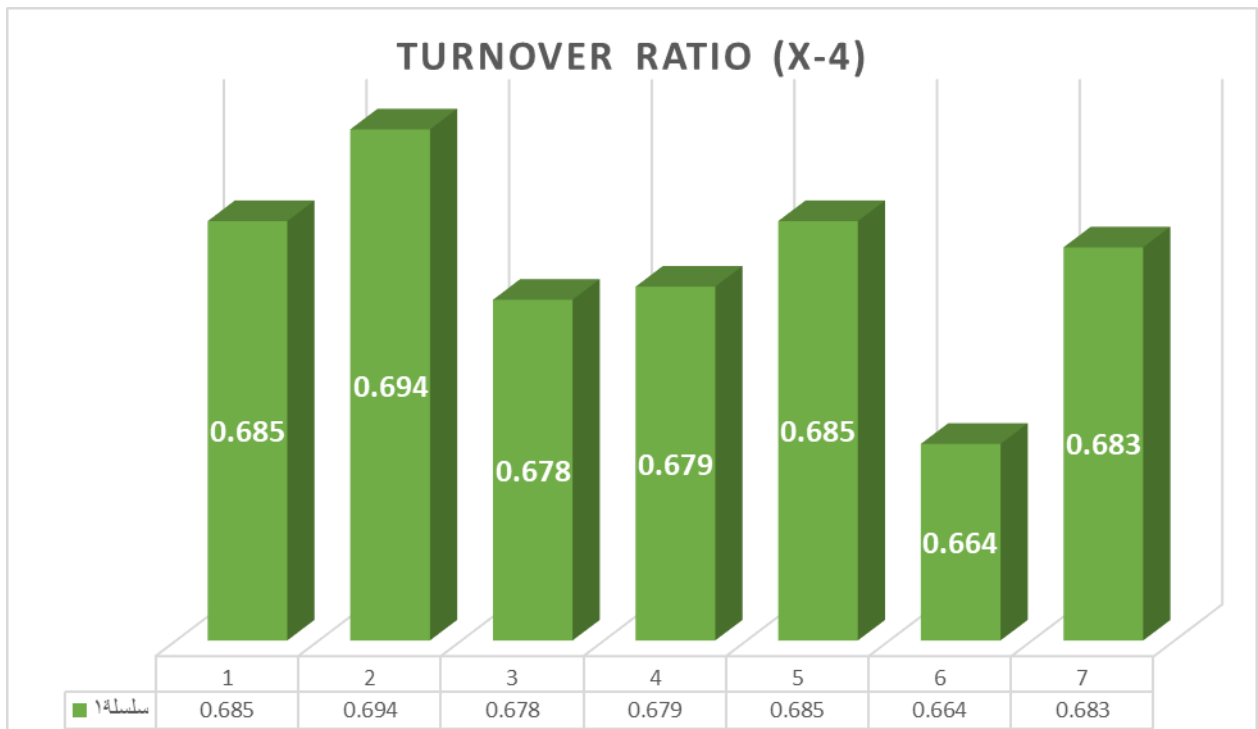
TURNOVER RATIO (X-4)

	1	2	3	4	5	6	7
سلسلة١	0.685	0.694	0.678	0.679	0.685	0.664	0.683

Figure (5) ""Time series of" the variable" turnover ratio

Table (7): Description of the economic value-added variable

Years	Average	deviation	The highest	The least	Ranks
2015	0.015	0.043	0.070	-0.050	5
2016	-0.028	0.027	0.030	-0.050	7
2017	0.025	0.051	0.090	-0.050	4
2018	0.011	0.038	0.070	-0.040	6
2019	0.033	0.046	0.100	-0.030	2
2020	0.039	0.049	0.100	-0.040	1
2021	0.026	0.054	0.090	-0.050	3
Overall average	0.017				

'' Source: Compilation done by the researcher using Excel data.''

The financial analysis of the economic value added variable, as shown in Table (7), showed that the highest statistic in the time series extending from (2015 to 2021) for the study sample banks is the year (2020), as it reached (0.039), while the second highest statistic is the year (2019), as it reached (0.033), while the lowest statistic for the economic value added variable was in the year (2016), as it reached (-0.028), noting that the general average reached (0.017).
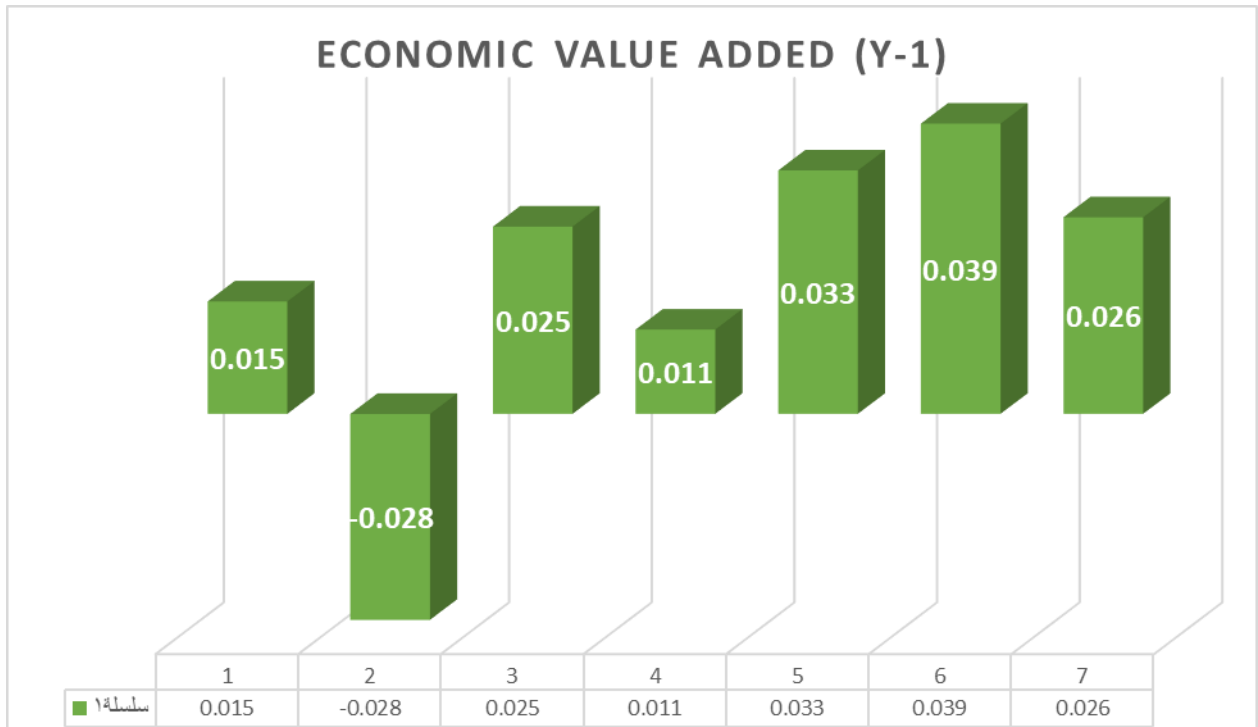
Figure (6) ""Time series of" the variable" economic value added

Table (8): Description of the market value-added variable

Years	Average	deviation	The highest	The least	Ranks
2015	-0.590	0.352	-0.070	-0.890	5
2016	-0.600	0.285	-0.220	-0.850	6
2017	-0.333	0.313	-0.010	-0.900	2
2018	-0.381	0.260	-0.030	-0.880	3
2019	-0.271	0.259	-0.010	-0.790	1
2020	-0.615	0.180	-0.310	-0.820	7
2021	-0.480	0.268	-0.120	-0.810	4
Overall average	-0.467				

" Source: Compilation done by the researcher using Excel data."

The financial analysis of the market value added variable, as shown in Table (8), showed that the highest statistic in the time series extending from (2015 to 2021) for the study sample banks is the year (2019), as it reached (-0.271), while the second highest statistic is the year (2017), as it reached (-0.333), while the lowest statistic for the market value added was in the year (2020), as it reached (-0.615), noting that the general average reached (-0.467).
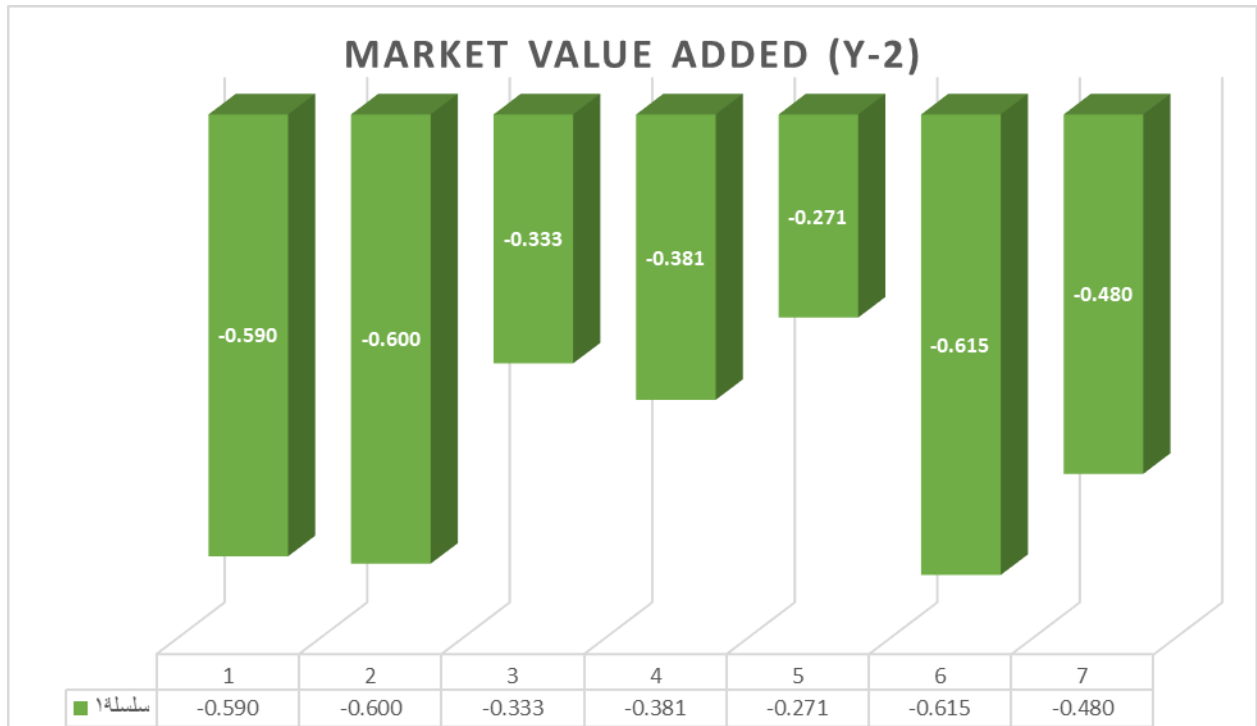
Figure (7) "Time series of" the research variable Market Value Added

Table (9): Description of the cash value-added variable

Years	Average	deviation	The highest	The least	Ranks
2015	0.196	0.199	0.470	-0.090	5
2016	0.244	0.160	0.450	-0.050	3
2017	0.149	0.152	0.360	-0.080	6
2018	0.300	0.186	0.440	-0.080	1
2019	0.124	0.191	0.490	-0.060	7
2020	0.264	0.168	0.500	0.000	2
2021	0.236	0.161	0.420	-0.030	4
Overall average	0.216				

" Source: Compilation done by the researcher using Excel data."

The financial analysis of the credit risk variable, as shown in Table (8), showed that the highest statistic in the time series extending from (2015 to 2021) for the study sample banks is the year (2018), as it reached (0.300), while the second highest statistic is the year (2020), as it reached (0.264), while the lowest statistic for credit risk was in the year (2019), as it reached (0.124), noting that the general rate reached (0.216).
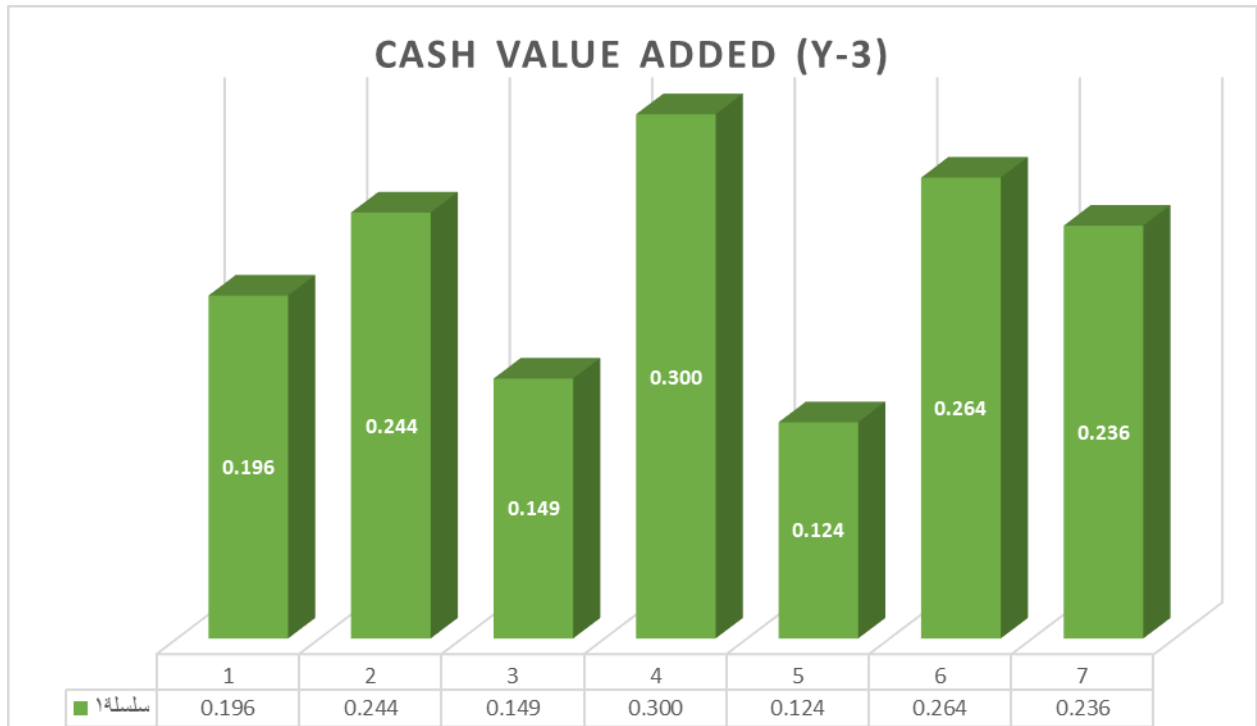
Figure (8) ""Time series of" the variable" cash value added

Statistical analysis of the variables of the current study:

The most prominent findings of the researcher through regression analysis of the study variables and testing hypotheses were achieved by using a set of statistical models (such as the multiple regression model). The study used the coefficient of determination, which shows the amount of changes that the independent variable explains in the dependent variable. Using the regression coefficient (Beta) and the calculated value (F) for the regression coefficient to indicate the significance of the regression model.

Table (10): Testing the first hypothesis

Variables	Estimates	Standard error	T-test	Significance
Constant	0.305	0.124	-2.470	0.018
Cash Ratio	0.059	0.324	0.183	0.856
Average Collection Period	0.014	0.023	0.605	0.549
Return on Equity	-0.066	0.069	-0.954	0.346
Current Ratio	0.558	0.409	1.364	0.181
Dependent variable: Economic value added				
R-squared	0.924	F-statistic	27.306	
Adjusted R-squared	0.890	Prob	0.000	

"Source: Prepared by the researcher based on the (Eviews-12) program".

➢ The first hypothesis: There is a significant influence relationship between financial health through its indicators mentioned in Table (10), and the percentage of economic value added in the banks studied. The constant value in the multiple regression model reached (0.305), and some variables have a positive effect while others have a negative effect. As for the significance of the model, it is significant because it is less than (0.05), and the (T) statistic is also significant because it is less than (0.05), and therefore the first hypothesis is accepted.

Table (11): Testing the second hypothesis

Variables	Estimates	Standard error	T-test	Significance
Constant	0.269	0.127	-2.128	0.040
Cash Ratio	0.172	0.318	0.542	0.591
Average Collection Period	0.031	0.030	1.033	0.308
Return on Equity	-0.061	0.068	-0.895	0.376
Current Ratio	0.419	0.409	1.024	0.312
Dependent variable: Market value added				
R-squared	0.926	F-statistic	27.846	
Adjusted R-squared	0.892	Prob	0.000	

"Source: Prepared by the researcher based on the (Eviews-12) program".

➢ The second hypothesis: There is a significant influence relationship between financial health through its indicators mentioned in Table (11), and the percentage of market value added in the banks studied. The constant value in the multiple regression model reached (0.269), and some variables have a positive effect while others have a negative effect. As for the significance of the model, it is significant because it is less than (0.05), and the (T) statistic is also significant because it is less than (0.05), and therefore the second hypothesis is accepted.

Table (12): Testing the third hypothesis

Variables	Estimates	Standard error	T-test	Significance
Constant	0.298	0.127	-2.341	0.025
Cash Ratio	0.099	0.321	0.308	0.760
Average Collection Period	0.005	0.034	0.151	0.881
Return on Equity	-0.058	0.072	-0.803	0.427
Current Ratio	0.521	0.407	1.281	0.208
Dependent variable: cash value added				
R-squared	0.924	F-statistic	27.042	
Adjusted R-squared	0.889	Prob	0.000	

"Source: Prepared by the researcher based on the (Eviews-12) program".

➢ The third hypothesis: There is a significant influence relationship between financial health through its indicators mentioned in Table (12) and the percentage of cash value added in the banks studied, as the constant value in the multiple regression model reached (0.298) and the variables have a negative effect, while the significance of the model is significant because it is less than (0.05), and the (T) statistic is also significant because it is less than (0.05), and therefore the third hypothesis is accepted.

4- Conclusions and Recommendations

4-1- Conclusions

1 The findings indicated that there is a connection between the state of one's finances and the proportion of one's financial performance that is based on value. This is due to the fact that the proportions of one's financial performance that are based on value can be enhanced by improving the various aspects of one's financial health.

2. Financial health affects the percentage of economic value added for the commercial banks studied, which means that economic value can be enhanced by adopting the dimensions of financial health.

3. Increasing interest in financial health ratios can enhance the market value of the bank, so the commercial banks in the research sample can focus on financial health for this purpose.

4. Adopting financial health in banking operations can contribute to enhancing the added cash value, as shown by the research results.

5. paying attention to financial health ratios in banking can contribute to enhancing value-based financial performance.

4-2- Recommendations

1. The necessity for commercial banks to adopt financial health dimensions in banking operations because it effectively contributes to enhancing the bank's financial performance ratios.

2. The necessity of enhancing cash ratios and average collection period by adopting financial health dimensions in banking because it contributes to enhancing the bank's financial performance based on value.

3. The interest of commercial banks operating in Iraq is in the necessity of improving the return on equity ratio in order to enhance the bank's added value.

4. Pay attention to the bank's trading ratios because they contribute effectively to enhancing the bank's financial performance.

5. The necessity of directing and motivating banking cadres to pay attention to financial health as it contributes to enhancing the efficiency of value-based financial performance.

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