The Impact of Internal and External Determinants on the Continuity of Profits for Commercial Banks, Applied Research in the Iraqi Commercial Bank for the period 2009-2018

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Abstract

This research aims to analyze and discuss the object of the impact of internal and external determinants on the continuity of profits, as the internal determinants are indicators that affect the performance of banks and which can be controlled by the bank's management and are under its control. Three internal determinants have been chosen, which are Capital Adequacy Ratio(CAR), asset quality (AQ) , and quick liquidity ratio(QLR). While the external determinants represents the macroeconomic indicators that affect the activities and performance of banks so that they cannot be controlled by banks because they are subject to economic variables and conditions. Twospecifics external determinants were chosen, namely the gross domestic product(GDP) and the annual inflation rate (IFN).

This research was applied in the Iraqi Commercial Bank listed on the Iraq Stock Exchange for the period 2009-2018. The descriptive analytical approach was used to describe, analyze and measure all variables through the actual financial data available from the bank, with the aim of evaluating and measuring independent and dependent research variables, and analysis of the correlation and impact relationship between them, as the analysis of variance using the program (spss) was used to measure the relationship of correlation and impact between the results of the internal and external determinants used in the research and the continuity of profits.

This research reached a set of conclusions, the most important of which is that there is a correlation with a significant statistical effect and significance for all determinants with the continuity of profits, as the results of the research showed that the effect of the variables (capital adequacy ratio, liquidity and gross domestic product) had a

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positive effect on the continuity of profits, while the effect of asset quality and annual inflation rate was an inverse relationship with continuing profits.

Key words: internal determinants, external determinants, continuity of profits.

I.   Introduction

Achieving profits consistently and maximizing them is one of the core objectives of commercial banks, if not the main goal that commercial banks seek, as the continuity of profit realization leads commercial banks to maintain their continuity and viability, the permanence of their activity in the market, strengthen their financial position, increase their ownership rights, and enhance their liquidity.

The banks that seek to have a stable financial position make them face future difficulties that they may face, so banks must strive to achieve continuity of profits in order to be able to face future difficulties, and thus the departments in commercial banks must pay great attention to the internal and external determinants that it clearly affects the continuation of its profits.

This research was prepared for the purpose of measuring the impact of some internal and external determinants on the continuity of profits for commercial banks, as this research includes three main topics. The first topic reviews the research methodology. The second topic deals with clarifying the concepts and methods of measurement for the internal and external determinants, and continuity of profit.As for the third topic, it was included the application of measuring the impact of internal and external determinants on the continuity of profits in the Iraqi Commercial Bank(BCOI) which is the research sample, as well as the conclusions and the resulting recommendations and suggestions.

1.   Research Methodology

This topic reviews the research methodology in terms of proposing the problem, the objectives and importance of the research, the hypotheses on which this research was based, as well as the method used by this research in carrying out this research, and clarifying the process of relationship and impact between the research variables.

1.1 Research Problem

Despite the conduct of a lot of research and studies on the internal and external determinants, problems still exist regarding knowing the effect of the internal and external determinants on the continued profitability of commercial banks, and accordingly the problem can be expressed in this research by asking some of the following main questions:

- What are the internal and external determinants that affect the profits of commercial banks?
- How can the internal and external determinants be measured by using mathematical models?

- Do the internal and external determinants have an impact on the continuing profits of commercial banks?

- Can the internal and external determinants be measured and applied in the Iraqi environment?

1.2 Research Objectives

The general objective of this research is to know the main drivers of profitability of commercial banks, in other words that the aim of the research is to assess the impact of the characteristics and activities of the bank, as well as the macroeconomic factors on the continuity of profits of commercial banks in Iraq. The objectives of thisresearch can be summarized as follows:

1. Establishing a conceptual framework for the internal and external determinants that have an impact on the profitability of commercial banks.

2. Determining the internal and external determinants that have an impact on the profits continuity of commercial banks.

3. The application of measuring the impact of internal and external determinants on the continuity of profits for Iraqi commercial banks.

1.3 Importance of Research

The importance of this research stems from the necessity of directing the banks' administrations towards a very important issue in evaluating their performance and continuity of work without difficulties, and this issue concerns that there are internal and external determinants that have a direct impact on their activities first, and then on their financial performance. This effect is reflected on the banking sector in particular and on the national economy in general, in addition to explaining the impact of internal determinants and external determinants on the continuity of profits for commercial banks, which give commercial bank departments an opportunity to work with their tools and achieve continuity in future profits, and then create for banks a competitive advantage to stay, to continue and to stand firm in the face of financial and economic crises.

1.4 Research Hypotheses

This research is based on a general hypothesis that: "There is no statistically significant effect of the internal and external determinants on the continuity of profits for commercial banks." This general hypothesis can be divided into five sub-hypotheses, which are the following:

H1 - There is no significant effect of Capital Adequacy Ratio(CAR)on the profit continuity of commercial banks.

H2 - There is no significant effect of theassets quality(AQ)on the profit continuity of the commercial banks.

H3 - There is no significant effect ofquick liquidity ratio(QLR)on the profit continuity of the commercial banks.

H4 - There is no significant effect of the gross domestic product (GDP)on the profit continuity of the commercial banks.

H5 - There is no significant effect of the annual inflation rate (IFN)on the profit continuity of the commercial banks.

1.5 Research Constraints

This research is framed for the current topic within the following spatial and temporal limits:

1.   Spatial limits: This research was applied in a sample of commercial banks registered in the Iraq Stock Exchange, which is (the Iraqi Commercial Bank), with its own symbol (BCOI) from among the research community that consists of commercial banks listed in the Iraq Stock Exchange.

2.   Temporal limits: The research period was determined for the period from (2009-2018), for the purpose of demonstrating and knowing the effect of internal and external determinants on the continuity of profits for commercial banks, for the Commercial Bank of Iraq (BCOI) as the application sample.

II.   Internal and External Determinants

2.1 Internal Determinants

The internal determinants that affect the activities of commercial banks and their characteristics being measured are capital adequacy, asset quality and liquidity.

2.1.1 Capital Adequacy Ratio(CAR)

The capital adequacy is the amount of capital required for the bank as stipulated by the control and supervision authorities in order to achieve financial health and safety for banks (Muraina, 2018: 43). Also, capital adequacy is seen by virtue of its definition as a ratio and it is called the capital adequacy ratio, which it plans. It has the responsible supervisory authorities of the bank, in order to know and judge the bank's internal strength in bearing the potential losses that may occur during financial crises, as well as judge the health and safety of the bank's system, as the higher this percentage is, the more effective internal strengths the banks generate in facing financial crises and the ability to pay its liabilities as well as provide protection for its investments and preserve them from risks (Odekina, Gabriel, & Solomon, 2019: 108), and the capital adequacy ratio is calculated according to the requirements of Basel III according to the following equation: (Aspal, Dhawan, &Nazneen, 2019:170) :

$$CAR = \frac{TC}{RWA\ (CR+MR+OR)} \times 100\% \geq 8\%$$

As:

CAR = Capital Adequacy Ratio.

TC = Total Capital.

RWA = Risk Weighted Assets.

MR = Market Risk.

CR = Credit Risk.

OR = Operational Risk.

2.1.2 Asset Quality (AQ)

The quality of the assets represents a review or evaluation of the credit risk associated with a specific asset, and these assets usually require interest payments, such as loans and investment portfolios, and the effectiveness of management in monitoring credit risk may also affect the type of credit rating, as many factors are taken into consideration. When assessing asset quality, for example, consideration must be given to whether the portfolio is suitably diversified, and what regulations or rules have been put in place to reduce credit risk and the efficiency of using operations, etc. (Alamirew, 2015: 15). Measuring asset quality can be done according to the following equation:

$$\text{NPLLR} = \frac{NPL}{L} \times 100\%$$

As:

NPLLR: Non-Performing Loans to Total LoansRatio.

NPL: Non - Performing Loans to Total Loans.

L: Loans.

2.1.3 Quick Liquidity Ratio (QLR)

The quick liquidity ratio is the best ratio to measure the ability of banks to respond quickly to their short-term financial requirements, and the speed of converting assets into cash, and this ratio indicates the ability of liquid assets (cash, short-term investments, debtors) to cover current liabilities (Alrgaibat, 2016: 94). The quick liquidity ratio is calculated according to the following equation:

$$\text{QLR} = \frac{LA}{CL}$$

As:

QLR = Quick Liquidity Ratio

LA= Liquid Assets

CL = Current Liabilities

Also, this ratio is considered one of the more stringent percentages of bank liquidity than the normal circulation ratio for their requirements to maintain liquid cash, and the standard that can be guided by is within the limits of (1: 1). (Durrah, Abdul Rahman, Jamil, &Ghafeer, 2016: 436).

2.2 External Determinants

There are many external determinants, the most important and prominent of which are the GDP rate, annual inflation rate, annual interest rate and exchange rate. In this research, it is possible to focus on the most prominent economic determinants that can be measured and to know the extent of their relationship and their impact on the continuity of profits, which is the rate of (GDP) and the annual inflation rate, and can be summarized as follows:

2.2.1 Gross Domestic Product (GDP)

The gross domestic product is one of the most important economic indicators that express the economic activity in the economy and the path of development in it, and at the same time it gives an effective idea of the standard of living in a country, (Constantin& Gabriela, 2017: 5), and GDP is a standardized measure between countries, Decision makers rely on it to determine whether measures are needed to curb inflation, to achieve stability or economic growth (Fraumeni, 2017: 1).

In this research, we rely on fixed figures for the gross domestic product according to the annual reports published by the Central Bank of Iraq - Central Statistical Organization, for the period (2009-2018), which is the most used and reliable method and will be applied in the practical side of this research.

2.2.2 Annual Inflation Rate (INF)

Inflation occurs when there is a continuous increase in the general level of prices or a decline in the value of the currency during a certain period of time. In other words, inflation represents the prevailing and continuous rise in the total level of prices measured by the index of the cost of various goods and services, resulting from political, economic, financial and social instability (Muraina, 2018: 42), and the annual total inflation rate will be used according to the annual reports published by the Central Bank Iraqi - Central Bureau of Statistics, for the period (2009-2018).

We can say that the high rate of inflation loses its purchasing power, and that the money obtained by banks is of low value against other currencies, while it is known that the high rate of inflation leads to a rise in the general level of prices, and among these prices are the prices of securities. From this it appears that inflation has a negative relationship with the continuity of profits for commercial banks, while its relationship is positive with the market value of commercial banks.

2.3 Continuity of profits

Continuity of profits refers to the ability of current profits to be continuous and recurring in the future financial period, and thus the continuity of profits helps decision-makers in the ability to predict future profits, so the continuity of profits is an important factor because it increases the level of accuracy in forecasting future profits (AL- Shar, 2017: 23), and through this it can be said that institutions that achieve continuous and stable profits can move in the right direction in terms of investment decision-making (Musa & Bin Aziz, 2018: 14). Some studies used models that were formulated in this field to measure the continuity of profits as a model linking current profits with

future profits, or in other words that the model links past profits with current profits through a study (An, 2017: 83) according to the following equation:

NIt / Total Assett-1 = β0 +β1 NIt-1 / Total Assett-1 + ε t

As:

NIt: Represents the income of the economic unit for the current year

NIt-1: Represents the profits of the previous year of the economic unit

TA-1: Total assets for the previous year

Through the regression equation, the level of continuity of profits can be determined through the regression coefficient (1), as the higher the value of the factor and its proximity to (1), this indicates an increase in the relationship between current and future profits, and thus ensuring and confirming the continuity of profits.

III.   Measuring the Impact of Internal and External Determinants on the Continuity of Profits and Testing Hypotheses

3.1 Results of Measuring Variables According to Mathematical Equations:

3.1.1 Capital adequacy Ratio (CAR)

The capital adequacy ratio is measured by dividing the total capital, which consists of the basic capital plus the supporting capital, divided by the risk-weighted assets, which are represented by credit risk, operational risk, and market risk. The following table shows how to measure the capital adequacy ratio.

Table No. (1)Capital Adequacy Ratio (Amounts in millions Iraqi dinars)

Bank	Year	TC)1(	RWA)2(	CAR)3)=(1/2(
(BCOI)	2009	84150	119518	70%
	2010	94539	147097	64%
	2011	135185	295908	46%
	2012	143200	210415	68%
	2013	146579	194872	75%

2014	312657	363376	86%
2015	319334	317258	101%
2016	292404	347803	84%
2017	302003	382201	79%
2018	300815	334143	90%
Average			76.3%

Source: The table is prepared by the researchers.

3.1.2 Results Measurement of asset quality

Asset quality is measured by dividing non-performing loans by total loans. The following table shows the results of measuring asset quality.

Table No. (2) Asset quality results(Amountsin millions Iraqi dinars)

Bank	Year	NPL)1(	TL)2(	AQ)3) =(1/2(
(BCOI)	2009	11466	6659	172.2%
	2010	13485	3600	374.6
	2011	7472	829	901.32%
	2012	15980	2311	691.5%
	2013	15169	3956	383.4%
	2014	15717	7155	219.7%
	2015	18112	9102	200%
	2016	19468	9904	196.7
	2017	10616	10789	98.4%

	2018	9511	11933	79.7%
	Average			256.17%

Source: The table is prepared by the researchers.

3.1.3 Measurement Results of Quick Liquidity Ratio (QLR)

Quick liquidity is measured through liquid assets, which is the sum of (cash, short-term investments, debtors) divided by current liabilities, and the following table shows the calculation of quick liquidity

Table No. (3) Quick Liquidity Ratio results(Amountsin millions Iraqi dinars)

Bank	Year	C (1)	SI (2)	R (3)	LA (1+2+3)= 4	CL)(5	QLR (4/5) =6 Times
(BCOI)	2009	23172	150525	16124	189821	124154	1.53
	2010	42783	133589	25896	202268	109625	1.85
	2011	108924	115410	12060	245067	112262	2.18
	2012	137403	127963	23956	289322	150236	1.93
	2013	191804	152415	24633	368852	138264	2.67
	2014	134598	280263	25832	440693	164887	2.67
	2015	145374	231150	2831	404837	140688	2.88

				3			
	2016	102850	290669	3384	396903	141878	2.80
	2017	83599	316904	5518	356021	168808	2.11
	2018	145390	267293	6542	419225	159987	2.62
	Average						2.32

Source: The table is prepared by the researchers.

3.1.4 Results of Gross Domestic Product (GDP)

In this research, fixed figures of gross domestic product were used according to the annual reports published by the Central Bank of Iraq - Central Statistical Organization, for the period (2009-2018), and the following table shows the results of the GDP.

Table No. (4)Gross Domestic Product results (Amountsin millions Iraqi dinars)

Years	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GDP	54.720	58.495	142.7	162.587	174.99	182.335	182.051	199.335	201.528	199.129

Source: The table is prepared by the researchers.

3.1.5 Results of Annual Inflation Rate (INF)

In this research, annual inflation rates were used according to the annual reports published by the Central Bank of Iraq - Central Agency for Statistics, for the period (2009-2018).The following table shows the results of the annual inflation rate.

Table No. (5)Annual Inflation Rate results (Amountsin millions Iraqi dinars)

Years	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
INF	2.8	2.4	5.6	6.1	1.9	2.2	1.4	0.5	0.5	0.4

Source: The table is prepared by the researchers.

3.1.6Results ofContinuity of Profits

Continuity of profits is calculated by extracting a beta (β) from the results of the dividend of current profits and profits of the previous year on the total assets of the previous year, and then multiplying the beta (β) in the profits of the previous year. The table (6) shows the results of the continuation of profits.

Table No. (6)Results Continuity of Profits (Amountsin millions Iraqi dinars)

	(BCOI) (Amountsin millions Iraqi dinars)					
DataYear	Nit (1)	AT-1 (2)	β_1 (3)	Nit-1 (4)	AT-1 (5)	$\beta_1 \times$ Nit-1 (6) = (3×4)
2009	4074	204674	0.352	5301	191015	1866
2010	1889	208304	0.352	4074	204674	1434
2011	6576	204164	0.352	1889	208304	665
2012	9217	247446	0.352	6576	204164	2315
2013	10659	293437	0.352	9217	247446	3244
2014	11171	334843	0.352	10659	293437	3752
2015	10615	449273	0.352	11171	334843	3932
2016	9190	414889	0.352	10615	449273	3737
2017	11244	423819	0.352	9190	414889	3235
2018	10759	460617	0.352	11244	423819	3958

Source: The table is prepared by the researchers.

3.2 Statistical Analysis and Proof of Hypotheses

3.2.1 General statistics

The process of finding the general statistics represented by the lowest and highest value, the arithmetic mean and the standard deviation of each of the research variables was conducted here in order to give a complete picture of the data used, as shown in the following table:

Table No. (7)General statistics for variables

Descriptive Statistics				
	Minimum	Maximum	Mean	Std. Deviation
CAR	46	101	76.3	15.41
AQ	79.7	901.32	331.75	268.73
QLR	1.53	2.88	2.32	0.46
GDP	54.72	201.528	155.09	54.98
INF	0.4	6.1	2.38	2.02
Continuation of profits	665	3958	2813.8	1170.13

Source: The table is prepared by the researchers.

From the table (7), it is found that the lowest value of capital adequacy amounted to (46), while the highest value was (101). As for the arithmetic mean, its value was (76.3), with a standard deviation of (15.41). The lowest value for asset quality was (79.7), while the highest value was (901.32). As for the arithmetic mean, its value was (331.75), with a standard deviation of (268.73). While the lowest value of quick liquidity was (1.53) and the highest value was (2.88). As for the arithmetic mean, its value was (2.32) with a standard deviation of (0.46). The lowest value of the GDP was (54.72), while the highest value was (201,528). As for the arithmetic mean, its value was (155.09), with a standard deviation of (54.98). As for the lowest value of the annual inflation rate, it reached (0.40), while the highest value was (6.1). As for the arithmetic mean, its value was (2.38), with a standard deviation of (2.02). As for the lowest value of continuing profits, it was (665), while the highest value was (3958). As for the arithmetic mean, its value was (2813.8), with a standard deviation of (1170.13).

3.2.2 Study the relationship between (capital adequacy ratio, asset quality, quick liquidity, gross domestic product, annual inflation rate) and profit continuity

Here we will study the correlation and impact of the five variables on the one hand and the profit continuity variable on the other hand as follows:

1-Analysis of the correlation and its significance between the independent variables (capital adequacy ratio, asset quality, quick liquidity, gross domestic product, annual inflation rate) and the dependent variable continuity of profits:

The correlation significant test was developed between the variables as follows: The SPSS vr.20 statistical program was used to find the correlation values and their statistical significance, as shown in the following table:

Table No. (8)Correlation of the correlation between the independent research variables (capital adequacy ratio, asset quality, quick liquidity, gross domestic product, annual inflation rate)and the dependent variable continuity of profits

Correlations		CAR	AQ	QLR	GDP	INF
Continuity of profits	Pearson Correlation	$.938^{**}$	$-.725^{*}$	$.756^{*}$	$.725^{*}$	$-.728^{*}$
	Sig. (2-tailed)	.000	.018	.011	.018	.017
	N	10	10	10	10	10
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						

Source: The table is prepared by the researchers.

The Table (8) explainsthat all the correlations between the five independent variables (capital adequacy ratio, asset quality, quick liquidity, gross domestic product, annual inflation rate)on the one hand and the dependent variable continuing profits on the other hand are significant variables below the level of significance of 5% as the value of sig. Less than 5%, and the following is an explanation of the relationships between these variables:

1.   The correlation between the two variables reached the capital adequacy ratio(CAR) and the continuity of profits 0.938, which means that the relationship between the two variables is a direct relationship, and this means reject the first sub-hypothesis which states (there is no significant correlation between capital adequacy and profit continuity) and accepting an alternative hypothesis confirming the relationship between the two variables, which states (there is a significant correlation between capital adequacy and continuing profits).

2.   The correlation between the two variables, the assets quality (AQ) and the continuity of profits, reached -0.725, which means that the relationship between the two variables is an inverse relationship, and it becomes clear from this that there is a relationship between the two variables, which indicates the reject of the second sub-hypothesis which states (there is no significant correlation relationship between the quality of the assets and the continuity of Profits) and accepting an alternative hypothesis that confirms the existence of a negative relationship between the two variables which states (there is a significant correlation between asset quality and continuing profits).

3. The correlation between the two variables, quick liquidity ratio (QLR) and continuity of profits, reached 0.756, which means that the relationship between the two variables is positive relationship, and that means reject the third sub-hypothesis which states (there is no significant correlation relationship between quickliquidity ratio and continuity of profits) and accepting an alternative hypothesis , that proves the relationship between the two variables,which states (There is a significant correlation between quick liquidity ratio and continuing profits).

4. The correlation between the two variables of the gross domestic product (GDP) and the continuity of profits reached 0.725, which means that the relationship between the two variables is positive relationship, and this relationship indicates the reject of the fourth sub-hypothesis which states (there is no significant correlation relationship between the gross domestic product and the continuity of profits) and acceptance of an alternative hypothesis confirming the relationship between the two variables, which states (there is a significant correlation between gross domestic product and continuing profits).

5. The correlation between the two variables of annual inflation rate (INF) and continuing profits reached -0.728, which means that the relationship between the two variables is an inverse relationship, which indicates the reject of the fifth sub-hypothesis which states (there is no significant correlation relationship between the annual inflation rate and the continuity of profits) and confirming the relationship between the two variables by setting an alternative hypothesis which states (there is a significant correlation between the annual inflation rate and continuing profits).

It is clear, from the table (8), that the highest correlation among the five variables(capital adequacy ratio, asset quality, quick liquidity ratio, gross domestic product, annual inflation rate) with the continuity of profits was for the variable capital adequacy first, and the quick liquidity variable comes in second place, and in the third place comes the two variables, the quality of assets and the gross domestic product, then came the variable of the annual inflation rate in last place.

2-Analyzing the impact relationship and its significance between (capital adequacy ratio, asset quality, quick liquidity ratio, gross domestic product, annual inflation rate), and profit continuity

The effect of the five variables (capital adequacy ratio, asset quality, quick liquidity ratio, gross domestic product, annual inflation rate)on the continuity of profits will be studied here, testing hypotheses regarding acceptance or reject, and developing alternative hypotheses for them. The SPSS program has produced a summary of the following results:

Table No. (9) Statistics of the impact of the five variables on the variable profit continuity

Dependent variable	Independent variable	Coefficient of determination	Adjusted coefficient of determination	F-Test value	Significance of F- Test	value of the effect parameter	T-Test value	Significance Sig T-Test	Significant of variable
Continuity	CAR	0.88	0.87	58.696	0.000	0.94	7.661	0.000	Positive

of profits									significant
AQ	0.53	0.47	8.884	0.018	-0.73	-2.981	0.018	Inverse significant
QLR	.571	0.518	10.667	0.011	0.76	3.266	0.011	Positive significant
GDP	.526	0.466	8.869	0.018	0.73	2.978	0.018	Positive significant
INF	.530	0.472	9.032	0.017	-0.73	-3.005	0.017	inverse significant

Source: The table is prepared by the researchers.

Through Table (9), the following is an interpretation and analysis of the results of the impact of the five independent variables (capital adequacy ratio, asset quality, quick liquidity, gross domestic product, annual inflation rate) which is the dependent variable of the continuity of profits:

1. The value of the determination coefficient of the capital adequacy (CAR) ratio was 0.88, while the value of the adjusted coefficient of determination was 0.87, which means that the regression model used explained 88% of the total differences, and the value of the F-Test was equal to 58.696 with the sig significant value. It is equal to 0.000, which is less than the significance level of 5% and indicates the significance of the impact model for the capital adequacy ratio on the continuity of profits, and that the value of the effect parameter 0.94 with the value of its T-Test is equal to 7.661, which is a value of positive significance due to the sig value. It was less than the significance level of 5%, which means that an increase in the value of the capital adequacy ratio by one unit leads to an increase in the continuity of profits by 0.94. This indicates the reject of the first sub-hypothesis which states (there is no significant correlation between capital adequacy and the continuity of profits) and acceptance of the alternative hypothesis which states (there is a significant correlation relationship between capital adequacy and profit continuity).

2. The value of the determination factor for the assets quality (AQ) reached a value of 0.53, while the value of the adjusted coefficient of determination was 0.47, which means that the regression model used explained 53% of the total differences, and the value of the F-Test was equal to 8.884 with the sig significant value. It is equal to 0.018, which is less than the significance level of 5% and indicates the significance of the impact model for the asset quality on the continuity of profits, and that the value of the impact parameter -0.73 with the value of its T-Test is equal to -2.981, which is an inverse significant value due to the sig value. It was less than the significance level of 5%, which means that an increase in the value of asset quality by one unit leads to a decrease in continuing profits

by 0.73. Which indicates the reject of the second sub-hypothesis, which states (there is no significant correlation between the quality of the assets and the continuity of profits) and acceptance of the alternative hypothesis which states that (there is a significant correlation relationship between the quality of the assets and the continuity of profits).

3.   The value of the determination coefficient of quickliquidity ratio(QLR) was 0.57 and the value of the adjusted determination coefficient was 0.52, which means that the regression model used explained 57% of the total differences, and the value of the F-Test was equal to 10.667 with the significant value of sig. It is equal to 0.011, which is less than the level of significance 5% and indicates the significance of the impact model of quick liquidity on the continuity of profits, and that the value of the impact parameter of 0.76 with the value of its T-Test is equal to 3.266, which is a value of positive significance due to the sig value. It was less than the significance level of 5%, which means that an increase in the liquidity value by one unit leads to an increase in the continuation of profits by 0.76. This analyze leads toreject the third sub-hypothesis, which states (there is no significant correlation between quick liquidity and continuity of profits) and accepting the alternative hypothesis, which states (there is a significant correlation relationship between quick liquidity and continuity of profits).

4.   As for the gross domestic product (GDP), the value of the coefficient of determination was 0.53, while the value of the adjusted coefficient of determination was 0.47, which means that the regression model used explained 53% of the total differences, and the F-Test value was equal to 8.869 with the sig significant value. It is equal to 0.018, which is less than the significance level of 5% and indicates the significance of the impact model of the GDP on the continuity of profits, and that the value of the effect parameter of 0.73 with the value of its T-Test is equal to 2.978, which is a value of positive significance due to the sig value. It was less than the significance level of 5%, which means that an increase in the value of GDP by one unit leads to an increase in the continuity of profits by 0.73. This indicates the reject of the fourth sub-hypothesis, which states (there is no significant correlation relationship between the gross domestic product and the continuity of profits), and the acceptance of the alternative hypothesis, which states (there is a significant correlation relationship between the gross domestic product and the continuity of profits).

5.   The value of the determination coefficient for the annual inflation rate (INF) was 0.53, while the value of the adjusted determination coefficient was 0.47, which means that the regression model used explained 53% of the total differences, and the value of the F-Test was equal to 9.032 with the sig significant value. It is equal to 0.017, which is less than the significance level of 5% and indicates the significance of the impact model of the annual inflation rate on the continuity of profits, and that the value of the effect parameter -0.73 with the value of its T-Test is equal to -3.005, which is a value of negative significance due to the sig value. It was less than the significance level of 5%, which means that an increase in the value of the annual inflation rate by one unit leads to a decrease in the continuation of profits by 0.73. This analyze indicates the reject of the fifth sub-hypothesis, which states (there is no significant correlation between the annual inflation rate and the continuity of profits) and the acceptance of the alternative hypothesis which states (there is a significant correlation relationship between the annual inflation rate and the continuity of profits).

IV. Conclusions and recommendations

4.1 Conclusions

The research reached the following conclusions:

1. The relationship between capital adequacy (CAR) and the continuity of profits, and so that the continuity of profits emerged as a positive significant relationship, an increase in the value of capital adequacy by one unit leads to an increase in profit continuity by 0.94

2. The relationship between the assets quality (AQ) and the continuity of profits appeared to be an inverse significant relationship, an increase in the value of asset quality by one unit leads to a decrease in profit continuity by 0.73.

3. The relationship between quick liquidity ratio (QLR) and continuing profits emerged as a positive significant relationship. And that an increase in the value of quick liquidity by one unit leads to an increase in dividends continuity of profits by 0.76.

4. The relationship between (GDP) and the continuity of profits emerged as a positive significant relationship. And that an increase in the value of the gross domestic product by one unit leads to an increase in profit continuity by 0.73.

5. The relationship between the annual inflation rate (INF) and continuing profits appeared to be an inverse relationship. An increase in the annual inflation rate by one unit leads to a decrease in the profit continuity by 0.73.

6. It was found that the highest correlation of the five independent variables (capital adequacy ratio, asset quality, quick liquidity ratio, gross domestic product, annual inflation rate) with the dependent variable, continuity of profits, was as follows: firstly, capital adequacy ratio, secondly, quick liquidity, and thirdly, quality Assets, GDP, and finally the annual inflationrate.

4.2 Recommendations

The research reached the following recommendations:

1. The Commercial banks must work to increase their capital and the necessity to reduce the risks of risk-weighted assets, as well as employ the increase in investments that are free or low risk in order to be able to achieve continuous profits.

2. The Commercial banks must work to reduce or get rid of bad loans and increase the most secure loans, by granting loans in exchange for guarantees that guarantee obtaining them with their interest at the time they are due, and thus loans granted with guarantees guarantee banks to obtain the return from the loans continuously.

3.   The commercial banks should not to keep a high percentage of cash, because keeping cash at a high percentage does not achieve profit, but rather employ part of that cash in short-term investments because they generate a reasonable profit.

4.   The Commercial banks must make sure that short-term investments achieve an acceptable profit through a feasibility study.

5.   TheCommercial banks must make sure that the loans they grant to customers represent profitable loans, and they can be collected at the time of their maturity and are not subject to default in the future, by granting loans with guarantees and that continuing this activity leads to making the profits of the banks continue to achieve them.

6.   The Commercial banks should study the conditions and other economic determinants that the country is going through, monitor the events that may happen in terms of general prices, interest rate, and exchange rate, and take advantage of the efficiency of those with expertise in banking management in forecasting the macroeconomic influences and taking caution andattention.

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