



Determinants of Financial Structure and their Impact on Banking Performance (An Analytical Study of Iraqi Private Banks)

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ABSTRACT

Purpose: The study aims to understand Iraqi commercial banks' behavior toward their financial structures and evaluate their performance using the standard equation method and the Panel Data method.

Theoretical framework: An increase in financial leverage leads to an increase in the required rate of return on equity due to the high risk faced by shareholders, is concluded in a theory of corporate finance. There are internal and external determinants that affect the financial structure of a bank and their performance as well. External determinants include taxation policy, inflation rates, and the situation of financial markets while internal determinants include bank size, asset structure and growth rate. However, Iraqi banking sector witnessed major changes due to the openness and reconsidering the existing regulations and laws and dealing with the data of globalization era.

Design/methodology/approach: The approach of this research is to find the banking performance of Iraqi banks by incorporating the size of bank, the structure of bank's assets and growth of banks as determinants and return on assets (ROA) is taken as an indicator of banking performance. Multiple regression was applied using the Panel Data method to test the ability of the independent variables in explaining and understanding the dependent

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