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Revista de Antropología, Ciencias de la Comunicación y de la Información, Filosofía, Lingüística y Semiótica, Problemas del Desarrollo, la Ciencia y la Tecnología

Año 34, 2018, Especial N° 17

Revista de Ciencias Humanas y Sociales
ISSN 1012-1587/ ISSNe: 2477-9385
Depósito Legal pp 198402ZU45

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Opción, Año 34, Especial No.17 (2018): 1259-1289
ISSN 1012-1587/ISSNe: 2477-9385

Determinants of the performance of gulf commercial bank using the camel model

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Abstract

The research aimed to analyze the performance by using elements of the CAMEL model, and identify factors that are most impacting on performance via the application of the CAMEL model to the Gulf Commercial Bank. The study found that when looking at all the capital adequacy ratios of the bank and for all years of study, it is much higher than the capital adequacy indicators approved by the Basel Committee. In conclusion, although asset quality ratios vary for years of schooling, they remain a very acceptable proportion.

Keywords: CAMEL, Capital, Profitability, Quality, Liquidity.

Recibido: 04-12--2017 •Aceptado: 10-03-2018

Determinantes del rendimiento del banco comercial del golfo utilizando el modelo camel

Resumen

La investigación tuvo como objetivo analizar el rendimiento mediante el uso de elementos del modelo CAMEL e identificar los factores que más impactan en el rendimiento a través de la aplicación del modelo CAMEL al Gulf Commercial Bank. El estudio encontró que al observar todos los índices de suficiencia de capital del banco y para todos los años de estudio, es mucho más alto que los indicadores de suficiencia de capital aprobados por el Comité de Basilea. En conclusión, aunque los índices de calidad de los activos varían según los años de escolaridad, siguen siendo una proporción muy aceptable.

Palabras clave: CAMEL, Capital, Rentabilidad, Calidad, Liquidez.

1. INTRODUCTION

The banks as a whole constitute a ring in which the various fields of economic activity interact, and the greater the activity, the greater the investment and the variety of services and activities of banks, Since the success of such banks in the performance of their realization would necessarily lead to increased progress and development of the economies of countries and in various fields, Most of these countries and through central banks have been concerned with evaluating the performance of these banks to identify the changes that have occurred, and the effects on economic activity, as well as to ensure the safety of financial position and compliance with the

provisions and laws and instructions of central banks ,Banks constitute a whole ring , Several models and systems have been used to assess banks' performance, including the CAMEL model. Hence, the research is an attempt to evaluate the performance of Gulf Commercial Bank using the CAMEL model. The study included four investigations, The first dealt with the methodology of the study in terms of importance and objectives and the problem and hypotheses and some previous studies, while the second section dealt with the theoretical framework, including performance evaluation, and the clarification of the CAMEL model, on the other hand, The third topic dealt with the practical aspect of the research, including a brief about the Gulf Commercial Bank and its management and banking systems. The study concludes with conclusions and recommendations as the last research.

2. METHODOLOGY

2.1. Research problem

The problem of the research can be explained by the following main question:

How likely is the CAMEL model to assess Gulf Bank's performance? And from it branch the following questions

1. Does Gulf Commercial Bank achieve solvency ratio with sufficient capital adequacy?

2. Does Gulf Commercial Bank achieve quality assets?

3. Does Gulf Commercial Bank achieve efficient management with efficient administrative staff?

4. Does Gulf Commercial Bank achieve his stability having sufficient profitability?

5. Does Gulf Commercial Bank achieve Employment and retention of possession of liquidity?

2.2. Research objectives

This research aims to demonstrate the CAMEL model to assess the performance of commercial banks and give a clear and integrated picture to detect the imbalance in the performance of the Gulf Business Bank early, as well as to show the positive aspects of its performance, and to overcome the weak points it suffers, and then reach a sound banking sector by studying the components of the CAMEL model and demonstrating how this model is used to assess the performance of commercial banks.

2.3. The importance of research

The banking sector plays an important role in economic and social life, as it is the main element in the consolidation of confidence

in the state policy and its sponsorship of economic interests, It is worth mentioning that the more correct the banking situation, the more likely it will be for the economy to recover, forming an encouraging factor to attract investment and business, So it is necessary to subject banks to supervision and control to maintain the integrity of their financial centers, to reach a sound banking sector, safeguards the rights of depositors and investors, ensures the proper implementation of the country's monetary policy, and funds long and short-term investments to contribute effectively to the development and prosperity of the national economy

2.4. Research hypotheses

The main hypothesis is The CAMEL model has the potential to assess the performance of Gulf Commercial Bank

1. Gulf Commercial Bank achieves its solvency ratio by owning capital adequacy.

2. Gulf Commercial Bank achieves quality assets.

3. Gulf Commercial Bank achieves efficient management with efficient administrative staff.

4. Gulf Commercial Bank achieves his stability having sufficient profitability.

5. Gulf Commercial Bank achieves employment and retention of possession of liquidity.

3. THEORETICAL FRAMEWORK

3.1. Origin of camel model

One of the first countries to use early warning standards was the United States of America, due to bank failures in 1933, in which more than 4,000 local banks were declared bankrupt. This was one of the reasons for the establishment of the Bank Deposit Guarantee Corporation, Where the whole banking system exposed the phenomenon of loss of confidence and the public defends the banks to withdraw their deposits, and then a similar collapse in the science of 1988 led to the failure of 221 banks. It has been using US early warning standards since 1979, as the Federal Reserve continued to classify banks and extend banks to ratings without being published to the public until banking authorities predicted the collapse of the banking system before it took place, down from only 3 in 1998. The results of the US banks' rating by CAMELS reflected a good comparison of the two periods First quarter of 1998 Compared with the results of 1988, the results of the first quarter of 1998 showed that all local banks are classified in 1 and 2 and that more than 40% have a classification of 1 (Jaidi, 2014).

However, there is disagreement over the possibility of publishing the results of the CAMELS analysis to the public between the supporters and the fairs. Some believe that they are very confidential and therefore only limited to the regulatory authorities, so that their dissemination does not affect public confidence in banks and the banking system as a whole. While others see the need to publish them to take the facts to the public and then make its decision aware of the matter as long as the publication does not affect the integrity of the banking system and lead to failure and collapse as a whole (Ashouri, 2011).

3.2. Definition of camel model

It is defined as a system for determining the safety of banks by dealing with problems of banks that are not compliant with the rules and banking legislation (Donald et al., 2001). It has also been defined as an effective unified regulatory system for assessing the performance of banks to determine their financial viability by identifying their strengths and weaknesses by relying on its core elements to enable the Supervisory Authority to intervene to correct the situation and the protection of financial safety in the banking sector (Imam, 2010). CAMEL model is a set of indicators that analyze the financial position of a bank and its rating, This method is one of the means of direct control, which is conducted through field inspection, where the regulatory authorities in America to adopt the results of CAMEL model and to rely on them in decision-making (Jaidi, 2014). It is a

quick indicator of the financial position of any bank and its degree of classification. The standard is one of the direct means of monitoring through field inspection. The supervisory authorities have taken the results of the CAMEL standard and relied on them in the supervisory decisions because they reflect the real situation of the bank. The standard has five main components

1-Capital Adequacy

2- Asset Quality.

3- Management.

4- Profitability Earnings.

5- Liquidity

The letter C represents capital adequacy for the protection of depositors and risk coverage, letter A for the quality of the products and what is expected to be collected from their net worth within and outside the budget and the extent of the existence of provisions to meet the doubtful assets while the letter M represents the management, level of efficiency and depth, and its commitment to the laws governing the work of banking and the efficiency of internal and institutional controls and the existence of future policies and planning. The letter E represents the level of profitability, the extent of its contribution to the bank's growth and the increase in capital. Finally, the letter L is a

measure of the safety of the liquidity position and the ability of the bank to meet its current and future expected and unanticipated obligations. Ross (2002), has added a sixth element which is the sensitivity of market risk in January 1997 and thus became known as the CAMEL. Joseph & Sinkey (2002), and each indicator expresses a number of financial ratios. Each indicator also includes detailed indicators according to the banking system and its country, as well as the availability of published data on that organ. (Rajana & Berg, 2000). As defined (Hamoudi, 2009): The CAMEL 6 Index is a quick indicator of the financial position of a bank and its degree of classification, and is one of the direct means of monitoring conducted through field inspection. The regulatory authorities in America have taken the CAMEL results and relied on them to make decisions (Boraqbeh, 2010).

3.3. The most important criteria of the camel model

These standards are based on supervisory standards and cover five main areas of the bank (Capita- Asset Quality- Management- Earning -Liquidity). In accordance with this system, an evaluation is given for each axis of the examination ranging from 1 to 5 performance and then the formation of a general indicator reflects the overall performance of the default value, which ranges from a cycle of 1 to 5 Perhaps one of the most important elements focused on the evaluation in each of the five axes as follows:

3.3.1. Capital adequacy

Capital is the primary source of protection for deposits and banks with sufficient and large capital to absorb losses without prejudice to the rights of depositors. The capital consists of the following Base capital: This includes paid-up capital, retained earnings and legal and general reserve.

Assistant capital: includes revaluation reserve and provisions for future losses and capital is sufficient if it is greater than 8%.

Capital adequacy indicators determine the resilience of financial institutions in the face of the shocks facing the budget items, and the importance of these indicators when taking into account the financial risks facing financial institutions, Such as exchange rate risk, credit risk and interest rate risk. Indicators used in this area:

Adjusted risk weighted capital - Recurrent distribution of capital rates (Boukhalkhal, 2010).

3.3.2. Assets quality

Assets are assessed on the ground by competent and experienced persons in this field, and assets are classified as either good, doubtful or loss. The asset quality rating gives the level of financial and future risks associated with borrowing and the risks of

the investment portfolio, real estate, and extra-budgetary operations it also shows the classification of the management's ability to identify, measure and monitor risks. In order to assess assets, the adequacy of the debt and risk allocation affecting the value of investments such as operational risk, a strategic reputation established, compliance with regulations should be taken into consideration (Abdullah, 2002).

3.3.3. Management

The administrative aspect is evaluated in the final stage because the other aspects are finally settled, and the administrative aspect is evaluated through the following aspects.

A) A well-managed bank expects to have sufficient capital, quality of assets, adequate profits and sufficient liquidity.

B) The Bank's compliance with the laws and regulations governing banking work

C) The existence of competent managers for the future of the Bank (Hassan, 2002).

There are also some reliable quantitative indicators (Abdullah, 2002). Rates of expenditure, the percentage of income for each employee, and the expansion of the preparation of financial institutions.

3.3.4. Earning

The focus is on verifying the returns on assets and comparing them with the average yield to see the returns and profits achieved by the bank. Earning is the difference between revenues and costs. Profitability is the ability of the Bank to achieve revenues and profits continuously and growth in a balanced manner, in addition to the implementation of policies that reduce the public expenditure and follow-up doubtful debts so as not to stumble (Alfarra, 2012).

3.3.5. Liquidity

Is defined as the solvency between short-term liquidity and a better price; on the one hand, investment and employment are feasible on the other. Liquidity management in banks aims to achieve the following (Aburaghdah, 2010).

-Making sound decisions about the volume of deposits, as the increasing of the volume of deposits in the absence of Employment, leading to low profitability.

Maintaining adequate liquidity ratios for emergency needs. -

- Respect the liquidity ratios specified by the Monetary Authority, In addition to setting a minimum liquidity level in line with activities the bank (Boukhalkhal, 2010).

Liquidity is a measure of the Bank's ability to meet its immediate obligations without loss, ie ensuring that liquidity is well managed. Banks should maintain liquid assets that can be liquidated quickly or at short risk to meet commitments. The bank's liquidity is classified as good, sufficient, weak, or insufficient (Sisi, 1998).

4. PRACTICAL FRAMEWORK

4.1. Camel indicators

4.1.1. Capital adequacy indicators

Three equations were used to derive capital solvency ratios

Equation 1) Capital adequacy ratios = equity / current accounts and deposits

Equation 2) Capital adequacy ratios = Free capital / investments + loans.

This simplification explains the owners' rights less fixed assets to determine the extent to which net capital is able to meet the risks of loans and investments

Equation 3) Capital adequacy ratio = total capital and reserves / total assets

Appendix 1 shows the accounts extracted from the annual reports of Gulf Commercial Bank for the period from 2011 to 2015 for all ratios of the CAMEL model equations. Table (1) shows the bank's solvency ratios for the period of study and all the above equations.

Table (1) Gulf Bank Commercial Equity Ratio

the year / Equations	2011	2012	2013	2014	2015
Equation 1	%54,5	%57,2	%72,9	%80	%78,6
Equation 2	%49,8	%73,2	%89	%74,4	%60,7
Equation 3	%33,4	%35,1	%38,9	%42,4	%39,7

Table (1) shows that the ratio of capital adequacy through the equation (equity / current accounts deposits) increased from 54.5% in 2011 to 57.2% in 2011, reaching 78.6% in 2015 , Despite a slight decrease from the previous year of 80%, it remains a very acceptable percentage compared to the capital adequacy indicators approved by the Basel Committee which adopted 8%. Thus, Gulf Commercial Bank exceeded this percentage for all years of study, indicating that the bank is more compliant with the requirements of this committee than planned.

The capital adequacy ratios (free capital / investments + loans) showed a steady rise during the first three years, from 49.8% in 2011 to 73.2% in 2012 and then to 89% In 2013 and then declined in the last

two years to 74.4%, 60.7% for 2014 and 2015, respectively, Indicating that Gulf Business Bank has been heavily involved in financing its assets on domestic financing sources.

The ratio of capital adequacy through the equation (total capital and reserves / total assets) was consistent with the increase and decrease in capital adequacy ratio of equation (1) , increasing from 33.4% in 2011 to 35.1% in 2012, To reach 39.7% in 2015, despite a slight decrease from 42.4% in the previous year. However, it remains a very acceptable percentage compared to the efficiency indicators of the Basel Committee, which adopted 8%, and thus exceeded the Gulf Commercial Bank this percentage for all years of study, which indicates that the bank is more in line with the requirements of this committee than planned.

And refer to the annex to the classification of banks issued by the Central Bank of Iraq Table (1) of the regulatory capital, as part of the indicators of evaluating the performance of banks and commercial banks of the Federal Audit Bureau for the year 2011, has identified five classifications to determine the solvency of capital, and select a higher solvency ratio of 12%, within the first category. When looking at all ratios and all years of schooling and all the equations shown in Table (1) much higher than the rate determined by the Central Bank of Iraq. Therefore, we can say that Gulf Commercial Bank enjoys a high solvency ratio, as the company (Gulf Commercial Bank) ranked first in terms of the number of shares most traded for the banking sector in the Iraqi market for securities for the year 2014. The number of shares

reached (147.9) billion shares and (19.9%) of the total, Commercial Bank of Iraq (GBB) was the first in the banking sector for the year 2015, Amounting to approximately 45.3 billion dinars and 9.9% of the total trading in accordance with the annual report on the movement of trading in the Iraqi market for securities for the years 2014, 2015. This leads to acceptance of the first sub-hypothesis

4.2. Asset quality indicators

Three equations were used to extract asset quality ratios

Equation 1) Asset Quality Ratio = (Profitable Assets / Capital) × 100.

Equation 2) Asset Quality Ratio = (Profitable Assets / Asset Assets) × 100

Increase ratio positive status, profitable assets = secondary reserves + loans and investment for various deadlines.

The secondary reserves in the Commercial Bank are liquid assets that yield a return. These include securities and discount commercial paper which can be converted into liquid cash when needed. These reserves in the field of liquidity have multiple benefits, which contribute to the consolidation of the initial reserves, and to absorb the excess of the initial reserves of the requirements of the

bank, as well as it contributes to achieving a percentage of the profits of the bank

Equation 3) Asset Quality Ratio = (Profitable Assets / Available Funds) x 100

Increasing the ratio means good bank activity, available funds = total sources of funds - fixed assets. Table (2) shows asset quality ratios of the bank and the period of study and all the above equations

Table (2) Asset Quality Ratios for Gulf Commercial Bank

the year / Equations	2011	2012	2013	2014	2015
Equation 1	%208	%223	%141	%155	%159
Equation 2	%61,4	%54,7	%45	%57,1	%58,9
Equation 3	%65,1	%57,9	%47,5	%61	%70,1

Table (2) shows that the asset quality ratios through the (profitable assets/ capital) equation showed an increase and decrease in the years of study and very little. The year 2012 recorded the highest quality of Gulf Commercial Bank assets during the years of study, and amounted to 223%, compared to the previous year, which amounted to 208%, and decreased by 141% in 2013, up from 155.4% and 159% in the last two years, 2014, 2015, respectively. And despite the disparity in asset quality ratios for study years, it remains a very acceptable

proportion. And refer to the annex to the classification of banks issued by the Central Bank of Iraq Table (2) of asset quality, within the indicators of evaluating the performance of banks and commercial banks of the Federal Audit Bureau for the year 2011, It has identified five classifications to determine the quality of assets, and select non-performing assets of banks that are less than 5% - in relation to their capital - in the first classification. The ratios shown in Table 2, which represent the ratio of assets is profitable of Gulf Commercial Bank to its capital and all the years of study was not less than 141% in 2013, indicating that there are no bad assets at Gulf Commercial Bank at all, so we can say that Gulf Bank's assets are of a very high quality.

As shown in Table (2) above, the asset quality ratios through the (profitable assets / total assets) • equation showed a very low and very low study year. 2011 recorded the highest quality of Gulf Commercial Bank's assets 61.4%, And then decreased in 2012 and 2013 by 54.7% and 45%, respectively, to rise again in the two years 2014-2015 by 57.1% and 58.9% respectively, However, despite the disparity in asset quality ratios for the years, it remains a very acceptable percentage, as the profitable assets - secondary reserves, loans and investment for different maturities - representing half or more of the ratio of total assets. The asset quality ratios through the formula (profitable assets / available funds) showed a slight variation during the years of study, reaching the highest rate in the last year 2015 by 70.1% and in 2013 the lowest percentage reached 47.5%, to rise to 61% in 2014, and the percentage decreased in 2012 from the previous and amounted to 57.9%. From the above we can say, the Gulf Commercial Bank's

profitable assets, which represent secondary reserves (securities and discount trade notes), as well as loans and investment for different periods, are equivalent to almost half the available funds to the bank, which is the total of sources of funds minus fixed assets. Which indicates the high quality of the assets of the bank, leading to acceptance of the second sub-hypothesis.

4.3. Management index

The management aspect is evaluated in the final stage because the other aspects end up in it, in the sense that the bank enjoys high capital adequacy, quality assets, high profitability and liquidity to meet the obligations in the best way, All this is behind management merit of making the right decisions for the bank, and the administrative side is evaluated through several factors, including:

A) Apply the bank's official policies

B) The Bank's compliance with regulations and laws and compliance with internal controls.

C) The Bank's management adopts new standards for the management of individuals with an effective.

D) The staff should be well trained and motivated.

E) The system of powers is clear and the bank's management is constantly reviewed

F) Bank management's understanding of future expectations.

The factors above were not used in the analysis; they needed internal evaluation.

4.4. Earning (profitability) indicators

Three equations were used to derive profitability ratios

Equation 1) = Profitability Ratios = Net Profit / Total Assets

Equation 2) = Profitability Ratios = Net Profit / Equity

Equation 3) = Profitability Ratios = Total Profit or Return / Total Assets

Table (3) shows the Bank's profitability ratios for the study period for all the above equations.

Table 3: Profitability Ratios of Gulf Commercial Bank

the year / Equation	2011	2012	2013	2014	2015
Equation 1	%3,3	%7,3	%6,1	%4,4	%1,2
Equation 2	%9,8	%20,7	%15,6	%10,4	%3,1
Equation 3	%7,9	%13,6	%11,2	%10	%8

Table (3) shows that profitability ratios through the equation (net profit / total assets) , Showed a rise* and decline in the years of study and very slightly, and recorded in 2012 the highest profitability rate of the Gulf Commercial Bank during the years of study and amounted to 7.3% , Compared to the previous year, which amounted to 3.3%, and then decreased in 2013 from the previous to reach 6.1%, and continued profitability ratio decreased in the last two years 2014, 2015 by 4.4% and 1.2%, respectively. Despite the disparity in asset quality ratios for school years, it remains a very acceptable percentage and refer to the annex to the classification of banks issued by the Central Bank of Iraq Table (3) of profits , within the indicators of evaluating the performance of banks and commercial banks of the Federal Audit Bureau for the year 2011, has identified five classifications to determine profit ratios, and select net profit to banks, which are more than 2.5% - compared to its assets - within the first classification. It is noted that the ratios shown in Table (2), which represent the rate of return on assets of Gulf Commercial Bank of all the years of study -

except for the last year 2015- was not less (as mentioned above) of 3.3% in 2011, indicating the high profitability ratios of Gulf Commercial Bank were in the first category; While the profitability ratios for 2015 were within the middle category (3). Therefore, we can say that the profitability of Gulf Commercial Bank is high.

The profitability ratios were also shown through the equation of (net profit/equity ratio) slightly different during the years of study, with the highest rate of profitability in 2012 and by 20.7% which was more than the previous one more than doubled, in 2011 it reached 9.8%, and then the percentage decreased in the next three years to reach 15.6%, 10.4%, 3.1% for the years 2013, 2014, 2015 respectively. In spite of the rise and fall in the rate of return on equity for the years of study, but it has achieved the first classification within the classifications of the annex of banks classification issued by the Central Bank of Iraq mentioned above. The profitability ratios were also shown by (gross profit or return / total assets) slightly different during the years of study, and are very similar to the profitability ratios in the previous equation in terms of high and low percentage of years of study, the highest rate of profitability in 2012 and by 13.6, and was more than the previous and the amount is close to double, which reached in 2011 by 7.9%, In the subsequent three years, the ratio was reduced to 11.2%, 10% and 8% for the years 2013, 2014 and 2015, respectively. Despite the rise and fall in the profitability ratio for the years of the study, it has achieved the first classification within the classifications of the annex to the classification of banks issued by the

Central Bank of Iraq mentioned above. This leads to acceptance of the fourth hypothesis.

4.5. Liquidity ratio indicators

Three equations were used to extract liquidity ratios

Equation 1) Liquidity Ratio = Total Loans / Total Deposits

Equation 2) Liquidity ratio = Cash in cash and at banks / current accounts and deposits

Equation 3) Liquidity Ratio = Current Assets / Current Liabilities

Table (3) shows the liquidity ratio of the bank and the study period and all the above equations.

Table (4) Liquidity Ratio of Gulf Commercial Bank

the year / Equations	2011	2012	2013	2014	2015
Equation 1	%06	%04	%03	%04	%03
Equation 2	%44,6	%61,4	%88,4	%80,2	%59,8
Equation 3	%142	%146	%155	%163	%156

Table (4) shows that the ratio of liquidity through the equation (total loans/total deposits) showed a • rise and fall in the years of study and very little. The year 2011 recorded the highest liquidity ratio of Gulf Commercial Bank during the years of study and reached 06%, Liquidity decreased in 2012-2014, which reached 04% per annum. In 2013-2015, the ratio of loans to total deposits reached 03% per annum. Despite the differences in liquidity ratios for the study years, it remains a high liquidity ratio and refer to the annex to the classification of banks issued by the Central Bank of Iraq Table (4) of liquidity, within the indicators of evaluating the performance of banks and commercial banks of the Federal Audit Bureau for the year 2011, has identified five classifications to determine liquidity ratios, and select total loans to banks with a ratio of less than 60% - compared to their total deposits - within the first classification. It is noted that the ratios shown in Table (4), which represent the liquidity ratio of Gulf Commercial Bank and all the years of study, were not more than (06 %) as mentioned above, indicating the high liquidity ratios of Gulf Commercial Bank were in the first category, Therefore, we can say that in general, the bank has excellent plans for managing the funds, and there is a balance between the liabilities and the possibility of repayment. The liabilities are inherently stable and there is no problem in repaying them when they are due with the possibility of saving some surplus. The bank also has suitable assets that can easily be transferred to Cash flows to meet full liquidity needs. Liquidity ratios were also shown through the equation (cash in hand and at banks/ current accounts and deposits) slightly different during the study years, with the highest liquidity ratio in 2013 Which amounted 88.4%, It has more than the previous two years, almost double the year 2011 Which amounted to 44.6%, which was the lowest rate for the years of study , While it was less

than double in comparison with the year 2012, which reached 61.4%, and the liquidity ratio in the last year dropped to 59.8% from 80.2% last year. Despite the rise and fall in the liquidity ratio for the years of the study, it has achieved the first classification within the classifications of the annex of banks classification issued by the Central Bank of Iraq mentioned above. Liquidity ratios were also shown in the equation (current assets / current liabilities) a steady increase during the first four years, Up from 142% in 2011 to 146% in 2012, then rose to 155% in 2013, then rose to 163% in 2014, and then the liquidity ratio decreased slightly in the last year compared to previous years to reach 156%, This indicates that Gulf Commercial Bank has been heavily involved in financing its assets on short-term financing sources, thus achieving the first classification within the classification of annex of banks classification issued by the Central Bank of Iraq. This leads to the acceptance of the fifth hypothesis. From the above, we can say that all indicators of CAMEL model came in a positive and remarkable, which stands behind the good management of the bank and making the right decisions in all its work, which confirms the acceptance of the third hypothesis of the management index. By applying the CAMEL model to Gulf Business Bank, we conclude that it leads to an assessment of the Bank's performance by identifying strengths and weaknesses of the Bank, which helps decision makers in the Bank's conduct to the best. This leads to acceptance of the main hypothesis.

5. CONCLUSIONS

From the application of the CAMEL model to the Gulf Commercial Bank, the research reached the following conclusions:

1. When looking at all the capital adequacy ratios of the bank and all years of study and all equations (equity/ current accounts and deposits, free capital/ investments + loans, total capital and reserves/ total assets), it is much higher than the capital adequacy indicators Which was approved by the Basel Committee on the one hand, and the percentage determined by the Central Bank of Iraq on the other hand, and came within the first classification within the indicators of evaluation of the performance of banks and commercial banks of the Federal Audit Bureau for the year 2011, Which generally indicates the Bank's growing ability to meet customer deposits and the availability of provisions to address problems that may arise as borrowers default In the payment of their obligations .

2. Despite the disparity in asset quality ratios for years of study and all equations (profitable assets/ capital, profitable assets/ total assets, or profitable assets/ available funds), they remain a very acceptable ratio. The fact that profitable assets - of secondary reserves, loans and investments of different maturities - represent half or more of the ratio of total assets. Which indicates the high quality of the bank's assets and came within the first classification within the indicators of evaluating the performance of banks, reflecting the interest of the management of the bank in the acquisition of assets realized revenues that reflect positively on expansion and competition.

3. Profitability indicators showed a steady increase in the Bank's profitability for the years of study and for all equations (net profit/ total assets, net profit/ equity, total profit or return / total assets) The Bank should increase the profitability ratios which have been declining in particular in the last year, thus enhancing the Bank's efficiency in managing its own assets or funds, and came within the first classification within the indicators of evaluating the performance of banks, however, the bank should increase the profitability rates, which are declining, especially in the last year, which enhances the efficiency of the bank in the management of assets or private funds.

4. Liquidity indicators showed the Bank's tendency towards strengthening the liquidity aspect to face emergency cases for the years of study and for all equations (total loans/ total deposits, cash in the fund and at banks/ current accounts and deposits, current assets/ current liabilities). These indicators came within the first classification within the indicators of evaluating the performance of banks, as well as the reserve to face the cases of withdrawal of deposits, especially short-term through the increase of liquid assets, despite the apparent volatility in their indicators. Deposits indicators also showed an increase in the average deposit ratio, leading to the stability of the bank's sources of funds and the opportunity to invest them for longer periods

6. RECOMMENDATIONS

1. To benefit from the expertise of leading international and foreign banks in this field in order to improve the efficiency and performance of the bank.

2. The increasing interest in the preparation of training courses in the evaluation of the bank; in order to know its performance.

3.The Bank should keep pace with the existing conditions and the Bank's ability to provide the necessary support and financing for small industries and productive sectors so that the Bank achieves two objectives at the same time. The first is a development objective that supports these projects and the second is to achieve profitable returns through its lending activities.

4. The management of the bank to work on the establishment of investment funds in a manner that helps to stimulate and attract savings and the collection and reduction of risks.

5. The need for the management of information systems between the general administration of the bank and the branches and then between the banks and the central bank allows the smooth exchange of information.

6. Coordination with Arab and regional banking organizations and unions for the participation of employees in the financial and accounting fields.

7. Work to increase profitability through the use of deposits in an optimal manner and the exploitation of excess liquidity in the bank and invest in new projects.

8- The need to continue to qualify the supervisory staff at the Central Bank through subjecting it to training courses linked to the reality of their supervisory work and in line with the conditions of our banks .

9. The need to work on the evaluation of banks according to CAMEL model that includes the assessment of all private banks and government

10. Attention to avoid weaknesses in some of the sub-indicators and strengthen the indicators that recorded aspects of strength in the activity of the bank.

11. The need to reduce the dependence on external funds in financing assets, which helps In the ability to face multiple risks.

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Appendix (1) Accounts for the extraction of CAMEL model indicators (Amounts in millions of dinars)

The statement	2011	2012	2013	2014	2015
Equity	118184	149088	303984	345947	321625
Current accounts and deposits	216937	260780	417143	455212	409221
Fixed assets	20118	13478	31742	30973	49982
Investments	129605	17945	64794	77925	167113
Loans and advances	67135	167328	241020	345482	280471
Total assets	354046	424766	781479	816479	810971
Capital	103950	103950	250000	3000000	300000
Reserves	14234	45138	53984	45974	21626
Secondary reserves	20510	46962	45555	42619	30398
Net profit	11632	30857	47452	36147	9860
Total profit or return	27823	57692	87495	81401	64703
Total loans	1201	1168	1328	1328	1347
Cash	96677	160054	368770	365144	244757
Current Assets	333928	401602	739693	764140	760990
Current liabilities	234662	274511	476167	469177	487990

UNIVERSIDAD DEL ZULIA

opción
Revista de Ciencias Humanas y Sociales

Año 34, Especial N° 17, 2018

Esta revista fue editada en formato digital por el personal de la Oficina de Publicaciones Científicas de la Facultad Experimental de Ciencias, Universidad del Zulia.
Maracaibo - Venezuela

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