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The Impact of Profit Distribution Policies on the Market Value of Stocks: A Sample of Listed Banks in the Iraq Stock Exchange

Watheq Hussein Obaid[1], Dr. Mohammed Mahmood Jasem Al-taee[2]

Abstract

The research aims to study the impact of dividend policies on the market value of shares in the banking sector.The researcher used two tools to collect the data required for the research and reach the results, which are a study of a sample of the annual final accounts for a sample, as well as the annual releases of the Iraq Stock Exchange for the banks of the research sample, while the researcher used for the purpose of analyzing data and testing hypotheses statistical programs (vr.24, SPSS vr.24 Microsoft Excel 2016). The selected research sample consisted of (5) banks, namely (Bank of Baghdad, Bank of Babel, Commercial Bank of Iraq, Middle East Investment Bank, Mansour Investment Bank) for the period (2011-2021).

One of the most important conclusions reached by the research is the existence of an effect relationship between the dividend policy and the market value.

Keywords: *profit distribution policies and market value of stocks.*

Introduction

As an important sector of the economy, banks aim to maximize profit or what is called wealth maximization for their owners, which is in line with the classical ideas in partial economics. However, this is a narrow perception because the economic reality shows that the primary goal of banks has taken another direction that falls under the umbrella of creating value, and researching various financial decisions (investment/ financing/ profit distribution) according to financial theories that reflect the strategies of banks due to their impact on the value of the bank and achieving the desired and planned goals.

The dividend distribution policy is considered one of the important strategic financial decisions in banks, as it has received a large share of studies within financial theory that attempted to study the impact of this policy on the value of stocks - enterprise value - and these studies were divided between supporters and opponents.

The dividend distribution policy is one of the most important financing policies in companies, given its participation with shareholders, as well as its impact on the share price in the market. The topic has received great interest from researchers and applied studies, which have attempted to study the extent of the impact of the dividend distribution policy on the market value of the share in financial markets, It was divided between supporters and opponents. Retained profits are among the most important internal sources of funding available to banks, due to their ease of use in internal financing, as they are part of ownership rights, as well as the lower cost of financing and

[1] Master's student at Department of Finance and Banking, College of Administration and Economics, University of Babylon, Iraq, beltkosl@gmail.com

[2] Professor at Department of Finance and Banking, College of Administration and Economics, University of Babylon, Iraq, bus.mohammed.mahm@uobabylon.edu.iq

the absence of complex transactions or guarantees as is the case when resorting to external financing options. The process of distributing profits is of great importance and is a strategic decision made by the bank's management and governed by a policy that imposes the necessity of determining its features, through the alternative of distributing profits or retaining them. Therefore, the policy of profit distributions affects the size of ownership in the financial structure of the bank through the profits distributed to shareholders, who have the right to know the return on their investments in that sector and the possibility of increasing their investments in it through attractive returns, or retaining all or part of it for investment by the bank in case of important growth opportunities if exploited in a scientifically based way. The basis of this policy is based on the difference between the desires of investors and management, as the investor naturally seeks to achieve profits, which may be through periodic distributions decided by the bank's management, which reflect for him the current profits achieved in the bank in which he invests."

Many theories have attempted to explain the impact of distribution policy on stock value by focusing on the influencing factors, including the distribution supply theory by Wurgler and Baker (2004), which considered the investor's incentive to supply distributions as the best explanation for bank stock values. The research is divided into four chapters, with the first chapter including two subjects: the first discusses the research methodology, and the second discusses the previous studies related to the research variables and what distinguishes this research from them. The second chapter discusses the theoretical framework of the research, which includes three subjects. The first subject is devoted to dividend policy as an independent variable, while the second focuses on the market value of company stocks as the dependent variable. Finally, the third subject links the independent and dependent variables of the research. The third chapter is the practical side of the research, which is divided into two subjects. The first subject discusses the case study of a sample of annual audit reports for the research sample from 2011-2021, as well as studying the annual bulletins issued by the Iraq Stock Exchange during the same period. The second subject is devoted to statistical analysis and testing the research hypotheses, which includes testing the correlation relationships, direct and indirect impact relationships between the two variables, and represents the analytical statistics aspect. The fourth chapter includes the conclusions and recommendations.

Chapter One

Research methodology

research methodology represents the first academic path and the organized scientific method in order to identify and address the research problem. This includes the objective testing of research hypotheses and achieving the desired goals. The idea of the research was initiated from the researcher's vision that there is an impact of profit distribution policies on the market value of shares. In light of this, the following study is addressed:

Firstly, problem of the research:

The main problem of the research is that companies retain profits for reinvestment, while at the same time seeking to distribute returns to shareholders, which are conflicting goals. It should be noted that the policy being implemented does not violate imposed financial laws and rules. This highlights the importance of profit distribution policies in banks as a research sample and understanding their impact on the market value of stocks of those banks listed on the Iraqi Stock Exchange. Based on the above, the research problem can be summarized in the following research questions:

1. What is the impact of profit distribution policies on the market value of stocks of banks as a research sample?

2. Are profit distribution policies in the Iraqi Stock Exchange effective?

Secondly, Importance of Research:

"The importance of research is considered to be as important as the topic it addresses. Deep topics related to profit distributions have become a concern for decision-makers in banks as well as investors, as they play a role in driving the economy forward. Analyzing profit distribution policies and understanding the influencing factors is an analytical study that provides investors with the ability to develop their wealth by making sound decisions. The importance of research lies in the variables it addresses, as it examines the impact of profit distribution policies on the market value of selected banks' shares. The research sheds light on the importance of those policies that bank management takes on the market value of the share in the financial market, and then highlights the impact of those policies on the bank's performance. The importance of research lies in its contribution to the

Thirdly, objectives of Research:

1. The research aims to achieve a set of the following objectives:

2. Intellectual framing of the policy of profit distribution, including its concept, types, importance, and measurement methods.

3. Revealing the existence of both the profit distribution policy and the market value of shares in the annual reports and market bulletins for the research sample.

4. Identifying the impact of profit distribution policies on the market value of shares.

5. Analyzing and testing the theoretical and practical impact of profit distribution policies on the market value of shares and extracting results.

6. Contributing to the local and Arab library with a study that combines the aforementioned variables.

: Fourthly, variables of Research

The research variables consist of two variables, as explained below:

1. The first variable: Profit distribution policy (independent variable).

2. The second main variable: The market value of shares (dependent variable).

Fifthly, research Hypotheses:

The research hypothesis that will be tested in the practical aspect is as follows:

What is the impact of the profit distribution policy on the market value of the research sample's bank shares listed on the Iraq Stock Exchange?

:Sixthly research Methodology and Instruments

The research relied on the inductive approach to collect the required data for the theoretical framework, while the descriptive-analytical method was suitable for the practical framework. Various modern and reputable foreign and Arabic sources such as books, research papers, articles published in international journals and publishers, theses and dissertations related to the research topic, as well as some websites on the international information network (Internet) were used to review previous literature and enrich the theoretical framework of the research.

Regarding the practical aspect of the study, two appropriate research tools were adopted to collect the required data: data analysis and measuring the model economically using SPSS tools.

: Seventhly, community and Sample Research

The research community includes five out of 43 banks listed on the Iraq Stock Exchange, representing the private banking sector.

: Eighthly, limitations of Research

In order to answer the questions posed in the proposed problem and achieve the research objectives, limits and dimensions were set for the study, focusing on the dividend distribution policy and its impact on the market value of the study sample's shares. The research limitations were divided into two types: spatial and temporal boundaries, which will be discussed below.

The spatial boundaries of the research consist of the listed banks in the Iraq Stock Exchange, who collectively form the research sample and community, including (Baghdad Bank, Babylon Bank, Iraqi Commercial Bank, Middle East Investment Bank, Mansour Investment Bank). The purposive sample was selected based on their financial strength, robustness, size, and multiple banking activities. The temporal boundaries of the research include the final accounts of the sample banks for the period (2011-2021), a sample of audit reports and annual bulletins issued by the Iraq Stock Exchange for the same period.

Chapter Two

Independent and dependent variable conceptual and conceptual framework and linkages

Section Two

Independent Variable (Dividend Policy)

Concept... and factors... and species... and determinants... Explanatory theories

Firstly, the concept of profit distribution

The concept of profit distribution is a set of amounts that are distributed to stockholders in the company and considered their share if profits are achieved. These distributions are in the form of cash payments to stockholders based on the company's profitability and financial liquidity, or the share of the stock in the profit distributions that the company distributes to shareholders. It can be calculated as follows: Share of the stock = Profits / Number of shares. Sometimes profits may increase or decrease depending on the company's financial position. If profits increase, they have a positive value, but if they decrease, they have a negative value. If the financial situation remains stable, it takes a value of zero. Balancing negative and positive values means equilibrium (Hamad, 2012, p.256).

The process of distributing profits sometimes occurs in stages, either annually, semi-annually, or quarterly, depending on the decisions made by the company's board of directors. The board decides on the amount of liquidity that is to be distributed to shareholders in order to provide a clear and positive image of the company and its financial decisions.

Alternatively, these are the cash payments that the company decides to distribute to holders of ordinary shares based on profitability, liquidity, and the strength of its financial position.

It represents a trade-off between retained earnings and cash dividends or the issuance of new shares. The dividend policy is defined as a guarantee to make a decision on whether to distribute or retain profits for reinvestment in the company. The optimal dividend policy is one that balances current distributions and future profits, leading to the maximization of stock prices.

The dividend policy is one of the decisions made by managers in the company, through the trade-off between distributing profits to shareholders or retaining them for reinvestment purposes. The decisions regarding dividend distributions are financial decisions that directly affect shareholders and can reflect on stock prices in financial markets and, therefore, the company's value.

The distribution of profits is cash dividends that are determined to be distributed to holders of ordinary shares according to the profitability and liquidity of the establishment.

The distribution of profits is the distribution of ownership to shareholders from current or accumulated profits from previous years, subject to the approval of the company's board of directors. (Al-Asar, 2011, p.39)

The distribution of profits is a decision that determines the profits that are distributed to shareholders and the portion that remains undistributed. (Khan, 2009, p.78)

The dividend policy is related to the decision regarding the choice between retaining profits or distributing them to shareholders as shares to cover the company's financial needs. (Suada, 2008, p.69)

Alternatively, the company's profits can be divided into profits that remain for investment and operational purposes, with the remaining profits being a major source of internal financing.

The process of distributing profits is a reward for shareholders, but distribution reduces the remaining profits, which can significantly affect internal financing. In this case, solutions must be found in light of the company's objectives, which are always seeking to maximize profits. (Hammad, 2009, p.200)

The process of distributing profits is divided into two subcategories:

1. Distributed profits:

which are the profits distributed to shareholders as a reward for investing their money in purchasing the company's shares.

There are considerations that the company must take into account when investing, including: (Abu Zaid 2020, P.207)

a- Verify the company's financial position after distribution.

b- Test the optimal method for distributing profits.

c- Ensure the amounts distributed are appropriate.

d- Do not harm the interests of shareholders.

2. Retained earnings:

refer to profits that are distributed to shareholders and retained by the company from previous years or are attributed to the current year's profits which are owned by the shareholders. They are called held profits and are a good internal source of financing. The advantages of such profits are: (Al-Haddad, 2011, p. 80)

a. The cost of retained earnings is less than the cost of alternative opportunities.

b. There are no warranties or liens on the company's assets on retained earnings.

c. The use of retained earnings does not require the intervention of external parties.

d. Retained earnings do not require many transactions and costs.

However, these profits have disadvantages, including: (Shandi, 2013, p. 34) a- Retained earnings are not available to the company, especially at the beginning of its activity, and therefore their use is limited.

b- In the case of an increase in profits beyond a certain limit, these profits must be capitalized and transferred to the company's capital.

Secondly: Factors affecting dividend distribution policy

There are many factors that affect the dividend distribution policy, as it is one of the important policies of the company that relates to its financial position, including the following:

1-Legal obstacles

Legal restrictions are important obstacles that affect the dividend distribution policy. For example, if the company has obligations or outstanding debts, or if the financial situation is unstable, in this case, the company cannot distribute profits to its shareholders. Legal rules indicate that dividend distribution must be according to specific rules, such as distributing profits from the current year or from previous years, called retained earnings (Haidar 2012, P.116)

The goal of this is to protect the lenders who have lent to the company and provided good sources of financing, where legislative institutions impose restrictions on companies so that the amounts allocated for distribution to shareholders do not exceed the total annual profits and retained earnings, but the law allows for dividend distributions to be greater than annual earnings. However, if this company has obligations or outstanding debts or is facing financial problems that may lead to bankruptcy, many legal legislations in most countries prevent such companies from distributing their profits to shareholders. While some companies seek to protect some owners from the income tax that must be paid in the event of profit distribution. (Al-Tamimi, 2010, p.44)

If it becomes clear to legal and tax authorities that a particular company is delaying payment of profits to shareholders, it is exposed to legal accountability. Therefore, the company focuses on three important and main rules:

a-Net profit rule

This rule stipulates that profits should not be distributed unless they are actually achieved, i.e. net profits or profits from previous years, i.e. retained earnings. The purpose of this is to prevent shareholders from withdrawing their money from the company's capital. (Haider, 2012, p.117)

b- Capital depletion rule

The process of capital depletion refers to the weakening of a company's financial position and instability. According to this rule, no distributions of profits from capital are allowed in order to protect the creditors. Capital is the original amount paid by the company to protect shareholders, and it appears in the general budget as common or preferred stock and the nominal value of ordinary shares. (Younes, 2013, p.153)

c- Financial distress rule

This rule means that the company does not have cash liquidity that can pay its obligations, or the assets are not sufficient to cover the liabilities. This means that the company cannot distribute its profits and cannot affect the company's capital, which is considered a safety anchor for creditors. (Al-Hassban, 2012, p.98)

2-Stages of the distribution process

The company works according to a systematic plan in distributing profits, starting from the date of announcement, followed by registration. The company prepares lists of shareholders who are entitled to receive the profits, which ends with the payment date, where the company issues payment documents in the form of checks to be delivered to the shareholders. The following is an explanation of these stages: (Al-Sarf, 2015, p.54)

a- Date of announcement

The announcement of the distribution of profits is the first step in the distribution process, where the company's management announces the distribution of profits according to the Iraqi Companies Law No. 21 of 1997, Paragraph 2 of Article 73, which stipulates that the remaining profit or part of it should be distributed to the members according to their shares or stakes according to the assets. (Taha, 2009, p.77)

After the distribution of profits, we notice an increase in demand for the company's shares, and thus the market value of these shares increases.

b- Date of registration

The date of registering shares is the date of closing the books, where lists of shareholders are prepared until this date, so that those who own shares in the company have the right to receive those profits.

c- Ex-Date

The right to profit distributions belongs to the shareholders even if they have owned the shares for a few days, to avoid conflicts between buyers and sellers. (Anthony, 2001, p.8)

d- Payment date

This date is one of the important dates for shareholders, as distribution checks are issued and sent to the shareholders. (Haroun, 2010, p.23)

Section Two

Dependent variable (market value)

The concept...

First: The concept of market value

The meaning of value: Value is a complex and ambiguous concept, as each person looks at it from a personal perspective, which leads to further complexity. Value can be defined as (the amount paid for an asset or the right to receive future returns through the use of that asset. Therefore, value differs from the price that represents the compensation for obtaining the asset. Value is based on the exchange that later turns into a price (Khalil, 2014, p. 56).

Value can also be defined as the opinion resulting from the evaluation process that complies with international evaluation standards, and it estimates either the most likely cash equivalent of a benefit in an asset or the economic benefits resulting from retaining a benefit in an asset based on the determined value (DAVID, 2010, p. 534).

Secondly: Types of value

1. Net value

Sometimes the company operates a certain asset with the least possible loss, and if it generates revenue from it, the procedure is profitable for the company.

2. Liquidation value

This process is carried out in the event that the company liquidates its business due to the instability of its financial situation. The asset is estimated at a low price. There is a difference between the liquidation value and the net value. In the former, the company is in a state of liquidating its financial business, while in the latter, the company continues its economic activity but faces a set of difficulties (Majid, 2014, p. 27).

3. Exchange Value:

This is the value that the consumer pays in order to obtain a product or service, where there is a balance between the seller and the buyer.

4. Market Value:

This is the value that represents the selling price of a product or asset in the market according to the law of supply and demand.

5. New Value:

This value depends on knowing all the costs that must be paid in order to obtain the new asset.

6. Holding Value:

This is the book value, representing an accounting concept and not an economic one.

7. Investment Value:

This is the value that can be used to determine the cost of acquiring an asset that is better than the asset being evaluated (AL-Haris, 2014, p. 57).

Thirdly, Market Value Calculation Methods:

a- Discounted Cash Flow Method: This method estimates the present value of future cash flows of a specific company by forecasting future cash flows and then discounting them to arrive at the present value. The discount rate depends on interest rates and the degree of risk associated with the business being evaluated.

b- Capital Earnings Method: This method is used to calculate the value of stable assets that generate income. It can be calculated by dividing the net operating income due for the time period by the capitalization rate, which is an estimate of the potential return on investment.

C - Comparison method: This method is carried out by evaluating businesses through comparing all the commercial activities that are of the same size, sector, or region of work.

D - Method of evaluating previous transactions: This method uses the price paid for similar transactions in the past, where it is important to determine a transaction within the same industry. The market value is known as the price at which it is traded in capital stocks. Market value is one of the most well-known values, as it is affected by supply and demand, which are the stocks that investors want to buy. Market value can be determined through daily news bulletins or through the internet (El-Assar, 2011, p. 39).

Market value means the true value of assets in the market. The price of stocks in the stock market is subject to significant changes depending on trading, whether it is a buying situation or an IPO, i.e., the book value or from financial markets. Sometimes the market value of a company is higher than the book value of the share. Market value is one of the most important values used in the market because it provides a way to know the value of the asset, which investors use in economic and financial analysis (Khan, 2009, p. 78).

Chapter Three

Analysis of growth rates for the research sample

Baghdad Bank

Measurement of Baghdad Bank dividend distribution and growth rates for the period from 2011-2020

Table (1)

Growth rate	Dividend	Year
-	1.762	2011
-0.108	1.570	2012
0-0.285	1.121	2013
-0.434	0.634	2014
-0.630	0.234	2015
-0.188	0.190	2016
0.721	0.327	2017
0.455	0.476	2018
-0.569	0.205	2019
1.073	0.425	2020

Table prepared by the researcher based on Table 11 data

From the table above, we observe the highest growth rate in 2020, at 1,073. This means the growth and development of BAM activity during the period from 2011 to 2020, when there was a fluctuation in growth rates during the duration of the sample. (-0,108) The values remained negative until they reached 2017, rising dramatically as the bank's financial position improved after which there was a decline in 2019 and then it rose again but significantly.

Secondly, Bank of Babylon

Measurement of the dividend distribution and growth rate of Babylon Bank for the duration of the 2011-2020

Table (2)

Growth rate	Dividend	Year
-	0.648	2011
-0.089	0.071	2012
-0.492	0.036	2013
18.130	0.689	2014
-0.248	0.518	2015
-0.146	0.422	2016
-0.229	0.327	2017
0.348	0.441	2018
0.136	0.501	2019
0.217	0.610	2020

From the table above we note that the highest growth rate is in 2014 where it was (18,130), due to the significant difference between 2013 and 2014 in the value of dividends, which means the magnitude of the significant development in profits and the bank's ability to distribute its dividends to shareholders, However, the lowest growth rate in 2019 was due to lower dividends from 2018. Growth rates were negative from 2012 to 2013, but in 2014 the ratio increased. However, in the years 2015, 2016,2017, we see a significant fluctuation between the duration of the sample, indicating the instability of the financial situation and thus affecting the dividend policy.

Thirdly, Commercial Bank of Iraq

Measurement of the dividend distribution and growth rate of the Commercial Bank of Iraq for the period from 2011-2020

Table (3)

Growth rate	Dividend	Year
-	0.296	2011
0.912	0.826	2012
-0.404	0.513	2013
0.606	0.825	2014

-0.661	0.288	2015
-0.021	0.281	2016
0.071	0.261	2017
0.206	0.315	2018
0.066	0.336	2019
-0.107	0.300	2020

Table prepared by the researcher

From the above table, we note that the highest growth rate was in 2012, where it recorded a ratio of 1,912 due to the significant difference between earnings distributed between 2011 and 2012. also noted that the lowest growth rate is in 2019 where the rate (0,066) has been recorded. We also note that the negative ratios are the difference from year to year, indicating a fluctuation in dividends, which is due to the bank's decisions on dividend distribution.

Fourthly, Middle East Investment Bank

Dividend distribution and growth rate of the Middle East Investment Bank for the period from 2011-2020

Table (4)

Growth rate	Dividend	Year
-	0.281	2011
1.220	0.624	2012
-0.665	0.209	2013
-0.368	0.123	2014
0.916	0.253	2015
-0.248	0.181	2016
0.198	0.217	2017
-0.631	0.081	2018
-0.087	0.073	2019
0.506	0.110	2020

Table prepared by researcher based on Iraq market data

From the table above, we note that the highest growth rate is in 2012, where it recorded (1,220), due to a rise in dividends from 2011. We also note negative ratios and this is evidence of the decrease in dividend distribution to shareholders from year to year. We note the extent of fluctuation in growth rates caused by year to year differences due to bank decisions in dividend policy.

Fifthly, Mansour Investment Bank

Measurement of the dividend distribution and growth rate of Mansour Investment Bank for the period 2011 - 2020

Table (5)

Growth rate	Dividend	Year
-	0.994	2011
0.017	1.011	2012
0.590	1.608	2013
-0.200	1.285	2014
1.140	2.750	2015
-0.089	2.504	2016
0.030	2.581	2017
-0.146	2.202	2018
-0.202	1.756	2019
0.404	1.827	2020

Table prepared by the researcher

From the above table we note that it is the highest growth rate recorded in 2015 with a growth rate (1,140) indicating the difference in dividend distribution between 2014 and 2015, we also note negative ratios caused by the change in dividend distribution between sample duration and this is due to bank decisions in dividend distribution, we note the fluctuation in growth rates, which is due to the difference between dividends between sample duration.

The statistical analysis of the impact relationship between the independent variable of dividend policy and the dependent variable of the market value of the subsidiary has been conducted. The regression model, correlation coefficient, and prediction coefficients were used to investigate the effect of the independent variable on the dependent variable. The hypothesis of the effect to be tested is as follows:

HO: there is no statistically significant effect between dividend policy and the market value of the share.

H1: there is a statistically significant effect between dividend policy and the market value of the share.

To test the hypothesis, the researcher worked on regression tables, correlation coefficients, and prediction coefficients using SPSS and Excel tables in a typical manner. Each bank was selected separately to accurately demonstrate the effect. Below is a model of statistical analysis for one of the sample banks.

Baghdad Bank

Market value	Dividend	Year
2.990	1.762	2011
2.485	1.570	2012
1.865	1.121	2013
1.685	0.634	2014
1.290	0.234	2015
0.413	0.190	2016
0.394	0.327	2017
0.381	0.476	2018
0.356	0.205	2019
0.350	0.425	2020
0.327	0.663	2021

Correlation coefficient

Value	Earnings		
.883**	1	Pearson correlation coefficient	Dividend
0.000		Sig. (2-tailed)	
11	11	N	
1	.883**	Pearson correlation coefficient	Average market value
	0.000	Sig. (2-tailed)	
11	11	N	
			**. Correlation is significant at the 0.01 level (2-tailed).

Heavily interlinked

				Model Summary
Std. Error of the Estimate	Adjusted R Square	Regression coefficient	Correlation coefficient	Model
0.486411	0.755	0.779	.883[a]	1
				a. Predictors: (Constant),

Average market value changes by 0.779 from the amount of change in dividends

						Forecast coefficients
Sig.	t	Standardized Coefficients				Model
		Beta				
0.824	0.229		0.242	a= 0.0553512992014817	(Constant)	1
0.000	5.633	0.883	0.278	b= 1.56791582868196	Dividend	
						a. Dependent Variable:

Dependent variable = coefficient a + coefficient b (independent variable)

d=a+(b*i)

d= 0.055 + (1.567 * i)

where

d = dependent variable

i = independent variable

We note from the above table the following observations:

1. The Pearson correlation coefficient recorded a ratio of (0.883), which means that the ratio is close to one, which is true and indicates a strong correlation between distributed profits and market value, and thus a clear effect of the dividend distribution policy on the market value.

2. The regression coefficient recorded a ratio of (0.779), which means that the average market value changes by (0.779) with the change in distributed profits.

3. The prediction coefficients recorded a value of (0.229), which is a statistical function value below the significance level of 10%, and the distributed profits amounted to 5.633. It is evident from the above that there is a significant relationship between the dividend distributions per share and the market value.

Chapter Four: Conclusions and Recommendations

Conclusions:

1. The dividend distribution policy is of great importance to shareholders and the bank as it reflects the bank's value.

2. The dividend distribution policy is related to market value, and this relationship is evident through testing growth rates for both, and statistical analysis of data using SPSS.

3. The study showed that some banks were distributing dividends despite poor economic conditions in order to gain the trust of shareholders.

4. The study showed that some commercial banks aim to increase their profits at the expense of their shareholders, as they sometimes prefer to retain their profits.

5. The study showed the ability of commercial banks to participate in stimulating the local economy through the investment role they play.

6. The study showed that an increase in the number of shares traded in the market is evidence of the bank's financial ability.

7. The study showed that the dividend distribution policy tends to follow the trend of profits achieved by the bank, where the share of undistributed profits tends to increase as the bank achieves positive results.

Recommendations:

1. Commercial banks are successful investment projects that have proven over time their contribution to the creation of the GDP. Therefore, their number should be increased.

2. The dividend policy should be utilized to have a positive impact on the share value.

3. Scientific studies should be conducted to address the effects on market value, especially the dividend policy, in order to reach an ideal distribution policy.

4. The dividend policy is an important strategic decision that should be taken into consideration when organizing the relationship between shareholders and bank management.

5. Investing in banks with a stable dividend policy.

6. Encouraging banks to increase dividend distribution to shareholders instead of retaining undistributed profits, in order to encourage individuals to invest in the Iraqi stock market.

7. Encouraging banks to follow a clear distribution policy and linking it to the market value of the share, which will be reflected in the increase of shares traded in the market.

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