

## **The Effect of Using the Continuous Improvement Technique on the Performance of Banks: An Applied Study on the Middle East Bank**

Muhammad Yahya Muhammad Al-Kouran<sup>1</sup>, Anis Bouabid<sup>2</sup>

### **Abstract**

*In this study, the researcher sought to clarify and demonstrate the effect of using the continuous improvement technique according to the Japanese method in raising the efficiency and performance of banks and improving it by applying that to the Middle East Bank. For the purpose of standing on the procedures and policies followed that pertain to continuous improvement programs, and this was done by measuring the banking and investment performance indicators of the Middle East Bank according to the ratios specified by it, and the study problem was represented by the following question "The main question and the extent to which modern methods of continuous improvement technology are used in evaluating performance in Iraqi commercial banks", As for the most important conclusions reached by the study, the most important of them were: The process of evaluating performance evaluation procedures periodically affects the performance of banks listed in the Iraq Stock Exchange (Middle East Bank), The most important reason for the success of raising the level of performance is the presence of clear strategic mechanisms for the continuous improvement program to evaluate and evaluate performance in banks.*

**Keywords:** *Continuous improvement, performance evaluation, banking performance indicators.*

### **Introduction**

To conduct the performance appraisal process, the accounting and financial thought and a set of traditional measures known as the financial measures to evaluate theoretical performance were put forward because they depend on the outputs of the accounting system. Such as financial analysis measures and others, despite the importance of these measures. In evaluating the performance of organizations, however, what the latter face in a rapidly changing environment in its requirements and resources, the increasing reliance on modern technologies and concepts in the fields of marketing, management and accounting, and making the traditional performance appraisal methods a source of many criticisms that showed the inadequacy of the performance measurement and evaluation process. such as its omission of the long-term results when evaluating performance, which seem at the present time to be more important if one takes into consideration the need for the bank's survival and continuity.

Research problem: The problem of this research is the escalation of competition for the banking sector in Iraq, the increase in its importance, the escalation of trust and dealing

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<sup>1</sup> Sousse Institute of Higher Commercial Studies, daef2009183@gmail.com

<sup>2</sup> University of sousse, Anisbouabid@gmail.com

between banks and investors, which led to a large crowd in the work and thus led to the occurrence of problems in the work that must be avoided, and we only see continuous improvement as a means to get rid of them, which has become necessary for banks To provide means of improvement for work and performance correction to continue its work, dealings and customer service. and their lack of successful methods that enable banks to evaluate the internal and external performance in the short and long term, due to the focus on measuring the results of financial performance in the short term, and their lack of interest in measuring the causes and drivers of performance in the long term. The main question is the extent to which modern methods of continuous improvement technology are used in evaluating performance in Iraqi commercial banks.

**Research importance:** The importance of the research can be highlighted on two levels: the scientific level, as this study deals with the process of performance evaluation, the continuous improvement system and various modern methods by focusing on the balanced scorecard and using it as one of the most important tools that evaluate the performance of organizations in the contemporary business environment. on the practical level, the Iraqi commercial banks require a development in the continuous improvement technique and its relationship to performance evaluation through the use of the latest methods put forward by accounting thought. hence the importance of the study on the practical level in an attempt to improve the process of performance evaluation in Iraqi commercial banks. and by identifying the extent to which the necessary capabilities are available to use the continuous improvement technique in those banks, in preparation for evaluating their performance.

**Research hypothesis:** The first main hypothesis: There is a positive correlation with statistical significance between the continuous improvement technique in banks and performance evaluation in Iraqi banks.

The first sub-hypothesis: There is a positive correlation with statistical significance between the continuous improvement technique for individuals and performance evaluation in Iraqi banks.

The second sub-hypothesis: There is a positive and significant correlation between the continuous improvement technique of operations and performance evaluation in Iraqi banks.

**Research objectives:** This research seeks to achieve the following basic objectives: Identify the most important concepts related to performance evaluation, the use of continuous improvement technology and its role in measuring and evaluating banks' performance, . And a statement of the need to fill the gap in the traditional model for measuring performance, which is based on financial measures of performance without non-financial measures. And to identify the extent to which modern methods and continuous improvement techniques are used to evaluate performance in Iraqi commercial banks and to benefit from the results of the field study in presenting some suggestions that Iraqi commercial banks help in strengthening performance evaluation, as well as improving their performance by using them.

**The concept and what is continuous improvement**

Continuous improvement is a quality philosophy that assumes that further improvements are always possible and that processes must be constantly re-evaluated and improvements implemented.(1) It also seeks small improvements in processes and products, with the goal of increasing quality and reducing waste. The belief that an organization should constantly measure the effectiveness of its operations and strive for more challenging goals to satisfy its customers also constitutes continuous improvement. Continuous improvement (CI) can be thought of as a continuous effort to improve products, services, or processes. These efforts can seek 'incremental' improvement over time or 'breakthrough' improvement all at once. (2)

The importance of continuous improvement is evident in terms of the role it plays in improving quality, customer satisfaction, employee engagement and productivity. Continuous improvement is essentially a “never ending” qualitative journey whose main focus, according to Deming’s teachings, is not to accept the way business works today is the best way, Even in the face of profitability.

Continuous improvement (CI) in the context of kaizen means improving performance in many small steps growing in japan continuous improvement is called kaizen, the word means continuous improvement and involving everyone in the organization, It involves an endless cycle of iterative evaluation and reassessment of the core processes of a process. CI(3) is a philosophy Deming simply described as consisting of "improvement initiatives that increase successes and decrease failures" or as an entirely new approach to enhancing creativity and achieving competitive excellence in today's marketplace.

It further indicates that in the service industry, CI entails simplification and improved customer service through greater empowerment of individual employees and less bureaucracy in the work environment, CI, in essence, will operate in all industries from manufacturing and distribution to purely service industries (Oakland, 2007), It is primarily about a business that embraces a never-ending quest to continually refine and improve its operations, Every industry including banking services has a basic structure or set of basic economic and technical characteristics which give rise to competitive forces. A company can improve or erode its standing within the industry through its choice of strategy.

Banks have to deal with environmental changes in the industry including government regulations, globalization, technology, uncertain consumer demand, increased competition, changing demographics, economic downturn, increasing education levels among consumers and developing the necessary responses in order to remain competitive.

Continuous improvement (CI) in total business activities with customer focus throughout the entire organization and focus on flexibility and quality is one of the main means by which companies can deal with these competitive threats. CI also helps the organization to anticipate what will please its customers in the future. Skills provided by a CI including elimination of waste, identification of process problem areas and optimization by focusing on the what and how, attention to detail and customer focus This adds value to the organization by allowing them to meet future growing customer expectations Product and service quality, seamless delivery and new innovations.

The traditional approach to continuous improvement

Conventional quality is defined as conforming to quality or adhering to a specific specification. It is thought that only professional care is something that the client cannot perceive or evaluate, Operations are isolated per department and functions There are internal and internal organizational barriers where ideas or communication between departments is limited, Quality is seen as operational issues which are delegated to the supervisors as there is strict management oversight to ensure conformity. Non-conformity or poor quality is associated with poor manufacturing There is a tendency to blame individuals or departments A department deals with its own duties There are clear hierarchical structures for management rather than final treatment in CI Waste disposal can be better illustrated in the following table (1) which compares the methods Traditional improvement and continuous improvement method.

Table No. (1) A comparison between the traditional methods and the continuous improvement methods.

<b>traditional curriculum</b>	<b>Continuous improvement approach</b>
Acceptable quality levels (inevitable defects)	Production is free from defects from the first time (zero defects)
error detected	Error prevention

Maintenance personnel respond to breakdowns	Maintenance personnel prevent breakdowns and act as in-house advisors
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Source: Warwick business school continuous improvement module VI.

Traditional procedures focus only on accepting and responding to errors, by contrast the CI approach will be more proactive, than reactive and strives for the first time for correct prevention of waste and errors, effective recovery of service failures and error vision designed into the process, as shown in Table 2 ) follows:

Table No. (2) Comparison between the traditional method and the continuous improvement method.

<b>traditional curriculum</b>	<b>continuous improvement (CI) curriculum</b>
Quality is seen as expensive	Quality is free, quality costs must be measured
Measurement of quality based on outputs	Statistical process control is used in the process, reducing dependence on inspection
Benchmarking systems do not take into account the performance of the competitor	Uses benchmarking to measure competitive performance
Lack of structured organizational learning underscores excellence	The process of benchmarking greatly facilitates the process of organizational learning

Source: Warwick business school continuous improvement module VI.

Implementation and application of continuous improvement CI

Traditionally workers have not been involved in quality control, it has been seen as more effective and appropriate to assign personnel jobs to quality but the CI philosophy suggests that workers should do and think, this is a difficult transition for managers who are used to external control over workers. It requires a certain degree of confidence that workers can contribute to quality improvement, and that they will not take advantage of the lack of external control to 'go easy' and perform substandard work. It requires faith in the process. Unless managers are convinced of the key role of workers, they are unlikely to bother investing the time and resources needed to keep workers engaged in CI programs.

It is the dream of every organization to provide customers with satisfactory products or services that are better than their competitors. Obviously, CI is about looking for better ways of doing things. It means more than just adapting to the times and it is a never-ending quest to improve the way things are done. This ultimately improves efficiency and profitability CI can be applied to processes, products, technologies, skills and abilities, every aspect of a business (Trollip, 2008) Companies need continuous improvement because they operate in dynamic environments. Culture is one of the most important aspects in implementing CI, it is represented through the unwritten rules and rules that guide employee actions, so it is often somewhat amorphous and subject to perceptions. However, culture is critical to the success of an organization. The basic principle of CI is to create a culture of constantly looking for better ways to do things. Culture affects the perception of individuals and how seriously they take their responsibilities. It revolves around company values, standards, systems of recognition and reward, and communication between management and employees. A culture where reward and recognition are individual and team-oriented creates an atmosphere of creativity and innovation. Employee involvement in process and systems improvement motivates them and brings them a sense of satisfaction in their job. The creation of a CI culture should come from senior management according to Deming's teachings which he encouraged senior management to engage in creating an environment that supports continuous improvement, Showing unrelenting support for continuous improvement initiatives is a call to all senior management, suggesting that human resources are the last source of

competitive advantage in the global market. How a company harnesses the knowledge and creativity of workers through informal networks will become a major challenge.

continuous improvement approaches

- **The Kaizen curriculum:** Kaizen originated in Japan and was introduced by the Americans after World War II in an effort to restore Japan. Edward Deming was recommended to guide the industry by training methods of statistical control. Deming encouraged senior management to participate in the process of creating an environment of continuous improvement. He considered quality improvement activities as a catalyst for quality improvement, which It leads to lower costs, fewer errors, less delays, better use of resources and thus improved productivity.

As a result of the restoration of Japan Kaizen originated in Japan, the general department was managed by Edward Deming, Deming encouraged senior management to participate in the process of creating a continuous improvement environment. Buy quality improvement catalyst for quality improvement resulting in lower costs, less delays, better resources and better cost optimization.

Table No. (3) that follows shows the hierarchy of Kaizen.

Table No. (3) The Kaizen hierarchy

<b>Higher Management</b>	<b>Middle management</b>	<b>supervisors</b>	<b>employees</b>
Determination to have continuous improvement (CI) as a corporate strategy	Deploy and implement CI objectives as directed by the above. Manage through policy. Deploy and across functional management	The use of continuous improvement in the rules of employment	Engaging in continuous CI improvement through a system of suggestions and small group activities
Giving support and direction of continuous improvement CI by allocating sources	Giving support and initiating continuous improvement through customization sources	Giving support and initiating continuous improvement through customization sources	Discipline in the workplace
Practice discipline in the workplace	Create standards for upgrade and maintenance	Improved communication with workers and maintaining high morale	Engaging in continuous self-development until you become the best person capable of solving work problems

Source: Extract from Masaki (1986).

The main features of kaizen include improvements that are based on many small changes rather than drastic changes that may arise from research and development. Since ideas come from the workers themselves, they are less likely to be radically different, and therefore easier to implement. small improvements unlikely to require large capital investment Major changes in process Ideas come from existing workforce talent, rather than using research and development, consultants, or equipment any of which may be too expensive. All employees must constantly look for ways to improve their performance. It helps to encourage workers to take charge of their work, and it can help to promote teamwork, thus improving worker motivation.

- **Agile industry:** The goal of Lean Manufacturing is to eliminate waste from every area of production and includes customer relations, product design, supplier networks, and factory management. Lean Thinking describes it as an “antidote,” the Japanese term for waste. Its goal is to incorporate less human effort and less inventory. and less time to develop products, less space to become more responsive to customer demand while

producing high quality products in the most efficient and economical way, waste is defined as anything a customer is not willing to pay for. Lean manufacturing, if properly applied, results in the organization's ability to learn. Mistakes are not repeated in the organization because this in itself is a form of waste that the lean philosophy seeks to eliminate.

- **SIX SIGMA:** SIX SIGMA was defined as “a structured and systematic method for improving strategic processes and developing new products and services that relies on statistical methods and the scientific method to achieve significant reductions in customer-defined defect rates”. Reducing defects to a near-zero level of acceptance was at the core of the methodology, It focuses on reducing variance in all operations of the organisation. to achieve this, the DMAIC model has been developed, i.e. Opportunity identification, Performance measurement, Opportunity analysis, Performance improvement, and Performance control. Six Sigma provides a measure of quality that can be used throughout the organization not only in manufacturing and services but also in the design and administrative areas.

Motorola achieved impressive results by implementing SIX SIGMA, from 1987 to 1997, realizing total savings of US\$14 billion while sales enjoyed fivefold growth over the same period. Many other organizations that took the lead from Motorola such as Ford, Sony have the distinction of Business.

- **LEAN SIX SIGMA:** Organizations have realized that individual CI programs help improve organizational processes in many respects, and that they are not necessarily effective in resolving all issues. To overcome the weaknesses of one program or another, a number of companies have recently combined various CI initiatives together, resulting in a combined CI program that is more far-reaching than any single program. Lean six sigma is the most famous hybrid methodology, which is a combination of six sigma and lean manufacturing.

Sigma is a rigorous, data-driven, results-oriented approach to process improvement that combines two industry-recognized management methodologies developed by companies like GE, Motorola, Bank of America, Xerox, and Caterpillar, to name a few.

By integrating Lean and Six Sigma tools and processes, a powerful engine for improving quality, efficiency, and speed is created in every aspect of your business. Organizations typically use Lean Six Sigma to make improvements within their operations for everything from managing supply chain operations and invoicing processes to new product design and customer relationships. For some, it becomes a new proposition - a process improvement service that they provide to their customers (Xerox, 2009).

- **balanced Scorecard:** In the early 1990s, Robert Kaplan and David Norton developed a methodology that translates organizations' goals into measures, goals, and initiatives in four different perspectives, namely financial, customer, internal business process, and learning and growth.

This methodology was known as the Balanced Scorecard “The Balanced Scorecard is generally used to articulate and update business strategy, link organization goals to annual budgets, allow for organizational change, and increase understanding of the company's vision and mission statements across the organization.

The balanced scorecard can be used to translate an organization's mission and vision statements into a wide range of goals and performance metrics that can be measured and evaluated, and gauge whether management is achieving the intended results. About 50 percent of Fortune companies have a balanced scorecard system in place in them.

He also refers to the Balanced Scorecard as a combination of a measurement system, a strategic management system, and a communication tool. According to Gaplin (1997),

“measurable goals and objectives” are one of the most important factors for a successful strategy.

Financial analysis of the financial lists of the research sample

In this research, a financial analysis will be conducted of the financial statements of the research sample, which is the Middle East Bank, in order to know the financial indicators, and then make a comparison, in order to see the extent of the impact of continuous improvement on the performance evaluation in banks.

- The financial statements of the Middle East Bank for the year 2020

1) The list of the financial position of the Middle East Bank for the year 2020.

The financial position statement can be clarified in the following table (4):

Table No. (4) List of the financial position of the Middle East Bank as of December 31

		2019	2020
the findings	Clarifications	Iraqi dinars in thousands of dinars	Iraqi dinars in thousands of dinars
Cash and balances with the Central Bank of Iraq	3	318012000	309410000
Balances with banks and other financial institutions	4	14344000	14849000
Net direct credit facilities	5	94051000	85137000
Financial assets at fair value through other complete income	6	10181000	11832000
Investments in subsidiaries			
Stock		30257000	4217000
Net property and equipment	7	130729000	139281000
intangible assets	8	2563000	4026000
Other assets	9	111100000	114675000
Total assets		684237000	683427000
Liabilities and shareholder equity			
the liabilities			
Deposits of other banks and financial	10	409000	553000

institutions			
Customer deposits	11	271009000	266144000
Cash insurance	12	7797000	9484000
The Central Bank of Iraq loan	13	5762000	6474000
Miscellaneous allowances	14	2437000	3394000
Income tax provision	15	164000	492000
Long term loans		26957000	34382000
Other liabilities	16	111364000	103272000
Total Liabilities		425899000	424195000
Shareholders' rights			
Subscribed and paid up capital		250000000	250000000
Precautions	17	7888000	8804000
Minority rights		450000	428000
Total shareholder equity		258338000	259232000
Total liabilities and shareholders' equity		684237000	683427000

2) The consolidated income statement of the Middle East Bank for the year 2020  
The consolidated income statement of Middle East Bank can be clarified as in Table No. (5), as follows:

Table No. (5) The consolidated income statement of the Middle East Bank.

		2019	2020
	Clarifications	Iraqi dinars (thousands of dinars)	Iraqi dinars (thousands of dinars)
The net interest income	20	(841000)	(3660000)
Net commission revenue	21	2733000	5293000
Investment profits		52000	–
Net profit from the sale of fixed assets		1000	136000



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Profits of foreign currency conversion differences	22	13785000	21554000
Current activity revenue		14171000	18438000
Credit interest income		17000	4000
Other transfer revenue	22	528000	(181000)
Total revenue		30446000	41584000
Operational expenses			
Employee salaries and the like	23	(10803000)	(90948000)
Other operating expenses	24	(13094000)	(19060000)
Depreciation and amortization	8-7	(3421000)	(8075000)
Miscellaneous provisioning expense		(35000)	(43000)
provision for credit losses	5	(116000)	(2821000)
Impairment losses on investments in subsidiaries		-	-
Losses on sale of fixed assets		-	-
Total operating expenses		(27469000)	(39947000)
Net profit (loss) for the period before income tax		2977000	1637000
Lower income tax	15	(139000)	(444000)
Net profit (loss) for the period after income tax		2838000	1193000
Mandatory reserve		11000	10000
Reserves (excess/deficit)		2827000	1183000
Total		2838000	1193000

3) The consolidated comprehensive income statement of the Middle East Bank for the year 2020

The consolidated comprehensive income statement can be clarified in the following table No. (6):

Table No. (6) The statement of comprehensive income of the Middle East Bank.

		2019	2020
The net profit (loss) of the year	Clarifications	Iraqi dinars (thousands of dinars)	Iraqi dinars (thousands of dinars)
Other comprehensive income items		2838000	1193000
Other comprehensive income items are added after tax, which will not be transferred to profit and loss in subsequent periods		—	—
The change in the fair value of the financial assets, net of tax		—	—
The total other comprehensive income items		—	—
the total comprehensive income for the year		2838000	1193000

4) List of changes in the consolidated shareholders' equity of Middle East Bank for the year 2020

The list of changes in the consolidated shareholders' equity of Middle East Bank can be clarified as per Table No. (7) as follows:

Table No. (7) List of changes in the equity of the Middle East Bank

	Subscribed and paid up capital	compulsory reserve	Other reserves	General banking risks reserve	Reserve for change in fair value	accumulated deficiency	Recycled earnings	Total Precautions	Total shareholder equity
	Iraqi dinars (thousands of dinars)	Iraqi dinars (thousands of dinars)	Iraqi dinars (thousands of dinars)	Iraqi dinars (thousands of dinars)	Iraqi dinars (thousands of dinars)	Iraqi dinars (thousands of dinars)	Iraqi dinars (thousands of dinars)	Iraqi dinars (thousands of dinars)	Iraqi dinars (thousands of dinars)
Balance as of January 1, 2020	250000000	13995094	449133	3035277	7045	13993798	7141339	7888000	257888000
Additions to subsidiaries' reserve		10000				3088000	191000	3289000	3289000
Profit for the year for the bank						2095830		(2095830)	(2095830)

other comprehensive income items									
Total comprehensive income for the year		10000				992170	191000	1193170	1193170
Transferred from the general banking risk reserve				(303277)				(303277)	(303277)
distributed profits									
adjustments during the year							26107	26107	26107
Balance as of January 31, 2020	250000000	14005094	449133		(7045)	(13001628)	7358446	80804000	258804000
added									
Minority rights									428000
Total shareholder equity									259232000

After all the main lists of the Middle East Bank have been reviewed in terms of what they include in important items, through this the important financial indicators can be extracted for the purpose of knowing the importance of these indicators in evaluating the performance of the bank and the extent of the impact of continuous improvement in its performance, so the laws and equations necessary to extract these indicators will be followed.

- Banking activity

1. Deposits: The deposits of Egypt in the Middle East amounted to (279,215) million dinars in 2019, and in 2020 they became (276,181) million dinars, at a rate of (-1%) due to the decrease in credit current accounts by (31,405) million dinars, and the increase in savings account balances by (17,450) million dinars, and fixed deposit accounts amounting to (9,089) million dinars, due to the fact that the bank continues its efforts to encourage customers to save and attract a lot of savings and fixed deposits, as shown in Table No. (8) as follows:

Table No. (8): Deposits for the Middle East Bank

account name	percentage change %	Relative importance	31 balance in 2019/12/	Relative importance	balance in /31 2020 /12
Credit current accounts	(26 )	43	118,817	31,7	87,412
Savings accounts	14	44	125,627	51,8	143,077
Fixed Deposit Accounts	34	10	26,566	12,9	35,655
Other accounts	22	3	8,205	3,6	10,037
Total	(1)	100	279,215	100	276,181

2. Banking facilities:

A. Cash Credit: Through table No. (9) below, the analysis of cash credit can be clarified.

Table No. (9) Analysis of cash credit for the years 2019 and 2020 of the Middle East Bank

account name	percentage change %	Relative importance	31 balance in 2019/12/	Relative importance	balance in /12 /31 2020
Debit current accounts	(26 )	43	118,817	1	1,075
Short term loans	14	44	125,627	99	103,313
Other loans	150	8	8,823	-----	-----
Total	(6)	100	110,794	100	10,037
Less: provision for cash liabilities risk.	15	(15)	(16,734)	(18)	(19,252)
Net Cash Credit	(9)	85	94,051	82	85,136

B. Pledge Credit: The letters of guarantee and the documentary credit issued represent two main accounts in the pledge credit, so if the balance of the documentary credits increased by an amount of (180) million dinars, the internal letters of guarantee amounted to (3,578) million dinars and the external letters of guarantee issued at the request of customers' guarantee amounted to (914) million dinars, the total increase (4,600) million dinars, as detailed in Table No. (10), the following:

Table No. (10) Pledge Credit.

account name	percentage change %	Relative importance	31 balance in 2019/12/	Relative importance	balance in 2020 /12 /31
Documentary credits issued	1	31	7,228	27	8,072
Internal letters of guarantee	27	58	13,218	61	16,796
External letters of guarantee issued at the request of customers	36	11	2,514	12	3,428
Total	20	100	22,960	100	28,296

It is also possible to clarify the sectoral distribution of cash and pledge credit scheduled for the end of 2020 for the Middle East Bank, as in the following table No. (11):

Table No. (11) Sectoral distribution of cash and pledge credit scheduled for the end of 2020 for the Middle East Bank

sector	Relative importance	Total	Credits and their transfers	External letters of guarantee	Internal letters of guarantee	debtors in arrears	discount and buy	Loans and advances	exposed
Agricultural	15	27,000		0	0	0		27,000	0
Industrial	13	23,108		0	170	38		22,000	900
commercial	39	68,719	25,000	5,000	4000	6,414		19,600	12,305

Transport	0	64		0	0	64		0	
Finance	0					0		0	
Servant	9	15,000	0	0	15,000	0		0	0
construction and building	24	41,315		0	0	520		40,000	795
Total	100	175,206	25,000	5,000	15,570	7,036	0	108,600	14,000
Relative importance%	0	100	14	3	9	4	0	62	8
User credit	76	132,685	8,072	3,428	16,796	22,036		81,278	1,075
Usage %	0	76	32	69	69	312	0	75	8

3. the investment activity: The volume of investments for the year 2020 increased by (1,663) million dinars compared to what it was at the end of 2019, and the reason is due to a contribution to the Global Obergestic Investments Company.

Investments and their revenues can be analyzed as shown in the following table (12).

account name	percentage change	Revenues	Revenues	percentage change	Investments	Investments
First: Long term financial investments						
Shares of Iraqi companies	(100)	52	0	0	36,405	36,405
Shares of foreign companies						1,663
Total long-term investments	(100)	52	0	0	36,405	38,068
Second: short-term investments						
Iraqi company stocks	0	0	0	0		
Investment / deposits with others				0	0	0
Benefits of external accounts payable	(83)	6	1	0	0	0
Total short term investments	(83)	6	1	0	0	0
total domestic investment	(98)	58	1	0	36,405	38,068
The provision for impairment of investments is deducted						
net investments					36,405	38,068

Through the above table, it is noted that the percentage of change is very large between the investments of 2019 and 2020. As for the allowance for declining investments, it was equal to (0), which led to the total investments being equal to the net investments in the Middle East Bank.

Money means the cash in the bank's funds in local or foreign currency with the Central Bank of Iraq, local and foreign banks, as well as legal deposits. Table No. (13) below shows the details of the money account for 2019 and 2020 for the Middle East Bank.

Table No. (13) Money account details for 2019 and 2020 for the Middle East Bank.

The account name		2019/12/31	2020/12/31		
percentage change %	Relative importance%	balance	Relative importance%	balance	account name
34,4	57,0	186,372	78	250,473	Cash in the box
(83,1)	28,6	93,462	5	15,782	Cash with the Iraqi Central Bank and local banks
13,3	12,5	40,826	15	46,275	Legal deposits with the Iraqi Central Bank
(20,9)	1,9	6,173	2	4,881	Cash with foreign banks
0	0	0	0	(97)	Deduct risk/cash allowance
Total		326,823	100	317,314	100 (2)

#### 4. Banking performance indicators in line with continuous improvement programmes:

1) The process of evaluating the performance evaluation procedures periodically affects the performance of the banks listed in the Iraq Stock Exchange (Middle East Bank).

2) The most important reason for the success of raising the level of performance is the presence of clear strategic mechanisms for the continuous improvement program to evaluate and evaluate performance in banks.

Table No. (14) Banking Performance Indicators for Middle East Bank

Ratios and financial indicators	Year 2019	Year 2020
Liquidity ratio = cash account / total deposits	%117,1	%115
Employment policies are as follows:		
1- Investments / Total Deposits	%13,0	%14
2- Cash credit/total deposits	%33,7	%31
3- Investments + cash credit (financing) / total deposits	%46,7	%45
Leverage ratio = total deposits / capital + capital reserve	%104	%104
Activity cost ratios:	%2,2	%4
1- Total banking operations expenses/total deposits	%99,2	%107
2- Total Expenses / Total Revenues	%27,3	%30
3- Total banking operations expenses/total expenses	%27,0	%32
4- Total banking operations expenses/total revenues		
profitability ratios		
1- Total profits achieved/paid capital	%0,1	%(1)
2- Net profits prepared for distribution to shareholders / paid-up capital	%0,0	%(1)

#### Conclusions and recommendations:

- The process of evaluating the performance evaluation procedures periodically affects the performance of the banks listed in the Iraq Stock Exchange (Middle East Bank).
- The most important reason for the success of raising the level of performance is the presence of clear strategic mechanisms for the continuous improvement program to evaluate and evaluate performance in banks.

- The existence of a correlation between the dimensions of continuous improvement, kaizen, and the performance of banks by following continuous improvement policies and strategies.
- Planning affects positively and clearly in the performance of the work of banks, and this is clearly evident in the banking performance indicators of the research sample.
- The need for there to be a clear interest in the relationship between continuous improvement and performance evaluation of banks and to increase interest in them and to benefit from them in improving training and educational services.
- Enhancing the awareness and awareness of the research sample of the importance of continuous improvement by employing all its capabilities towards clarifying and spreading the culture of continuous improvement for the purpose of enhancing the effectiveness of banks through training courses.
- Investing in the results and programs of continuous improvement in a scientific and practical way to be a basic base from which the economic unit's strategy is based for the purpose of enhancing its performance through diagnosing errors and treating them completely.

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