

# **The Role of Information Technology in Improving Competitive Ability: A Cross Country Analysis**

By

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## **Abstract**

Contemporary developments in information technology and technological transformation using modern systems, technologies and means of payment have had a role in developing the work of banking institutions and raising their competitiveness in both developed and developing countries, even if the degree of their impact varies from one bank to another, but the Iraqi banks, despite their attempts to catch up with the technological and informational development. However, it is still at the beginning of the road, so how can it benefit from advanced technology capabilities and advanced programs to provide electronic financial services in a manner that enhances its competitiveness locally, regionally and globally. From customers and deposits, such as the National Bank of Iraq, Spectrum Islamic Bank and Al Janoob Islamic Investment Bank

**Keywords:** information technology, technological transformation, competitiveness, Iraqi banks.

## **1. Introduction**

Iraqi banks are recent institutions in the provision of electronic banking services, and it is hoped that they will constitute a central weight in the process of economic transformation that the government aspires to. Banking information as a necessary introduction to the process of economic transformation by building advanced information and technology systems as one of the most important components of the banking development strategy, improving the work performance of these banks and raising their competitiveness to reach the ranks of banks in developed countries. The Iraqi local banks have suffered from a knowledge and information gap compared to regional and international banks, and this knowledge gap has prompted the Central Bank of Iraq and Iraqi private banks to strive to keep pace with the important and rapid developments witnessed by the global and regional banking sector, especially in how to employ modern technologies, information technology and advanced means of communication to improve work. The banking system enhances its competitiveness and ensures the provision of more modern and advanced financial and banking services, in the hope of restoring trust with individuals to attract their savings that remained outside the banking system and developing a culture of work in modern financial and banking tools. The importance of research is embodied in how to use information technology in banks to enhance their competitiveness and reserve their market share to ensure their stability and development over time. That there is a great potential for the application of information and communication technology in Iraqi banks, in order to enhance their competitiveness, and to provide the most modern and advanced financial and banking services, to restore confidence with individuals, attract their savings outside the banking system, and develop a culture of work in modern financial and banking tools. In light

of defining the problem and the importance of the research, the main objective is to diagnose the extent to which Iraqi banks can apply information technology correctly, and to indicate the advantages resulting from the application of advanced technology to raise the competitiveness of banks, and improve banking work compared to global and regional banks.

## **2. Theoretical framework for information technology and competitiveness**

### **2.1. IT Concept, Importance, and its Effects On Banks**

Information technology is “information technologies that depend on the computer information system, as it is a major force for systemic and administrative change, and its management in making appropriate decisions, designing administrative structures and functional work tasks in various institutions of global activity” (1). It is defined as “a wide range of diverse capabilities, elements and components that are used in the processing, storage and communication of data, in addition to their role in the creation of knowledge” (2). Information technology has played a strategic role in banking institutions, as it helps in creation and creativity, the exchange of ideas and opinions, the rapid development of new products and services, and the work to differentiate them from other products and services provided by competing institutions so that it is difficult to compete with information technology. In developing new markets, working to expand current markets, and striving to increase the efficiency of banking operations by reducing costs and improving the quality of products and services provided to customers, information technology also helps in building strategic alliances with the aim of acquiring new knowledge and investment opportunities. Business, the benefit of information technology for institutions is to collect information from inside and outside the institution, and to process and store it in an appropriate manner to benefit from it in making sound administrative decisions for the institution (3). Information technology has many positive and some negative effects that must be dealt with appropriately in order to be controlled and controlled, and among the positive effects: it helps banks to develop new banking services at low costs for these services provided to customers and thus attract more customers. From the development of new applications for banking services provided to customers, and its integration with telecommunications resulted in important shifts in employment patterns, the structure of professions and the way labor markets perform, as it abolished many jobs and created other jobs related to information technology methods (4). As for the most important negative effects of using information technology, they are that some bank customers are not good at using advanced information technology techniques, which makes them afraid to deal with banks that use advanced technology, and the decrease in the number of jobs in institutions in a large way, especially after using information technology, and the Internet helped to process Hacking and data theft, this is called information crime (5).

### **2.2. Competitiveness, its importance and dimensions**

Competitiveness represents a strategic goal that organizations seek to achieve in light of the severe competitive challenges of the global economy based on efficiency and knowledge. Competitiveness means the ability to provide the customer with more efficient and effective goods and services than competing institutions in the local and international markets. Competitiveness is measured through growth rates The institution and its ability to achieve the largest market share. As for competitiveness at the level of a particular economic sector, it means the ability of institutions operating in that sector in the country to achieve continuous success in the local and international markets without relying on government support, and thus the state achieves excellence in this industry (6). Competitiveness in the field of information technology refers to "the better use of information to gain influence and expand markets, and

this means that enterprises do not rely entirely on natural resources as a basis for competition, but rather can rely on excellent data and information. Where it can be said that competitiveness is the effective application of technology Information for the purpose of getting ahead of competitors.

The importance of competitiveness stems from the fact that it works to provide the appropriate competitive environment, to achieve the efficiency of the optimal allocation and use of resources and encourage creativity and innovation, leading to the development and enhancement of productivity, raising the level of production quality and performance, and improving the standard of living for consumers by reducing costs and prices. Competitiveness helps to eliminate the most important problems facing the process of improving production efficiency. Therefore, providing a competitive environment is an effective way to ensure economic efficiency, promote sustainable growth and improve living standards for consumers (7).

***The most important dimensions of competitiveness are***

A- Quality of services: Quality is one of the most important indicators of competition. Ensuring effective competition for the organization requires continuous development not only of quality, but also of production volumes and costs, as quality requirements have become accompanying all stages and production processes, because they fully and directly affect the performance and reputation of the institution (8).

B - The cost dimension: The cost dimension is one of the basic dimensions in which institutions compete. Therefore, the institution must make the costs of production and marketing less than the competing institutions, and in order to reduce costs, it must produce and provide goods and services at a lower cost, and it includes the costs of labor, materials and expenses, and it appears in three areas: products with lower prices than those offered by competitors, manufacturing similar products at a low price, The ability to meet the prices of competing institutions (9).

C- Control of markets: The market is an important element in marketing operations. Marketing cannot be carried out without the market. The goal of marketing is to create a market. Without this goal, the marketing process will turn into a distribution process. The market is defined as: “the place where products come for sale and purchase”, or it is “the location in which the determining forces of prices (the relationship between supply and demand) operate.” And Kotler defines it as “the place of gathering potential consumers who are similar in their needs and wants and who have the ability and desire to carry out the process of exchange in order to satisfy their needs and wants (10).

Dr.. Innovation and Creativity: Institutions give great importance to the issue of creativity and innovation, especially in light of the turbulent business environment. Contribute to supporting the organization to enhance its ability to innovate products and services to ensure its survival and enhance its competitiveness. Creativity is the adoption of modern ideas or behavior for the enterprise’s industry, market or general environment, the aim of which is to find a new pattern for the product or service that was not known before or to look at the current products with new eyes (11).

### **3. Information technology and competitiveness of Iraqi private banks**

An exploratory study has been conducted on the importance of information technology and its role in raising their competitiveness on three private Iraqi banks, namely the National Bank of Iraq, Spectrum Islamic Bank and Al Janoub Islamic Bank. The researchers relied between these banks in comparison on the following variables:

Stocks and jobs to indicate the level of performance of banks and the extent of its capabilities in the markets.

The number of clients to indicate the extent to which banks are able to attract clients.

Deposits to show the financial position of the banks and the extent of the banks' ability to attract deposits.

The number of banking branches to measure the level of banking density.

The study was limited to dealing with a number of banking products based on information technology, which contribute significantly to raising the ability of banks to compete, the most important of which were the following: ATMs, credit cards, mobile phone services, and money transfer systems.

### **First: stocks**

Shares are the best means of financing in banks, knowing that stocks tend to rise or fall over time, and the higher the share price, the greater the competitiveness of the bank and thus achieving better performance and obtaining the largest market share. Table (1) shows the number of shares and their market value in (2021). ) And from it, we find that the National Bank of Iraq issued (250) billion shares with the value of the issued capital of the bank, the value of one issued share amounted to one dinar, and (98) billion shares were offered for trading in the Iraqi Stock Exchange, and as a result of the good performance of the bank, the market share price rose to (1.23) ) dinars, after the share price was (0.55) dinars in (2015), thanks to the merger operations that took place with the Jordanian Capital Bank, which acquired (61%) and also acquired in (2020) the branch of the Lebanese Bank Audi in Iraq. Spectrum Islamic Bank has issued (250) billion shares with the value of the issued capital of the bank, while the number of shares traded in the Iraq Stock Exchange reached (203) billion shares, the value of the share is (1) one dinar in (2021), after the share price was (1.2) ) dinars in (2018) and that this decline was caused by a pandemic Corona (Covid-19), which affected the activity and performance of the bank, while Al Janoub Islamic Bank owns (250) billion shares, and the share price of one dinar has not changed during previous years because it was not listed in the Iraq Stock Exchange.

**Table 1.** *Number and share price of Iraqi banks ( 2015-2021)*

#	Bank Name	Number of shares of the bank	Share price during the years in dinars						
			2015	2016	2017	2018	2019	2020	2021
1	National Bank of Iraq	250 Billion Shares	0.55 KWD	0.41 KWD	0.47 KWD	0.34 KWD	0.61 KWD	0.92 KWD	1.23 KWD
2	Spectrum Islamic Bank	203 billion shares	--	--	--	1.200 KWD	1.200 KWD	1 KWD	1 KWD
3	Al , Janoub Islamic Bank	250 Billion Shares	--	1 KWD	1 KWD	1 KWD	1 KWD	1 KWD	1 KWD

When comparing the Iraqi banks, the study sample, with foreign banks such as JPM, which achieved good growth in stock prices, and its share price reached (155.61 dollars) in (2021) thanks to the large mergers it carried out during the previous years (12), or when compared with Qatari QNB The share price reached (25) Qatari riyals in (2022), after the share price was (11) Qatari riyals in (2016) (13) and one of the most important reasons for the rise in the value of shares is to attract foreign investments to invest in financial and banking

institutions As the opportunity to invest in the shares of the financial and banking sector is higher in the long term, which leads to attracting more customers to own shares in banks and thus obtaining a larger market share, as well as increasing the ability of these banks to compete and access global markets. Which was evident in the increase in the market share value of the National Bank of Iraq in 2021 compared to the market value of the share in 2015, in addition to the possibility of an increase in the value of the shares of the sample banks due to their serious steps to introduce the best technological techniques that help facilitate and speed up stock trading through channels E-commerce that facilitates clients to access their investments in stocks as quickly as possible, and to integrate with global markets.

**Second: the number of bank employees**

Banks are one of the important and vital institutions within the economy of any country, and they play an important role in implementing the objectives of the state's financial policy and its credit and monetary components. Therefore, attention must be paid to the workers within these institutions and the development of their skills, especially those based on information technology and modern systems. Table (2) shows that the increase The number of employees in the study sample banks is at its lowest, as it shows that the number of employees of the National Bank of Iraq is (631) employees, Spectrum Islamic Bank (444) employees, and the South Bank has (208) employees, at the end of (2021).

**Table 2. Increase in the number of employees of Iraqi banks ( 2016-2021)**

0	Bank Name	Percentage increase in the number of bank employees for the period					
		2016	2017	2016-2021		2021	
		2016	2017	2018	2019	2020	2021
1	National Bank of Iraq	322 obliged	343 obliged	350 obliged	346 obliged	384 obliged	631 obliged
2	Spectrum Islamic Bank	--	--	317 obliged	406 obliged	318 obliged	444 obliged
3	Al , Janoub Islamic Bank	G.M.	138 obliged	200 obliged	230 obliged	222 obliged	208 obliged

The main reason for the decrease in the number of employees working in these banks is the small number of open branches of these banks and the concentration of their work in the city of Baghdad and the centers of some governorates. Although most of the work of these banks is done manually. These banks are supposed to convert their work to digital work and train and qualify their employees to deal with digital, which raises the efficiency of workers and thus raises the bank's efficiency and competitiveness. As the banking sector today is completely dependent on information and communications technology, hardware and software, and the implementation of most customer requests through digital channels or interactive devices such as the Interactive Automated Teller Machine (ITM).

**Third: Bank customers**

Despite the efforts made by the Central Bank of Iraq to support the banking sector, it still suffers from backwardness and shortcomings that limit the possibility of this sector advancing and keeping pace with Arab and international banks due to the lack of banking awareness and the expansion of the base of dealers with this sector. Table (3) shows that the number of clients in Iraqi banks in the study sample is not at the required level, despite the decision to settle the salaries of employees issued by the financial authorities. The table shows that the number of clients of the National Bank of Iraq is (33,840) clients, and Al Janoub Islamic Bank is (20,000) clients . While the number of clients of Spectrum Islamic Bank reached (11,137) clients, the reason for the decrease in the number of clients of these banks is due to a number of factors, some of which are related to banks, and others are related to society.



Good banking habits. As for what is related to society, some citizens do not deal with commercial banks because they believe that these banks deal with usurious interest, which is forbidden in Islamic law, or that these banks grant loans at high interest rates, high costs of account opening, and delays in completing their transactions. In addition, some citizens do not find the necessary confidence and competence in the bank to protect their money deposited in banks, which has led to clients staying away from banks and completing all their transactions outside the banking system.

**Table 3.** *The number of customers of Iraqi banks 2022*

#	Bank Name	Number of customers
1	National Bank of Iraq	33,840 customers
2	Al , Janoub Islamic Bank	20,000 customers
3	Spectrum Islamic Bank	11,137 customers

#### **Fourth: Bank deposits**

Deposits are one of the most important sources of financing for commercial banks, so banks are keen to develop them by developing savings awareness in society and not complicating the procedures for depositing or withdrawing money, which is one of the main indicators of the strength of the banking sector. The study sample during recent years coincided with the high degree of competition between banks, especially those trying to obtain the largest possible amount of deposits, and thus obtain the largest market share. It amounted to (1,229) million dinars, although it was established in 1995. As for Al Janoob Islamic Bank, its deposits amounted to (170,689) million dinars, while the deposits of Spectrum Islamic Bank amounted to (182,564) million dinars despite its recent establishment, compared to the year (2016), where the National Bank's deposits amounted to (162) million dinars, and Al-Janoub Islamic Bank (6,552) million dinars, which was established in the same year, but it was able to obtain this percentage of deposits, which is a good percentage. As for Spectrum Islamic Bank, it was established in (2018).

One of the reasons for the lack of deposit growth in Iraqi private banks is due to the low confidence of depositors and companies in the banking system, which led to the withholding of deposits from banks and hoarding them in homes as a result of pessimistic expectations due to the weak ability of banks to address financial and economic crises as well as the restrictions imposed by the Central Bank to comply with the operations of Depositors withdraw their money in all banks in small amounts in the event of any economic crisis since 1990. As for the localization of employee salaries, it has become a mere passage of salaries through the channels of the sample banks. Once we report the release of salaries, we find most of the employees crowding ATMs.

**Table 4.** *Deposits of Iraqi banks (2016-2021)*

#	Bank Name	Deposits					
		Deposits of Iraqi banks (million dinars)					
		2016	2017	2018	2019	2020	2021
1	National Bank of Iraq	162	185	191	251	419	1,229
2	Spectrum Islamic Bank	--	--	G.M.	38,890	77,164	182,564
3	Al , Janoub Islamic Bank	6,552	8,956	17,413	65,968	88,124	170,689

When comparing the study sample banks with foreign or Arab banks, we find that JPM Bank, whose deposits amounted to (3.4) trillion dollars at the end of the year (2020) (14), and QNB Bank of Qatar, whose deposits amounted to (739) billion riyals, equivalent to (2,025) million Dollars in the year (2020) (15). The reason why foreign and Arab banks have high deposits is the ease of procedures and ease of use of modern technologies in automating their work, which led to attracting more customers, and the ease of withdrawal, deposit and financial

transfer from any ATM in any location and over the course of 24 hours, in addition to the lack of The costs involved in these operations, which raised the competitiveness of these banks. As for the Iraqi banks, the study sample, it must be recognized that the policies adopted by these banks are ineffective in raising the level of bank deposit and maintaining its continued growth and stability. To deal with banking institutions and attract their deposits, thus increasing competition in banks.

***Fifth: The number of bank branches***

The Iraqi banking system has witnessed many important developments and developments in recent years, and despite its complete independence, it was not without many negative consequences that restricted the process of the spread of banks as a result of the unstable economic, political and security conditions that the state went through, and the table shows ( 5) The number of branches of the National Bank of Iraq amounted to (23) banking branches in (2022), while the branches of Spectrum Islamic Bank were (17) branches, and Al Janoub Islamic Bank (12) branches, and this indicates the weak spread of bank branches in Iraq compared to the levels of The actual and economic need, and its ability to provide banking services to increase its competitiveness. Which led to depriving a large segment of citizens of banking services who are in need of these services.

**Table 5. the number of branches of Iraqi banks (2016-2022)**

#	Bank Name	Number of branches						
		Number of bank branches during the years						
		2016	2017	2018	2019	2020	2021	2022
1	National Bank of Iraq	11	11	11	13	13	19	23
2	Spectrum Islamic Bank	--	--	1	13	16	16	17
3	Al , Janoub Islamic Bank	2	2	6	7	8	9	12

The extent of the spread of banking density in the economy can be measured by the number of bank branches for every (10) thousand people, and the above table shows that Iraqi banks suffer from a decrease in the number of branches, which is still within the limits of one branch for more than (45.5) thousand people, compared to other banks Foreign countries such as JPM Bank, which continued to expand its network of banking branches to reach (5,530) bank branches, which cover 85% of the population of the United States of America (16), and Maybank Malaysia, which expanded its scope of expansion through its branches spread in more than (18) countries Around the world, the number of its branches reached (2,626) banking branches (17), or compared to banks in neighboring Arab countries such as QNB Qatar, which expanded its growth in both the Qatari and international markets through more than (1,000) banking branches in (27) countries around the world (18), therefore, the low banking density in Iraq is the reason for the low competitiveness among local banks and their inability to access regional and global markets, the decline in the efficiency of the performance of these banks, the low quality of banking services provided and their inability to attract more customers. This requires Iraqi banks to expand their network of banking branches in order to reach the largest possible number of customers and provide the best banking services at competitive prices, in addition to increasing the competitiveness between banks at home and abroad, which was positively reflected on the growth of total bank deposits.

***Sixth: Electronic banking services in Iraqi banks***

***1- Automated teller machine services:***

Technological channels represented by ATMs play an important role in the banks' growth strategy for physical channels that allow customers to carry out all banking activities at any time and any place without the need to visit branches, and working to increase ATMs

would aim to improve and simplify operations operational and increasing the competitiveness of banks. Table (6) shows that there is a noticeable increase in the number of ATM devices in the banks of the study sample in previous years, but this increase was not at the required level in light of the developments in the banking sector. It is noted from the table that the National Bank of Iraq owns (100) devices. It is considered the fastest in the process of expanding its network of ATMs in the year (2021), after it was (10) machines in (2016). As for Al Janoub Islamic Bank, the number of machines increased from (18) in (2016) to (30) machine in (2021), while the Islamic Spectrum Bank introduced ATMs into service in (2019), and the number was (2) ATMs, which increased to (20) machines in (2021).

The prevalence of ATM devices in Iraq is still very limited compared to the size of the population, in addition to the fact that the work of these devices is limited to some simple electronic operations, such as paying the salaries of employees in the public and private sectors, knowing the balance and submitting a short account statement. In addition, the withdrawal fees were large, which were set at (2000) dinars, which led to the weakening of the banks' ability to compete.

**Table 6.** *Limits and fees for withdrawals and the number of ATMs in Iraqi banks*

#	Bank Name	Daily withdrawal limits	Withdrawal fees per transaction	Increase in the number of ATMs each year					
				2016	2017	2018	2019	2020	2021
1	National Bank of Iraq	2 million dinars	2000 KWD	10	G.M.	42	50	48	100
2	Spectrum Islamic Bank	2 million dinars	0.04%	--	--	G.M.	2	12	22
3	Al , Janoub Islamic Bank	2 million dinars	2000 KWD	18	22	24	24	24	30

The size of the gap between the banks in the research sample and between foreign and Arab banks is very large in the rates of spread of technological channels represented by (ATM) and (ITM) devices and the level of development of these devices. (16) thousand machines, or the Malaysian Maybank, whose number of machines reached (5,463), or when compared with some banks in Arab countries such as QNB of Qatar, which expanded its ATM network to reach (4,391) machines, as the These banks have developed their devices to work without a card through "long-range communication" technology, which allows customers to perform all withdrawals and deposits using digital wallets or the bank's application by bringing the phone close to the ATM screen and withdrawing cash without the need to enter a card or password To verify the identity of customers, and through this, it turns out that Iraqi banks have scored the lowest rank in the spread of ATM devices among the group of comparison banks, and this does not mean that the banking sector in Iraq is a backward or lagging sector in keeping pace with developments in the world, However, this gap was generated as a result of the conditions experienced by the Iraqi economy, and therefore banks must realize the importance of electronic channels based on information technology and seek to invest in them in order to raise their competitiveness.

## 2- Credit Card Services

Bank cards are the best way to control customers' money, where customers can use these cards at any time and anywhere without having to carry money with them, and customers can use these cards to withdraw money from ATMs and make purchases through POS points or through channels And the table (7) shows that the National Bank of Iraq has (4) types of bank cards, and the number is (33,632) cards, while Al-Janoub Islamic Bank has (2) types of



bank cards, and the number of issued cards is (20,000), while the Bank of The Islamic spectrum has (3) types of cards, the total number of which is issued (16,980), and we note from this that the number of cards issued by banks is very few despite the decision to settle the salaries of employees in banks due to the lack of banking awareness in the process of shifting from traditional payment methods to modern methods using these cards. In addition, we did not find a clear interest on the part of banks in terms of developing the quality of the issued cards in a way that supports the feature of non-contact use, while the work of these cards was limited to withdrawals through ATMs, online purchases, or purchases of goods and services, which were limited to specific places such as malls and large stores. that support this feature.

**Table 7.** Type of cards for Iraqi banks, card issuance fees, number of issued cards

#	Bank Name	Card Type	Card issuance fees	Number of cards issued	ATM withdrawal limits	Number of transactions using cards
1	National Bank of Iraq	Visa Platinum	\$ 125	The number of cards issued is 33,632	1000 \$	G.M.
		Golden Visa	75 \$		1000 \$	G.M.
		Silver Visa	50 \$		1000 \$	G.M.
		Salary	Free		2 million dinars	G.M.
2	Al , Janoub Islamic Bank	Visa Platinum	15000	The number of cards issued is 20,000	4 million	G.M.
		VISA Classic Card	15000		2 million	G.M.
3	Spectrum Islamic Bank	Platinum	\$ 46	7,230	\$ 2000	24,000
		Classic	\$ 17	8,650	\$ 2000	39,000
		Salary	Free	1,100	2 million dinars	3,500

Despite the directives of the Central Bank of Iraq aimed at encouraging the use of electronic payment tools represented by bank cards and the inclusion of the largest possible number of customers in the financial system, the banks did not achieve positive results compared to some banks in foreign and Arab countries, and the main reason for this is the citizens' reluctance to Dealing with banks because of the high costs of issuing these cards, in addition to the fees that banks require for withdrawals, and the other reason is that a large percentage of the population lives in rural areas, which led to the spread of the phenomenon of hoarding, in addition to that, banks did not take a serious role in promoting their electronic services. Representing the definition of bank cards and their advantages, and this led to the completion of a large number of citizens of their banking transactions outside the banking system, which lost the ability to compete with international banks.

### 3- Mobile phone services:

The wide trend in the use of mobile banking services has shown positive results as it is the most widespread technology that is dealt with in daily life by citizens. As for Iraqi banks, Table (8) shows that the percentage of the number of mobile phone users in the National Bank of Iraq has reached (30%) of the number of customers present in the application, which numbered (33,000), while Al-Janoub Islamic Bank achieved positive results in mobile phone services. As the percentage of the number of his users reached (45%) of the number of clients on the application, which numbered approximately (20,000) clients, which indicates that there is a significant weakness in the percentage of the number of mobile phone service users in the

study sample banks, and the reason for this is Due to the lack of investments by banks in mobile banking technologies, in addition, there is no serious future vision aimed at developing banking services in order to shift to a banking strategy that adopts the principle of everything In addition, banks did not pay attention to the study sample in the communications and information technology sector in a way that ensures the development of smart applications via the mobile phone in proportion to the requirements of customers, which are speed, ease and security.

**Table 8. Rate of Use of Mobile Services in Iraqi Banks**

#	Bank Name	Number of customers in the app	Percentage of thenumber of usersn telephone services %
1	National Bank of Iraq	33,000 customers	30 %
2	Spectrum Islamic Bank	G.M.	G.M.
3	Al , Janoub Islamic Bank	≈ 20,000 customers	45 %

The most important services provided via the mobile phone in the banks of the study sample are:

- Mini Statement.
- Submit a check book request, or open a bank account.
- Familiarize yourself with products and identify the locations of ATMs and branches.
- Money transfers between the accounts of the same person or with other accounts through the Zain Cash wallet and Asia Hawala.

Therefore, one of the reasons for the low percentage of mobile phone users in Iraqi banks, the study sample, is the modest banking services provided to customers, in addition to the poor levels of Internet use due to the weak infrastructure and technology in Iraq in general, as well as the low levels of banking culture and high illiteracy rates. When comparing with foreign banks, we find that JPM Bank has adopted the "Mobile First" strategy in the process of providing its mobile banking services and has achieved good results after the percentage of users reached (86%), as the number of customers using its applications reached (41) million Active user(19), and the Malaysian Maybank has become one of the leading banks in the volume of mobile banking transactions after it acquired (60.7%) of the volume of mobile phone transactions in Malaysia. The number of users of digital services over the phone reached (15.4) million User(20), while in the Kingdom of Saudi Arabia, (81%) of the population depends on smart applications via mobile phone in completing their banking transactions, and the number of users has reached (46.35) million users via mobile phone For (21), therefore, digital transformation is undoubtedly enhancing long-term sustainability, and its goal is to create a banking system that contains products and services that cover customer needs in a variety of technological platforms, in order to maintain sustainable competitiveness and attract more customers.

#### **4- The systems used for money transfers in Iraqi banks**

Money transfer systems are one of the best innovations in banking information technology, due to the many advantages it provides to customers in light of the prevalence of contactless payment methods that made customers rely on technological techniques in practicing their banking operations of sending and receiving money as quickly, easily and safely, and in Iraq the table shows (9) The study sample banks have used (3) types of financial transfer systems such as the Western Union system and the Swift system, which are global

systems that most banks in the world participate in, while the RTGS system is an internal transfer system adopted by the Central Bank of Iraq in order to control the Financial transfer operations in Iraq, as well as limiting banking transactions that take place outside the banking sector and introducing the largest possible number of customers within the banking sector. Table (9) shows that Spectrum Islamic Bank has achieved positive results in the number of money transfers through the Western Union system, as the number of its operations reached (279,415) thousand during the year (2021), and the number of its operations through the Swift system was (433), which are A weak percentage, while the number of transactions through the RTGS system was (181), which is a low percentage in the number of internal transactions. As for Al Janoob Islamic Bank, the number of transactions executed through Western Union reached (21,941) thousand, and the number of transactions through the Swift system amounted to (288) ) process, while it has achieved positive results in the number of transactions through the (RTGS) system, as the number of transactions reached (616) internal transfers, and through this it is clear that despite the high number of financial transfers within banks, it was not at the required level, and this indicates However, most citizens carry out their banking transactions represented by remittances through exchange offices and other traditional channels, in addition to that, banks did not do financial transfers through these systems through other technological techniques such as transfers via mobile phones, ATMs and via the Internet in a manner that facilitates Accomplishing the operations of citizens and limiting the time to them. Rather, transfers through these systems were restricted to bank branches, which led to a weakening of the competition ability in the banking sector due to the lack of sufficient number of branches to include the largest number of citizens, and the high costs of going to bank branches.

**Table 9.** *The number of money transfers through transfer systems in Iraqi banks*

Increase in the number of remittances using systems						Money Transfer Systems	Bank Name	#
2021	2020	2019	2018	2017	2016			
G.M.	G.M.	G.M.	G.M.	G.M.	G.M.	G.M.	National Bank of Iraq	1
279,415	88,008	259,320	--	--	--	Western Union	Spectrum Islamic Bank	2
181	85	5	--	--	--	RTGS		
433	236	G.M.	--	--	--	Should	Al , Janoob Islamic Bank	3
21,941	17,925	1,217	50	None	None	Western Union		
616	680	786	866	524	159	RTGS		
288	287	327	457	547	34	Should		

The Iraqi banks, the sample of the study, despite having modern money transfer systems, did not enhance their competitiveness at the local, Arab or global levels by using these systems because of the weak infrastructure in the banking sector, the lack of banking awareness among citizens, and the high costs of transfers, and when compared With international banks, we find that JPM has used the Zelle system, which is one of the fastest money transfer systems in the United States, which enabled customers to transfer their money digitally and without transfer fees via mobile phone or through the Zelle program on the Internet, realizing that customers now rely on technologies It has achieved a significant growth in the number of transactions between the years (2019-2020), as it recorded more than (one billion) transactions through the Zelle system. Banks in Saudi Arabia have used the (SARIE) system for money transfers in response to the desire of customers in order to provide safe payment options, reduce cash transactions, and increase electronic transactions, and they have achieved impressive results in light of this digital transformation. In the year (2020), we conclude from this that Iraqi banks did not benefit from the results that Arab and international banks have achieved in

applying the latest information systems in the completion of their work, after they developed their infrastructure based on information technology to advance the field of banking services in a way that contributed to enhancing their competitiveness. Although a number of local banks have established partnerships with international and regional banks.

#### **4. Conclusions**

The results show the possibility of applying information and communication technology in Iraqi banks to enhance their competitiveness, although it is still in its initial stages due to the weak spread of bank branches associated with security and economic instability, in addition to the weak banking culture among the public. The lack of optimal exploitation of external debt and its orientation towards consumer spending and imported goods, and a few of them towards projects with low income, led to the lack of real financial sustainability in the Iraqi economy. The increase in reliance on public borrowing to finance the budget deficit led to a rise in the internal debt, especially in 2020, which means an increase in financial obligations on the state not only abroad but also internally, which made the revenue structure burdened with financial commitments internally and externally, as well as not directing domestic savings to contribute in building the economy and working on its consumption, which prevented the achievement of financial sustainability. Weak growth in G.D.P. during the study period as a result of the rentier Iraqi economy, which made it vulnerable to external shocks and is greatly affected by changes in international oil prices, as well as weak non-oil revenues due to the lack of diversification of funding sources, which indicates the lack of real financial sustainability in the Iraqi economy. Therefore, it is necessary to adhere to the Financial Management Law No. 6 of 2019 and the regulations on public debt and not to resort to external debt except for extreme necessities since its burdens will be borne by future generations, as well as the economic, political and social repercussions and risks of hegemony and control in the national economy and limiting external debt to investment to achieve sustainability of external debt. It should also seek to organize agreements with creditor countries to transfer the service and benefits of the foreign debt to foreign investments that are invested within the Iraqi economy to achieve an additional benefit and the work of structural projects, as is the case in the Arab Republic of Egypt, which contributed to the transformation from foreign debt to foreign investment in increasing the rates of output gross domestic. The government must control its public expenditures and achieve a balance between revenues and spending without the need for public debt, whether internal or external, and direct expenses towards investment projects, infrastructure projects, and projects. They would generate huge revenues, such as ports, an additional tributary that flows into the state's general budget and workforce employment To achieve full employment and address unemployment. The government must adopt an effective fiscal policy that works on financial stability, earns the desired goals of economic policies, avoids abuses on the financial allocations approved in the federal budget, works to achieve net wealth for it, and pays what exceeds (the surplus) towards the payment of the external debt, as it has political and economic consequences. And more social than internal debt or directed towards investment projects.

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