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The Effect of Corporate Governance in Islamic Banking on the Agility of Iraqi Banks

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Abstract: The primary purpose of the research is to investigate the impact of corporate governance in Islamic banking on the agility of Iraqi banks. In other words, the current study seeks to find an answer to the question of whether corporate governance in Islamic banking can affect the agility and speed of change of banks in the face of problems in Iraq or not. For this purpose, the research method is applied based on the goal and descriptive survey based on the method. The statistical population of this study is all managers, employees and customers of the public and private banks of Iraq, and a total of 70 questionnaires have been completed and analyzed. The sampling method of the research is non-random, and the available population has been selected as the sample size. In this research, PLS tests have been used to investigate the effect of independent variables on the dependent variable. The research results indicate that corporate governance in Islamic banking has had a positive effect on the agility of Iraqi banks, meaning that with the increase of corporate governance mechanisms in Iraqi Islamic banking, the rate of change of banks (agility of banks) has been facing more problems.

أثر حوكمة الشركات في الصيرفة الإسلامية على مرونة المصارف العراقية

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المستخلص

الغرض الأساسي من البحث هو دراسة تأثير حوكمة الشركات في الصيرفة الإسلامية على مرونة البنوك العراقية. بمعنى آخر، تسعى الدراسة الحالية إلى إيجاد إجابة لسؤال ما إذا كانت حوكمة الشركات في الصيرفة الإسلامية يمكن أن تؤثر على مرونة وسرعة تغيير البنوك في مواجهة المشاكل في العراق أم لا. لهذا الغرض، يتم تطبيق أسلوب البحث بناءً على الهدف والمسح الوصفي بناءً على الطريقة. المجتمع الإحصائي لهذه الدراسة هو جميع المديرين والموظفين والعملاء في البنوك العامة والخاصة في العراق، وقد تم استكمال وتحليل 70 استبياناً. طريقة أخذ العينات للبحث غير عشوائية، وقد تم اختيار السكان المتاحين ليكونوا حجم العينة. في هذا البحث، تم استخدام اختبارات PLS للتحقق من تأثير المتغيرات المستقلة على المتغير التابع. تشير نتائج البحث إلى أن حوكمة الشركات في الصيرفة الإسلامية كان لها تأثير إيجابي على مرونة البنوك العراقية، مما يعني أنه مع زيادة آليات حوكمة الشركات في الصيرفة الإسلامية العراقية، فإن معدل التغير في البنوك (مرونة البنوك) كان يواجه المزيد من المشاكل.

الكلمات المفتاحية: حوكمة الشركات، الصيرفة الإسلامية، الرشاقة المصرفية.

1. Introduction

Banks play a significant role in economic systems. Banking (financial) institutions undoubtedly have substantial differences from other non-financial institutions; hence the exclusion of financial companies (institutions) from the sample of companies with different economic activities is justified. In the contemporary time in Iraq and in light of the economic conditions that plague the country, there is no significant difference in commercial and Islamic banks

Only one corner is that it assumes the existence of a Sharia supervisory board in Islamic banks that manages banking work in accordance with the principles and provisions of Islamic Sharia The inherent complexities of banking businesses and the differences in the structure and nature of operations have made them an interesting case from the perspective of corporate governance. Banks' huge role in a country's economic health requires special attention to the governance issues of that country. The uniqueness of operations, regulations, and global standards of banks has separated this sector from other industries in research. A separate study focusing on banking institutions, especially In ill-conceived developing

markets such as Iraq, it can achieve more tangible results with clear implications for the booming banking industry, and at the same time, to solve banking problems in this country. Corporate governance is one of the oversight mechanisms that help combat problems resulting from the separation of ownership and management, such as agency problems, moral hazards, and self-centered managerial behavior. Therefore, based on agency theory, there is a dominant logical dimension to the relationship of corporate governance mechanisms in banking institutions. Today, the problem of information asymmetry in the financial industry is exacerbated by the fact that consumers of these services lack the experience and knowledge necessary to monitor the quality of services and contracts; Therefore, abusive managers make them easy prey for manipulation and abusive behaviour. On the other hand, the nature of banking services from traditional times and the superiority of financial mechanisms requires special regulatory measures, which are also justified by the detailed regulatory guidelines and activities. Therefore, banks require detailed and differentiated regulation and supervision; However, special supervisory behavior creates new challenges in corporate governance and attracts special attention. The importance of corporate governance in banks and the need for board oversight has been emphasized by the Basel Committee, stating that "corporate governance for banking institutions is probably more important than for other business units because of the vital role played by banking institutions. Bank financial intermediation in the economy, and the need for Protecting depositors' funds, and their high sensitivity to potential problems caused by ineffective corporate governance. Therefore, public confidence in the banking system must be maintained, which is crucial to the proper functioning of the banking sector and the economy as an authority. Therefore, it can be concluded that corporate governance in banks will greatly affect their performance, including the level of flexibility of banks

(Bhattrai, 2017 & Lamichhane, 2018) and the economy as an authority. Therefore, it can be concluded that banks' corporate governance will significantly impact their performance, including the level of banks' agility.

The agility of banks refers to the degree of coordination of banks with speedy changes. Creating agility through corporate governance can be an opportunity for any company because it will significantly impact its

performance and profitability in the long run. Therefore, the unique role, salient functions, and distinct operating environment of banking institutions make them a strong case for analyzing corporate governance mechanisms on bank agility. Corporate governance theories based on agency and resources also justify this field of study and empirical research. Therefore, in this research, we seek to investigate the impact of corporate governance of Iraqi banks on their agility. By reviewing the subject literature, we found that so far, the conducted studies have not investigated the impact of corporate governance on the agility of banks; therefore, by examining this issue, in addition to contributing to the development of thematic literature in this field, it also resolves the existing research gap around this issue. In this research, agility is measured with components such as flexibility, responsiveness, the culture of change, speed, integrity, quality, competence, and human resources. In the following, theoretical foundations, research methodology, data analysis, and then discussion and conclusions will be discussed.

The first topic

2. **Theoretical principles and hypothesis development:** Determining goals is the first step in creating a conceptual framework for any activity or field, and these goals may change over time. Still, the need to be able to identify these goals at a specific time is essential because the guiding factor for the decisions taken and also their importance in evaluating practical applications are the expected changes in the use of alternative standards in the application and determining the response rate to internal and external environmental changes and conditions. The purpose of corporate governance is to protect the rights of shareholders and maximize their value in the long term and preserve it. Still, the scope of governance may be expanded to extend its importance beyond the boundaries of the banks' own interests and the interests of shareholders.

Corporate governance in banks represents the framework through which banks can be managed, especially Islamic and commercial banks. Based on this framework, the rights and duties are defined, and the roles and responsibilities of all persons directly related to those banks (such as the board of directors, bank management, and shareholders) and other persons who are indirectly related to those banks. Banks are formed based on a set of concepts (which include: justice, fairness, transparency, responsibility, accountability, and independence) and compiling all of the above into a set

of general principles and detailed rules, the purpose of which is to protect the rights of shareholders and to maximize their value in the long term as well as protecting and preserving the rights of other stakeholders based on the stakeholder theory and value creation perspective for their interests (Sivaprasad and Mathew 2021).

Implementation of principles and standards due to the deep link between bank governance and financial markets helps to increase the efficiency of banks, as it requires investment in property rights that establish and implement good principles and standards for the governance of banks (Mertzanis et al., 2019). The performance of corporate governance is shaped by protecting the rights of shareholders, especially the accountability of the board of directors in companies regarding the effects of bad share ownership contracts and the ability of management in those banks, and their willingness to prepare and publish financial and non-financial reports and information. The process of setting and developing corporate governance standards in a country is affected by the surrounding environmental conditions, including economic, social, cultural, and political conditions, as well as governance characteristics that characterize the companies that operate there and the models they follow. Therefore, it can be concluded that banks' corporate governance will significantly impact their performance, including the agility of banks (Bhattrai 2017; Lamichhane 2018). The agility of banks refers to the degree of coordination of banks with very fast changes. Creating agility through corporate governance can be an opportunity for any company because it will greatly impact its performance and profitability in the long run. Corporate governance has become increasingly important since the economic and financial crisis of 2007. The financial crisis showed that management tools could be especially effective when faced with unexpected pressures and conflicts of interest. On the other hand, this crisis showed that ownership structures had different effects on corporate governance and responsiveness during the crisis. Corporate governance was first presented as a concept and research field for private limited companies. This resulted from the coordination efforts of stock exchanges and other private institutions that either had specific conditions for admission or provided recommendations on appropriate and effective corporate governance, which legislators usually presented under corporate governance indicators. But over time, corporate governance was extended to banks, insurance

companies, and other financial institutions. Nevertheless, considering the efforts made about corporate governance, there were very few studies in these areas.

The Basel Committee on Banking Supervision, the world's leading authority on banking regulation and supervision, begins its 2015 corporate governance principles for banks with this statement: Effective corporate governance is vital for the proper functioning of the banking sector and the global economy. Corporate governance of banks and other financial institutions attracted much attention after the 2008 financial crisis. Almost half of them address corporate governance questions, and more than a quarter look at banks' regulation and corporate governance (in the broadest sense). From the point of view of practical and regulatory theory, it is self-evident that banks are special compared to non-banking institutions. Based on this, targeted regulation and supervision of banking as an industry have been set. The unique aspects of banks include the very low capitalization of banks compared to non-bank entities (especially when short- and long-term financial maturity periods overlap), complexity, and the lack of transparency of banks' activities and structures, the basic need for trust and the risk caused by bank runs, and especially the macroeconomic performance of banks, which is revealed in their central importance for the economy which in turn makes them subject to extensive laws and government regulations.

These specific characteristics of banks, in turn, require a certain variety of corporate governance for proper management. However, what is surprising is that there has traditionally been no special attention to this issue, and economic research on corporate governance, especially in banks, has started relatively late.

On the other hand, the lack of corporate governance in banks can destabilize the financial system and impose systematic risks on the economy. Banks determine which end users receive financial resources and provide the relevant payment tools in this context. Systematic risk arises because banks usually have an incentive to price financial risks at a low level (for example, granting high-risk facilities); Because they don't want to bear the social costs of risky activities. Such risks will eventually cause a decrease in investors' confidence in the banking sector (people's attack) and a bank crisis. In other words, banks are equipped as financial intermediaries through lending and investing funds, and they operate by providing funds for the economic

activities of others. Considering the key role of banks in the economy of all countries, the need for strong corporate governance for banks becomes increasingly apparent. Especially in the last two or three years due to the Covid-19 crisis, which has caused the entire world economy faces many problems.

Because during the crisis, the liquidity of banks decreases. When depositors do not receive financial support from governments, they withdraw their savings to cope with economic uncertainty. Defaulting on most loans, including mortgages, auto, and personal loans, further reduces a bank's liquidity. As depository institutions with significant dependence on loan interest income, banks are particularly vulnerable to the economic disruptions of a global crisis such as Covid-19 (Sivaprasad and Mathew 2021). Therefore, in such a situation, in order for banks to be able to get out of these crises with the least damage, they need to be agile and flexible so that they can quickly adapt to the conditions that have arisen and adapt themselves to these conditions. Therefore, we expect corporate governance to positively and significantly affect banks' agility in the current research. Based on this, the research conducted in this field is as follows:

Bhattrai (2017) addressed the impact of corporate governance on bank performance in Nepal. His research showed that corporate governance had a significant effect on the performance of Nepalese banks. Demir et al. (2021) also showed that during the Corona era, corporate governance played a significant role in advancing the goals of banks, so during the crisis, corporate governance had a significant impact on the performance of banks. Also, Georgantopoulos and Filos (2017); Khatib et al. (2021); Lamichhane (2018); Mertzanis et al. (2019); Nguyen et al. (2020); Permatasari (2020) also confirmed that corporate governance affects the performance of banks.

Scherer et al., (2020) also found that corporate governance significantly impacts banks' innovation and flexibility. Sivaprasad and Mathew (2021) also showed that banks' corporate governance significantly impacts dealing with crises. Vicnente-Ramos et al. (2020) also found that bank corporate governance will positively and significantly affect bank profitability. Therefore, according to what was said, the hypothesis of the research is as follows:

Research hypothesis: corporate governance in Islamic banking has a positive and significant effect on the agility of Iraqi banks.

The second topic

3. Research method: This research is practical in terms of purpose and type and is based on the analysis of information collected in a survey. In this method, also called the field method, the researcher will collect data and information by being present at the level of the statistical community and using various tools, including questionnaires. Survey research is used to investigate the distribution of characteristics of the statistical population in order to examine the current situation and discover the relationship between events. The collected data are analyzed through PLS statistical software. Using the collected information and their analysis, the correctness of the assumptions of the test research and the results will be generalized to the entire statistical population.

3-1. Data collection instrument: The information used in this research is divided into two groups. First Division; Information related to theoretical foundations and research literature provided by studying domestic and foreign sources, and the second category; is information collected through a questionnaire. The present research questionnaire is based on the organization's standard agility questionnaire and the researcher-made questionnaire on corporate governance. Due to a large number of questions and the incompatibility of some questions with the conditions of Iraq, they have been removed or changed. The year of implementation of the research is 2022 AD, which will be carried out in the Iraqi stock exchange in the private and state banks section. In this section, respondents are faced with two parts to answer. Answering the first part of the questions determines whether this factor currently exists in Iraqi banks according to the respondent's professional experience and the answer. The second part of the questions expresses the level of importance (very high, high, medium, low, and very low) of this factor from the respondents' point of view. The validity of the questionnaire is evaluated based on the opinion of experts and its reliability based on "Cronbach's alpha".

3-2. Population and research sample: The statistical population of this research is all managers, heads, employees and customers of public and private banks in Iraq.

3-3. Research model: According to the subject literature and research background, the following conceptual models have been used to test the hypotheses:
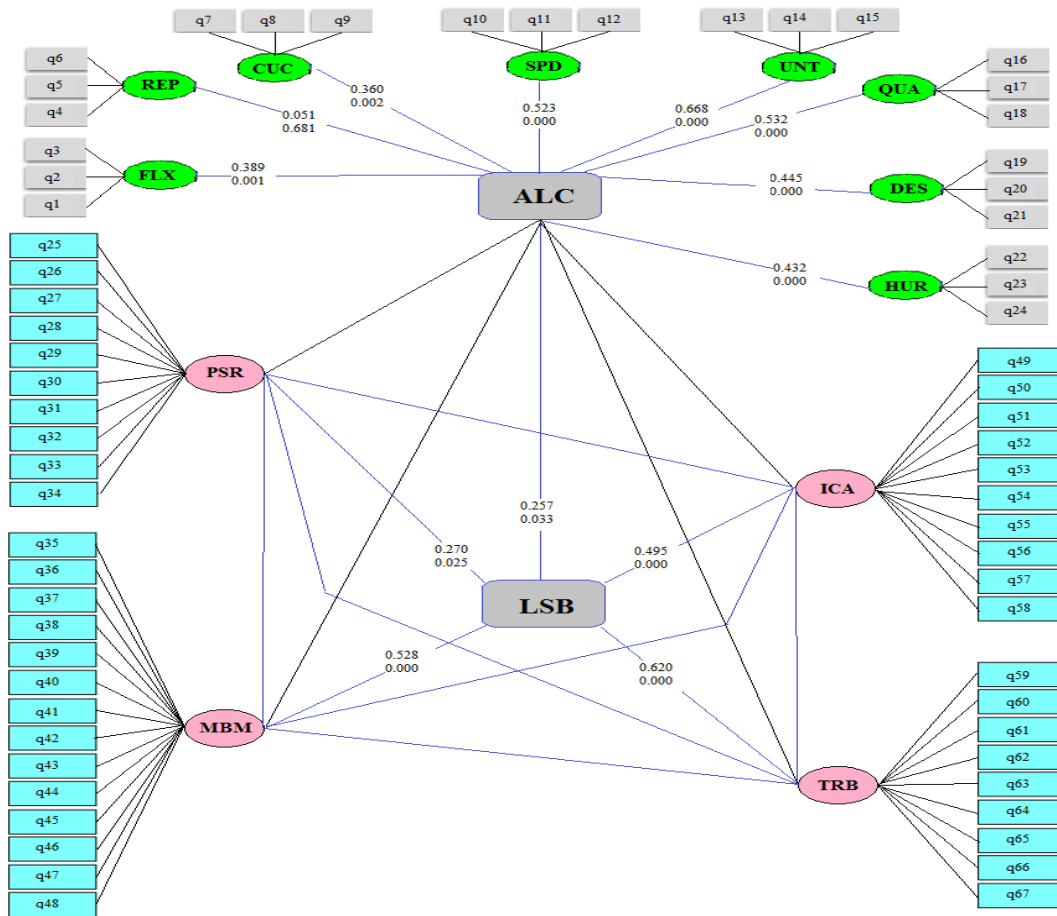
Figure (1): The Conceptual model of research (Prepared by researchers)

4. Data analysis

4-1. Descriptive statistics: As shown in Table (1), related to the frequency of demographic data, most of the respondents (more than 64 percent of them) to the questionnaire, out of a total of 70 people, were men. Most respondents are over 35 years old and have less than 5 years of work experience. More than 50% of them have master's, PhD and higher degrees and all the respondents have university degrees. In addition, most respondents have university degrees in accounting and auditing, and more than 50% have bank employee positions.

As mentioned earlier, this research aims to investigate the effect of corporate governance in Islamic banking on the agility of Iraqi banks. The research questionnaire in the specialized section consists of two parts, including bank agility with 24 questions and the second part, corporate governance in Islamic banks in Iraq with 43 questions.

Table (1): The Frequency of demographic data

		No.	Percentage
Gender	Male	25	71.35
	Female	45	29.64
Position in bank	Head of Branch	6	57.8
	deputy	7	10
	Senior	20	57.28
	Employee	37	86.52
Work experience	5 years and less	24	29.34
	6 to 10 years	14	20
	11 to 15 years	10	29.14
	More than 15 years	22	43.31
Field of study	Accounting and auditing	21	30
	Economy	12	14.17
	Financial Management	18	71.25
	other	19	14.27
Age	20-25	1	43.1
	26-30	21	86.32
	31-35	9	86.12
	35 and higher	37	86.52
Education	Associate Degree	0	0
	Bachelor's degree	17	29.24
	Master's degree	25	71.35
	PhD and higher	28	40

Prepared by researchers according to the data

Tables (2) and (3) present descriptive statistics; the data related to the two main parts of the questionnaire are presented separately to identify the influencing factors. The options presented and selectable for each question in all sections of the questionnaire include options 1-I completely agree, 2-I agree, 3-I have no opinion, 4-I disagree, and 5-I completely disagree, which are coded from 1 to 5. According to Table (2), which is related to the descriptive statistics of the data related to the agility of banks, the mean, median, and mode for all the answers are on average option (2) or "I agree". Considering that this part of the questions is related to the agility of the studied banks, choosing the option "I agree" by the respondents indicates high flexibility, ability to respond, making changes in different areas, speed in learning and also providing services, integrity in affairs is an acceptable level of quality and competence, as well as great attention to human resources matters, including access to knowledge and initiative of employees.

Table (2): The Descriptive statistics of the data related to the agility sector of banks

Question	Mean	Median	Mode	Question	Mean	Median	Mode
Flexibility				Integrity			
Q1	1.990	2	2	Q13	2.000	2	2
Q2	2.200	2	2	Q14	1.760	2	2
Q3	2.140	2	2	Q15	1.660	2	2
Responsibility				Quality			
Q4	1.970	2	2	Q16	1.940	2	2
Q5	2.060	2	2	Q17	1.690	2	2
Q6	2.130	2	2	Q18	1.890	2	2
Culture of change				Qualification			
Q7	2.100	2	2	Q19	2.190	2	2
Q8	1.910	2	2	Q20	1.840	2	2
Q9	2.010	2	2	Q21	1.930	2	2
Speed				Human resources			
Q10	2.030	2	2	Q22	2.290	2	2
Q11	1.740	2	2	Q23	1.690	2	2
Q12	2.300	2	2	Q24	1.770	2	2

Prepared by researchers according to the data

Also, as shown in Table (3), the mean, median and mode for all the answers are, on average, option (2) or "I agree". Considering that this part of the question is related to corporate governance in Iraqi Islamic banks, the choice of the "I agree" option by the respondents suggests the fact that the studied banks are concerned with issues such as paying attention to the rights of shareholders and stakeholders, the competence and independence of the board of directors, the ability and independence of the audit committee, as well as the creation of transparency, are in a good position and have acceptable measures in this field.

Table (3): The Descriptive statistics of data related to corporate governance

Question	Mean	Median	Mode	Question	Mean	Median	Mode
The first axis: bank measures regarding guaranteeing the rights of shareholders and beneficiaries				The third axis: the ability and independence of audit committees			
Q1	1.590	2	2	Q13	1.940	2	2
Q2	1.730	2	2	Q14	2.030	2	2
Q3	2.200	2	2	Q15	1.910	2	2
Q4	1.810	2	2	Q16	1.930	2	2

Question	Mean	Median	Mode	Question	Mean	Median	Mode
Q5	1.630	2	2	Q17	1.830	2	2
Q6	1.910	2	2	Q18	1.810	2	2
Q7	1.590	2	2	Q19	2.340	2	2
Q8	1.870	2	2	Q20	2.140	2	2
Q9	1.890	2	2	Q21	2.390	2	2
Q10	1.770	2	2		2.370	2	2
The second axis is: the competence and independence of the board of directors and executive management				The fourth axis is: the transparency policy in the bank			
Q11	2.070	2	2	Q35	2.210	2	2
Q12	2.100	2	2	Q36	2.300	2	2
Q13	1.860	2	2	Q37	2.090	2	2
Q14	1.910	2	2	Q38	1.970	2	2
Q15	1.900	2	2	Q39	2.010	2	2
Q16	1.970	2	2	Q40	2.290	2	2
Q17	1.740	2	2	Q41	1.710	2	2
Q18	2.100	2	2	Q42	1.960	2	2
Q19	1.890	2	2	Q43	1.910	2	2
Q20	1.930	2	2				
Q21	1.890	2	2				
Q22	1.910	2	2				
Q23	2.200	2	2				
Q24	2.100	2	2				

Prepared by researchers according to the data)

The third topic

4-2. Inference from data: Before examining the research hypotheses, the validity and reliability of the research questionnaire are examined. When enough evidence is obtained about the validity and reliability of the questionnaires, the research hypotheses can be evaluated correctly. The results of this matter are shown in Table (4) in the form of Cronbach's alpha coefficient, composite reliability coefficient, and average variance extracted. First, Cronbach's alpha is used to calculate the reliability of the questionnaire. Cronbach's alpha is an index to measure internal consistency. Through this criterion, the average correlation of the questions in a survey tool is calculated and used to measure the reliability of the questionnaire. The alpha coefficient ranges from 0 to 1. The alpha coefficient for the part

of the designed questionnaire was equal to 0.912, which is in the appropriate range.

In this research, to evaluate the validity of the questionnaire, the validity of the content and structure of the questionnaire has been examined. To evaluate the validity of the construct, the average variance index was extracted, and the Fornell and Larcker criteria were used. The AVE index in Table (4) states that the average extracted variance of each dimension of the model has a value greater than 0.5; Therefore, the convergent validity of the questionnaire is confirmed. According to Table (4), the value of AVE for model variables is higher than 0.5; therefore, it can be said that the cross-validation commonality used the validity of the convergence of the measurement model.

Table (4): The Reliability and validity findings of the research

Cronbach's alpha	composite reliability coefficient	AVE
0.912	0.869	0.659

Prepared by researchers according to the data

The researchers use the goodness of fit indices for the overall evaluation of the hypothetical model fitted with the observed data. The most common index is the chi-square index, which expresses the importance of the difference between the fitted model's covariance matrix and the observed sample's covariance matrix. The null hypothesis indicates no difference between the fitted model and the sample covariance matrix. The critical point is that this index is affected by the sample size. Therefore, when the sample size is large, it will show a small difference, which indicates a good fit. Therefore, some of its adjusted index, i.e. chi-square, is used on the degree of freedom along with other goodness of fit indices, which include 1- Goodness of Fit Index (GFI) and 2- Adjusted Goodness of Fit Index (AGFI) and 3- Comparative Fit Index (CFI) and 4- Tucker-Lewis Index (TLI) and 5- Root Mean Square of Standardized Errors (SRMR) and 6- Root Mean Square Error of Approximation (RMSEA) whose value is less than 0.08 represents reasonable errors of approximation in the population. The goodness of fit indices of measurement models are reported separately in Table (5). It can be concluded that the model fit is suitable for the data, and the results can be reliable.

Table (5): the goodness of fit criteria of the questionnaire

Index name	Sing	Calculation	Acceptable	Ideal
$\chi 2$ significance	$\chi 2$	<0.001	$0.050 < p \le 1.000$	$0.010 < p \le .0500$
Optimized chi-square	$\chi 2/df$	1.325	$0.000 < \chi 2/df \le 5.000$	$0.000 \le \chi 2/df \le 3.000$
Goodness of fit	GFI	0.925	$0.800 \le GFI < 0.950$	$0.950 \le GFI \le 1.000$
Adjusted goodness of fit	AGFI	0.904	$0.800 \le GFI < 0.950$	$0.950 \le GFI \le 1.000$
Root mean square residual	RMR	0.028	$0.000 < RMR \le 0.100$	$0.000 \le RMR \le 0.050$
Comparative goodness of fit	CFI	0.918	$0.900 \le CFI < 0.970$	$0.970 \le CFI \le 1.000$
The root mean square of the estimation error	RMSEA	0.029	$0.050 < RMSEA \le 0.080$	$0.00 \le RMSEA \le 0.050$

Table according to the results of the analysis of the Fuse program.

In order to investigate corporate governance in Islamic banking on the agility of Iraqi banks, 67 main questions have been evaluated in the form of 12 issues. Table (6) shows the named components and the number of questions that make up each. In addition, Cronbach's alpha of each part of the questionnaire was calculated. The questionnaires have a suitable internal structure because Cronbach's alpha was calculated between 0.748 and 0.951.

Table (6): Components; Number of questions, Cronbach's alpha and factor analysis results

Components	Questions	Cronbach's alpha	Factor analysis
Agility of banks	24	0.904	0.879-0.951
flexibility	3	0.859	0.772-0.914
responsiveness	3	0.902	0.883-0.957
The culture of change	3	0.921	0.883-0.957
Speed	3	0.842	0.705-0.898
integrity	3	0.748	0.689-0.887
Quality	3	0.951	0.883-0.957
Merit	3	0.914	0.883-0.957
Human resources	3	0.879	0.705-0.898
Corporate governance	43	0.847	0.705-0.898
The first axis: guaranteeing the rights of shareholders	10	0.889	0.762-0.911
The second axis: is the competence of the board of directors	14	0.941	0.883-0.928
The third axis: independence of audit committees	10	0.902	0.835-0.917
The fourth axis: bank transparency	9	0.899	0.805-0.815

Table according to the results of the analysis of the Fuse program.

Table (7) shows the descriptive statistics of research variables. As mentioned earlier, 70 people have completed the questionnaire for this research. Table (7) shows that the agility component consists of eight indicators. The information on each index is collected through three questions. By using the method of exploratory factor analysis and the weighted average of the questions, the bank's agility indicators, which are the hidden variables of the research, have been obtained. After that, the bank agility variable was created through these eight factors and used the exploratory factor analysis method again. The same has been done for corporate governance. First, each of the four axes is created by the questions raised in each part, and then by using the method of exploratory factor analysis through the weighted average, the corporate representation index is obtained.

According to the information in Table (7), the highest average of the agility components is related to the variables of flexibility and culture of change, and the lowest average is related to the variable of speed. Therefore, flexibility variables and culture of change are expected to have less effect than other variables on bank agility, and the speed variable has the most effect. Among the axes of corporate governance, the lowest average is related to the first axis. Therefore, guaranteeing shareholders' rights is expected to have the greatest effect on corporate governance. In addition, considering that the highest average is related to the second axis, it is expected that the competence of the board of directors has the least effect on the corporate governance variable compared to the other three components. Other information on the mentioned variables is shown in table (7).

Table (7): The Descriptive statistics of hidden research variables

Variable	Equivalent	Observations	Mean	Standard deviation	Minimum	maximum
Agility of banks	alc	70	2.116	0.491	1.000	3.333
flexibility	flx	70	2.053	0.311	1.333	3.000
responsiveness	rep	70	2.010	0.286	1.333	2.667
The culture of change	cuc	70	2.034	0.358	1.333	2.667
Speed	spd	70	1.802	0.444	1.000	3.333
integrity	unt	70	1.836	0.306	1.333	2.667
Quality	qua	70	1.981	0.379	1.000	3.000
Merit	des	70	1.918	0.359	1.000	2.667
Human resources	hur	70	1.969	0.160	1.500	2.583
Corporate governance	lsb	70	1.800	0.148	1.500	2.200
The first axis: guaranteeing the rights of shareholders	psr	70	1.967	0.191	1.500	2.429
The second axis: is the competence of the board of directors	mbm	70	2.069	0.219	1.667	2.700
The third axis: independence of audit committees	ica	70	2.053	0.247	1.556	2.667
The fourth axis: bank transparency	trb	70	1.972	0.100	1.696	2.198

Table according to the results of the analysis of the Fuse program.

Table (8): The correlation matrix of hidden variables of the st

	flx	rep	cuc	spd	Unt	qua	des	hur	alc	psr	mbm	ica	trb	lsb
flx	1.000													
rep	-0.340***	1.000												
cuc	0.271**	-0.190	1.000											
spd	-0.004	0.086	-0.083	1.000										
unt	0.107	-0.006	0.080	0.434***	1.000									
qua	-0.024	-0.079	-0.019	0.261**	0.383***	1.000								
des	-0.093	0.037	0.183	0.089	0.113	0.142	1.000							
hur	0.083	-0.121	0.088	0.009	0.061	0.277**	0.132	1.000						
alc	0.388***	0.051	0.360***	0.523***	0.668***	0.532***	0.445***	0.432***	1.000					
psr	0.072**	-0.235*	0.070	-0.206*	-0.439***	-0.192	0.123	0.166	-0.242**	1.000				
mbm	0.116	-0.241**	0.070	-0.107	-0.215*	0.097	-0.019	0.011	-0.082	0.151	1.000			
ica	-0.173	0.152	-0.102	0.047	0.081	0.018	-0.205*	-0.039	-0.078	-0.207*	-0.022	1.000		
trb	0.128	0.289**	-0.085	-0.095	-0.161	-0.171	-0.170	-0.239**	-0.140	-0.093	0.016	0.060	1.000	
lsb	0.013	0.059	-0.049	-0.159	-0.318***	-0.120	-0.179	-0.102	0.257**	0.270**	0.528***	0.495***	0.620***	1.000

Table according to the results of the analysis of the Fuse program

After that, in Table (8), the correlation between the research's hidden components and the bank's agility has been calculated. All eight bank agility components positively and significantly affect the ALC variable at the 99% confidence level. Meanwhile, the responsiveness variable does not affect the bank's agility. According to the displayed correlation, the highest correlation and effect among the other seven variables is related to the integration variable. After that, there are quality and speed variables. The four axes of corporate governance positively affect corporate governance at the 99% confidence level. Among these four, the most effective, according to the Pearson correlation coefficient, is related to the fourth axis. After that, the highest effect is related to the second and third axes, and the least is related to the first axis. It is worth mentioning that corporate governance has a positive correlation and a significant confidence level of 95% on bank agility. The coefficient of this correlation is equal to 0.257
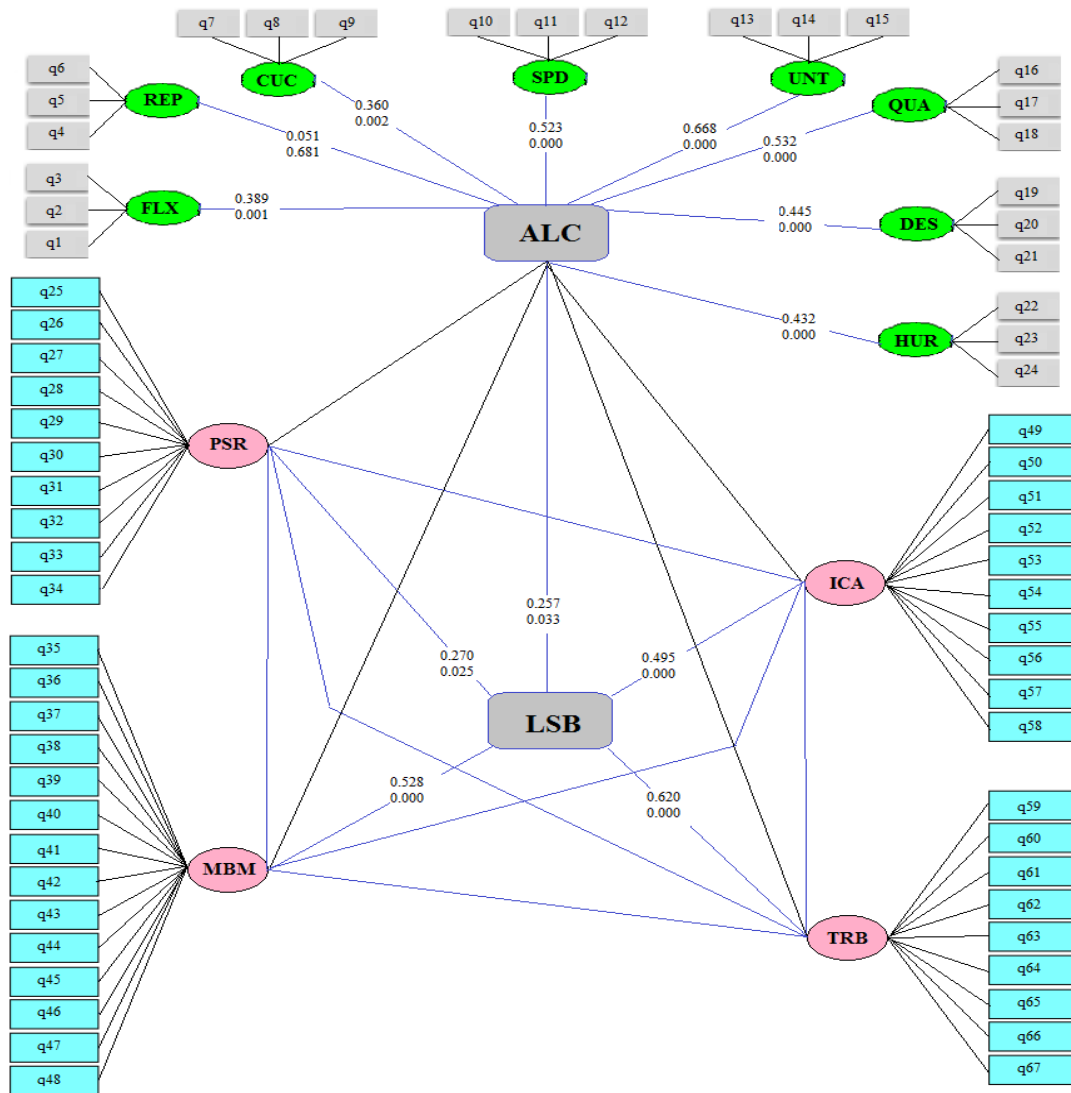
Figure (2): The manner of the effect of explicit and implicit variables of the study

Figure 2 shows the effect of corporate governance axes on bank agility. As shown in the figure, out of eight components, seven variables have a positive and significant effect on bank agility. All four axes have a positive and significant effect on corporate governance. In addition, the corporate governance variable also has a positive and significant effect on bank agility.

After that, in order to investigate the relationship between corporate governance and the demographic variables of the questionnaire on bank agility, ALC variable regression was used on corporate governance and its components, as well as the variables of gender, age, education, work experience and position. The results of this fitting are presented in Table (9).

In the first model, the effect of the corporate governance variable on banks' agility has been measured. The LSB variable coefficient is equal to 0.056, which is significant at the 95% confidence level. Therefore, corporate governance has a positive and significant effect on the agility of banks. In the second model, considering that the PSR variable coefficient is estimated as 0.145 and is significant at the 99% confidence level, the first axis of corporate governance has a positive and significant effect on banks' agility. The variable coefficient of MBM in the third model is equal to 0.034. Therefore, the second axis of corporate governance positively affects banks' agility and is significant at the 99% confidence level. The ICA variable coefficient in the fourth model is estimated as 0.015, which is significant at the 95% confidence level. Therefore, the third axis of corporate governance has a positive and significant effect on the agility of banks. In the fifth model, the TRB variable coefficient is estimated as 0.025. Therefore, the fourth axis of corporate governance positively affects banks' agility and is significant at the 95% confidence level.

Among the control variables of the model, according to the fit of the five models in Table (9), it can be said that the level of education is a significant factor in increasing the agility of banks. In contrast, the variables of people's age, job experience and position do not affect bank agility. It is worth noting that bank agility is estimated better from the point of view of women than men.

Table (9): The Fit of the main research models

Variable	Model 1		Model 2		Model 3		Model 4		Model 5	
	Coefficient	P-Value	Coefficient	P-Value	Coefficient	P-Value	Coefficient	P-Value	Coefficient	P-Value
LSB	0.056	0.039								
PSR			0.145	0.002						
MBM					0.034	0.000				
ICA							0.015	0.019		
TRB									0.025	0.022
Education	0.036	0.000	0.021	0.000	0.055	0.001	0.012	0.000	0.048	0.000
Age	0.066	0.152	0.042	0.247	0.058	0.091	0.016	0.174	0.089	0.158
Experience	0.052-	0.183	0.034-	0.189	0.059-	0.172	0.012-	0.112	0.077-	0.227
Position	0.029	0.360	0.021	0.351	0.022	0.289	0.012	0.087	0.034	0.098
Gender	0.523-	0.010	0.502-	0.000	0.488-	0.000	0.358-	0.015	0.169-	0.018
Constant	2.819	0.000	2.254	0.000	1.845	0.000	2.268	0.000	3.048	0.000
Obs	70		70		70		70		70	
R2 Adj.	52.250		53.380		55.400		56.400		50.200	

Prepared by researchers according to the data.

The fourth topic

5. **Discussion and Conclusions:** Considering the expansion of the use of corporate governance in examining issues such as management, financial management, economics, accounting, and corporate strategy, we can realize the importance of this issue. The issue of corporate governance in the 21st century changed from a proposal to a business strategy. It is important because it increases the shareholders' wealth and supports them in the global and economic investment markets, which today are characterized by the diversity of shareholders and the extent of ownership. Therefore, examining the impact of corporate governance on the agility of banks, especially today, following the Covid-19 crisis, which has caused great damage to the global economy in all industries, including banking, will be essential. Therefore, in this research, the impact of corporate governance mechanisms in Islamic banking on the agility of Iraqi banks has been investigated. The results of this research show that corporate governance and its four components have a positive and significant effect on the agility of banks. The first axis correlates highest with banks' agility among the four mentioned components. Also, the level of education increases the agility of banks. The results of the present research are consistent with the results of Bhattrai (2017); Demir et al. (2021); Georgantopoulos and Filos (2017); Khatib et al. (2021); Lamichhane (2018); Mertzanis et al. (2019); Nguyen et al. (2020); Permatasari (2020); Scherer et al. (2020); Sivaprasad and Mathew (2021); Vicnente-Ramos et al. (2020) who showed that corporate governance has a significant effect on the performance of banks and increases their agility. Because if strong corporate governance in Islamic banking is not implemented correctly, this, along with other factors, will reduce banks' profitability and deepen the banking crisis in Iraq. Therefore, increasing supervision in the banking industry, especially in compliance with laws and regulations, transparency, and protection of shareholders' rights, is critical because it strengthens banks' flexibility.

Supplementary Materials: The following supporting information can be downloaded at: www.mdpi.com/xxx/s1, Figure S1: title; Table S1: title; Video S1: title.

Author Contributions: For research articles with several authors, a short paragraph specifying their individual contributions must be provided. The following statements should be used "Conceptualization, X.X. and Y.Y.;

methodology, X.X.; software, X.X.; validation, X.X., Y.Y. and Z.Z.; formal analysis, X.X.; investigation, X.X.; resources, X.X.; data curation, X.X.; writing—original draft preparation, X.X.; writing—review and editing, X.X.; visualization, X.X.; supervision, X.X.; project administration, X.X.; funding acquisition, Y.Y. All authors have read and agreed to the published version of the manuscript." Please turn to the CRediT taxonomy for the term explanation. Authorship must be limited to those who have contributed substantially to the work reported.

Funding: Please add: "This research received no external funding" or "This research was funded by NAME OF FUNDER, grant number XXX" and "The APC was funded by XXX". Check carefully that the details given are accurate and use the standard spelling of funding agency names at https://search.crossref.org/funding. Any errors may affect your future funding.

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Written informed consent for publication must be obtained from participating patients who can be identified (including by the patients themselves). Please state "Written informed consent has been obtained from the patient(s) to publish this paper" if applicable.

Data Availability Statement: In this section, please provide details regarding where data supporting reported results can be found, including links to publicly archived datasets analyzed or generated during the study. Please refer to suggested Data Availability Statements in section "MDPI Research Data Policies" at https://www.mdpi.com/ethics. If the study did not report any data, you might add "Not applicable" here.

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Appendix A: The appendix is an optional section that can contain details and data supplemental to the main text—for example, explanations of experimental details that would disrupt the flow of the main text but nonetheless remain crucial to understanding and reproducing the research shown; figures of replicates for experiments of which representative data is shown in the main text can be added here if brief, or as Supplementary data. Mathematical proofs of results not central to the paper can be added as an appendix.

Appendix B: All appendix sections must be cited in the main text. In the appendices, Figures, Tables, etc. should be labeled starting with "A"—e.g., Figure A1, Figure A2, etc.

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