

-RESEARCH ARTICLE-

THE ROLE OF PLANNING BUDGET INFORMATION IN ANALYZING AND EVALUATING THE FINANCIAL PERFORMANCE OF BANKING INSTITUTIONS

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—Abstract—

This study sought to investigate the role of budget planning information in enhancing the financial performance of Islamic banks by using Zain Iraq Islamic Bank as a case study, covering the period (2021-2022). The research commenced with an explanation of the concept of budget planning, its definition, its importance, its characteristics, its dimensions, and the use of budget planning by banks. In addition, it covered financial performance in general and financial performance at Zain Iraq Islamic Bank in particular because of the urgent need for the banking sector to overcome weaknesses that have led to serious deficiencies in banking and financial activity. Therefore, it was

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appropriate to prioritize budget planning information to improve financial performance to meet the goal of higher profits. The study used a mixed methodology where the researcher used a descriptive-analytical approach to develop the theoretical framework for the study variables (budget planning and financial performance) alongside a quantitative approach to analyze the historical financial data at the bank.. A set of key financial ratios (profitability, liquidity, financial leverage, and operational efficiency) was calculated and analyzed to compare performance between the two years under study. This study makes an important empirical contribution to the accounting literature relating to the Iraqi business environment and Islamic banking, by providing concrete quantitative evidence from the field on the effectiveness of using budget planning information as a tool for managing and improving financial performance, and serves as a reference for practitioners and decision-makers in the banking sector.

Keywords: budget planning, financial performance, Islamic banks, financial analysis.

INTRODUCTION

Budgeting holds a key role in the managerial practice and financial management in that it is a connection between organizational objectives and allocation and control of resources as well as the performance appraisal at all levels of activity (Khalil & Boulila Taktak, 2020). In banking institutions, budget planning and the related information comes in particular, as banks operate in highly regulated markets, unstable financial markets, fast technological development, high depositor and investor competition (AlAli, 2019; Hadi & Flayyih, 2024). Budget planning converts strategic and operational plans into numeric values that indicate anticipated revenues, expenditures, and financial results within a specific period, which is a fiscal year in most cases, taking into consideration the resources and external factors (Mohzana, 2024; Obieze et al., 2024; Parvizi & Navid, 2021). Budget information through this process offers a systematic foundation on which actual performance may be compared to planned performance and corrective measures are taken wherever needed. Budgets that are properly planned also involve extensive involvement of various managerial levels and are one of the major tools of planning, control and evaluation (Al-Shaer et al., 2017; Mutashar & Flayyih, 2024; SASIDHARAN et al., 2020). A good budgeting system is inclusive and incorporates every department and activity and can be in short term like a year or in long term like five years or more based on the strategic intent and the operations of the institutions (Alabdullah et al., 2018; Alawaed et al., 2024; Sujud, 2023). However, environmental and technological complexity tend to influence the design and application of the planning budgets; as the technological environment of a certain industry improves, planning processes can be more complex and the budgeting systems can be inefficient unless they are modified (Ibrahim, 2019; Rybak, 2025).

Another fundamental issue of banking institutions, regulators and investors is financial performance, as it shows how efficiently and effectively banks use their resources to

meet the declared goals and maintain the competitive advantage (Rehan et al., 2024; Thijeel et al., 2025). Financial performance may be considered as a description of the current financial status of the organization and an accurate definition of how the available assets and liabilities are managed to achieve its objectives (Al-Khafaji et al., 2021). It is evaluated using both quantitative and qualitative measures based on the financial statements and other disclosures that give information on the magnitude, organization and quality of economic activities (Lulaj et al., 2022; Okeke et al., 2024; Prakash et al., 2024). Managerially, strategies to increase financial performance are optimized returns through reducing unneeded expenditure, increasing the medium and long-term revenue generation, and maintaining or expanding shareholder wealth (Al-Mekhlafi, 2023; Hussain, 2023; Shareef, 2022). Investment decisions are also informed by sound financial performance, which dictates the flow of capital to banks that show healthy profitability, solvency and growth opportunities, and to those that have poor indicators (Abdul et al., 2025; Chukwuma-Eke et al., 2022; Khalid & Kot, 2021). Even though there are numerous performance indicators both financial and non-financial, financial performance is among the most important measures of organizational success and sustainability especially in banking in a market that depends on financial ratios and market-based indicators to evaluate performance of the market players and the regulatory bodies (Abdul Razak et al., 2021).

There has been a growing focus on theoretical and empirical research on the relationship between financial performance and budgeting systems. Budget planning is not only about resource allocation, but also expresses performance expectations, entrenches the expectation of risks and returns, and the standard to be used when measuring performance. The impact of budget information can thus affect financial results via a number of processes, which include increased alignment of the strategy and the operations, more explicit definitions of targets, and timely delivery of feedback to the managers. According to the previous studies, the effective budgeting and production planning help to sustain the competitive advantages through the combination of the financial, operational, and strategic considerations (Alawaed et al., 2024). Other articles shed light on the benefits of making accurate forecasting and high-quality budgeting data to enhance the performance of an organization due to more accurate projections and better decision-making in a complex financial environment (Lulaj et al., 2022; Majumder, 2025; Prakash et al., 2024). With respect to banks, effective budget systems and associated performance evaluation indicators assist in transferring corporate strategies into quantifiable financial objectives, strengthen accountability, and assist in valuation-based performance evaluation (Obieze et al., 2024; Parvizi & Navid, 2021). Financial stability and resilience also are associated with the strategic budgeting and revenue management practices, which in turn are connected to the institutions that experience revenue fluctuations and credit risks (Al-Mekhlafi, 2023; Okeke et al., 2024).

The area of corporate governance and capital structure also indicates that the institutional characteristics determine the utilization of budget information in performance analysis. The board traits, ownership structure and the governance systems affect the motivation of managers to formulate realistic budgets and to adjust to budget variances (Abdul Razak et al., 2021; Alabdullah et al., 2018; Arif et al., 2025). Financing decisions in banks are related to governance structures, risk exposure and regulation conditions, and provide the environment where planning budget information may be conducive or disruptive to sound financial performance (Hadi & Flayyih, 2024; Ibrahim, 2019; Rehan et al., 2024). The technology and accounting information systems in the banking industry have also changed the manner in which budgeting and performance management is done. Timely, granular and integrated budget data, which can positively influence monitoring, forecasting and scenario analysis, can be achieved through digital tools when implemented in a proper way (Alfatlawi & Kayadibi, 2025; Chukwuma-Eke et al., 2022; Khalid & Kot, 2021). Meanwhile, accounting and control systems in the application of artificial intelligence used in accordance with the priorities of sustainable development can increase the accuracy and topicality of performance reports and evaluation indicators (Mutashar & Flayyih, 2024; Shareef, 2022).

These developments notwithstanding, it has been found that most organizations continue to find it very difficult to translate the budgeting practices into concrete financial performance gains. Research in different industries observes inconsistencies between budgeting processes and how and where they are actually applied in performance evaluation as well as inadequacies in recording, processing and distributing budget-related data to the appropriate personnel (Lulaj et al., 2022; Majumder, 2025). In the banking sector, the problem of rapid technological change, the shift in regulatory needs, and the lack of integration between financial indicators and non-financial ones make the process of planning budgets in financial institutions that exist in emerging markets more challenging (Hussain, 2023; Rybak, 2025; Sujud, 2023). Banks can implement budgeting systems, and still have constraints on the quality of underlying data, clarity of roles and responsibilities of accounting and financial staff and the degree to which budget data is included in systematic assessment of financial performance (AlAli, 2019; Hadi & Flayyih, 2024; Obieze et al., 2024). Moreover, although previous studies have been conducted to determine the background of the bank performance, capital structure, and governance as well as investigated the budgeting in manufacturing and other industries, comparatively fewer have been researched with the express purpose of studying the utilization of the planning budget information to analyze and evaluate the financial performance of the banking institutions as such (Al-Mekhlafi, 2023; Parvizi & Navid, 2021; Rehan et al., 2024). This study discusses the importance of planning budget information in the analysis and evaluation of financial performance of banking institutions with a view of explaining the mechanisms by which budget information affect performance evaluation as well as coming up with practical implication of the findings to managers, regulators and policymakers.

LITERATURE REVIEW.

The connection between budget planning facts and financial outcomes of bank organizations has received a lot of scholarly interest. This literature explores the development of budgeting as a complex control mechanism into a strategy that drives complicated performance indicators. Initial studies tended to take budgeting as a simple administrative activity and examine the influence of granular budget information on certain financial results such as profitability, liquidity, and operational efficiency.

At the basic level, the planning budget is like a roadmap of the generation of revenue and control of costs. There is empirical evidence that shows that effective budget planning has a high positive relationship with standard measures of profitability like Return on Assets (ROA) and Return on Equity (ROE). [Obieze et al. \(2024\)](#) evaluated the effectiveness of budgeting and budgetary control that influences the financial performance of Zenith Bank PLC. Their results showed that strict compliance to budget estimates helped a lot in enhancing the profitability index of the bank by reducing unnecessary spending. Equally, [Alawaed et al. \(2024\)](#) presented the industrial sector evidence that can be applied to the banking industry by indicating that modeling of effective budgeting directly leads to sustainable competitive advantage. These studies indicate that the higher the level of financial discipline that is reached by banks when they exploit their budget information in monitoring the Net Profit After Tax, compared to monitoring Net Sales. Nevertheless, the literature is not quite unanimous. Other researchers claim that excessive focus on the strict adherence to budgets can work against innovation. This may make managers turn down lucrative deals just because it did not feature in the initial strategy. This inflexibility may result in lost revenue goals in unstable market circumstances.

In addition to the straightforward compliance, the procedure of budget development, in turn, participation and accuracy, is vital in performance. [Parvizi and Navid \(2021\)](#) tested the effectiveness of the budget systems of Saderat Bank of Iran. They discovered that budget information that is based on correct forecasts and incorporation of different levels of the organization is associated with positive values-based performance indicators. Forecasting accuracy assists banks in running their tankers better in terms of their "Debt Index" and their activity efficiency index. This was supported by [Mohzana \(2024\)](#) who noted that budget planning is better predicted through data analysis to ensure that the needs are better forecasted. Conversely, when budget assumptions are inaccurate then variances are likely to be high. Big differences between the planned and actual figures are often an indication of bad management. They have adverse effects on the confidence of investors and the valuation of the bank in the market. However, the mere increase in the amount of data does not ensure an improved performance. [Mutashar and Flayyih \(2024\)](#) observed that, although artificial intelligence and sophisticated data may improve accounting performance, there is sometimes an overwhelming complexity of these systems by decision-makers. It may result in

analysis paralysis in which the cost of collection of information is greater than marginal benefit to financial performance.

With the increasing instability of the financial environment, the contribution of the budget information increases to the control of such advanced indicators as liquidity and financial stability. [Okeke et al. \(2024\)](#) examined the connection between strategic budgeting and financial stability. They discovered that revenue streams can be predicted to enable institutions to maintain a desirable level of Liquidity Index (Current Assets divided by Current Liabilities). This is essential so that the short-term commitments of the bank may be met without selling off long term assets at a loss. The budget information is a kind of early warning system. It shows probable shortages in cash flow prior to the actuality of the same. [Prakash et al. \(2024\)](#) further provided that analysis of forecast has an influence on strategic decision-making, that is, the achievement of short-term liquidity objectives and long-term growth objectives. Nevertheless, the results of integrating these complex indicators are inconclusive in terms of empirical results. According to some research, highly advanced budgeting models which strive to optimize several variables at the same time can collapse in economic shocks. The models frequently use historical correlations which fail when the crisis comes. Therefore, a bank may seem to be healthy on paper as per their budget variance reports yet being experiencing dire liquidity undertones.

The observations show that there is a problem in research. Banking institutions are situated in such a way that, investors, regulators and other stakeholders require clear, proper and timely measurement of financial performance, but the particular role of planning budget information in the evaluation process has not been investigated properly and is not used sufficiently. Available data indicate that performance criteria, technological modernization, and organizational frameworks which establish the roles and powers are all associated with financial performance yet it is not always evident how budget information integrates these factors into practice in banks ([Hussain, 2023](#); [Ibrahim, 2019](#); [Okeke et al., 2024](#); [Rybak, 2025](#)). Another aspect that needs to be comprehended is whether and how integration of financial and non-financial indicators with the help of powerful budgeting and forecasting systems leads to the quality financial performance analysis and decision making thereof in banking institutions ([Majumder, 2025](#); [Obieze et al., 2024](#); [Prakash et al., 2024](#)).

[Majumder \(2025\)](#) focused on service institutions, highlighted the primary objective of using planning budgets, identifying responsibility centers, uncovering weaknesses and the causes of deviations, and determining solutions by comparing actual performance with planned and estimated performance after implementation. The findings concluded that a higher level of employee training and involvement in preparing the budget makes it more effective for their intended purposes, and that reliance on individual estimation to collect and revenue methods negatively affects collection efficiency and ultimately actual budget performance. Lastly, planning and control done with planning budgets

informs on who is accountable for deviations and weaknesses and, therefore, the means to resolve them. The study recommends training employees on the planning budget system, evaluating the resources used to prepare planning budgets and ultimately working to resolve the recurrence of the causes of deviations. Focus on the planning budget system as an effective tool for planning and control, in both preparing the budget and subsequently controlling the budget, encourages both scientific and practical foundations in both areas.

[Arif et al. \(2025\)](#) explores that banks operating in Pakistan aimed to illustrate the extent to which internal control can enhance auditors' confidence in banking institutions. The findings demonstrated that an effective internal control system would enhance confidence in the institution, improve auditors' ability to carry out their work and lead to the development of effective management policy. In addition, the study identified that internal control, along with external controls, also helps preserve public capital and protect the institution's assets. Finally, the study concluded with an emphasis on the importance of internal control systems as an effective procedure in banks, emphasizing the independence of internal control, the continual development of control, evaluating the financial performance of bank employees, ensuring that internal control are responsibly financially and administratively accountable to senior management, and the provision of legal protection.

[AlAli \(2019\)](#) evaluates the effect of qualifications and technical knowledge in finance and accounting personnel on the financial performance of the establishment in Kuwaiti banks. This case study drew a connection between varying performance measures and the financial performance, as well as technological modernization, development and the financial performance of the establishment. The study explores a clear and approved organizational structure, defining the roles and responsibilities of finance and accounting staff within the institution, which is linked to financial performance. The research suggested the need to incorporate financial and non-financial indicators in applying such system, revisiting competitiveness at the institution's level, reviewing the Kuwaiti banks established financial system if weaknesses were detected within the quality of documentation and information extension toward employees especially for standards and solvency.

LITERATURE GAP

The literature reviewed creates a clear connection between the budget planning and different financial performance aspects. It has been established by majority of the studies that profitability and liquidity are supported by effective budgeting. However, there is still a large gap in research. The current research is inclined to isolate particular variables. They consider the effect of budgeting on profitability or liquidity individually. Few studies are undertaken to assess the effectiveness of planning budget information in the context of providing a thorough analysis of financial performance that will

combine profitability, liquidity, debt, and activity efficiency in one. Moreover, the literature tends to presuppose a running correlation according to which the higher the planning, the higher the performance. It does not take into considerations the diminishing returns of excess budgetary sophistication in the emerging markets where the quality of data may be low. This research paper will work to fill these gaps. It examines how budget information planning can be used to analyse and evaluate financial performance of the banking institutions using a multi-dimensional framework. It tries to comprehend how budget data can be built up to give a comprehensive picture of the financial wellbeing of a bank instead of simply the check boxes filled on the individual performance measurements.

METHODOLOGY

Data collection

For the analysis, the researcher collects the data from Arabic sources (books, reports, newspaper articles, thesis and papers) collected and retrieved from virtual space. The empirical aspect depended on a number of techniques, including; information pertaining to the studied bank in terms of the financial statements

Research model and framework

This study offers clear insights that will contribute to future academic literature by employing an analytical approach and providing practical applications for banking institutions. Based on the stated objective of this study, [Figure 1](#) illustrates the research model and the relationship between the study variables, as well as the development of hypotheses based on future variables for banking institutions.

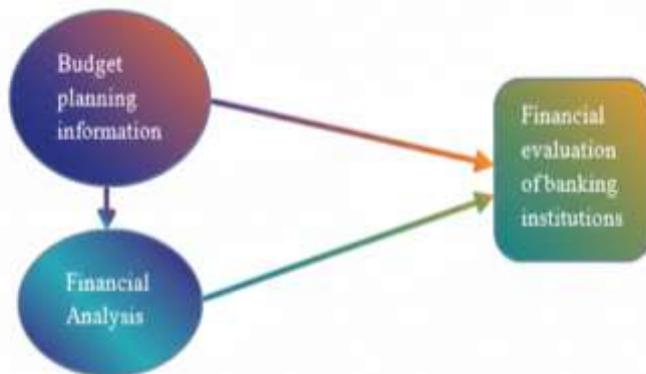


Figure 1: Hypothetical research model

[Table 1](#) shows the financial performance indicators that are selected in the study, i.e. profitability index, liquidity index, debt index and activity efficiency index. The table explains how planning budget information can be converted into quantifiable ratios that can be followed over time by stating every indicator as an accounting equation.

Profitability index ($\text{Net Profit After Tax} / \text{Net Sales}$) is an index that explains the capability of the bank to turn the revenue into profit and is directly associated with the budgeted income and expense targets. Liquidity index ($\text{Current Assets} / \text{Current liabilities}$) indicates the ability of the bank to fulfill the short-term commitments, and it is determined by the allocation of funds in budgets between the liquid and less liquid assets. Debt index ($\text{Current Liabilities} / \text{Current Assets}$) shows the level of short-term leverage and reflects the level at which the operation will be conducted with the help of outside obligations instead of internal resources. Lastly, is the activity efficiency index ($\text{Sales} / \text{Current Assets}$) which is important because it indicates the efficiency with which current assets have been utilized to generate revenue. Collectively, [Table 1](#) reveals that the research considers financial performance in a consistent group of ratios, which relate the figure of the budget to fundamental aspects of profitability, solvency, leverage and asset utilization.

Table 1: Financial Indicators

Financial Performance Indicators	Accounting Equation
Profitability Index	$\text{Net Profit After Tax} / \text{Net Sales}$
Liquidity Index	$\text{Current Assets} / \text{Current Liabilities}$
Debt Index	$\text{Current Liabilities} / \text{Current Assets}$
Activity Efficiency Index	$\text{Sales} / \text{Current Assets}$

Source: Prepared by the researcher based on some sources

RESULTS AND DISCOUSSIONS

Statistical Analysis and Explanation of Financial Statements

[Table 2](#) documents the balance sheet of Zain Iraq Islamic Bank between 2021 and 2022 and calculates the quantity and percentage of change in every item which results in a relationship between planning budget priorities and actual movements of the bank financial position. At the asset side, there are some categories that have not changed i.e. gold bullion whereas others have undergone reallocation at a high level. The balances and cash with Central Bank decreases drastically and by 82.645% which reveals that there is a significant decrease in highly liquid reserves. However, in other banks and financial institutions, the growth of deposit balances and investments is 9,097,829,920 and 1,997,668,710 IQD respectively, which are 37.926 and 46.666. Islamic certificates of deposits drop by a significant margin of 151,944,878,720 IQD and this is a ninety-six percent contraction of this asset category. Other assets as well as certain Islamic financing elements document significant declines, whereas property, buildings and equipment at book value display significant growth which is an indicator of increased investment in fixed assets. In the liabilities section, there is a reduction in the customer deposits and time deposits amounting to 61,532,874,171 IQD, which indicates the narrowing of one of the primary sources of funds of the bank. Some liability items, distribution of other liabilities and income tax provisions, also decline, and equity items,

such as fair value reserve and accumulated surplus, also contribute to a net increment of total equity to a small degree. There is a significant decrease in total assets and source of short-term financing, and off-balance sheet accounts increase tremendously, which means increased contingent exposures. Comprehensively, Table 2 indicates that in 2022 the bank witnessed a decline in the total assets and funding, a reorganization of its asset structure to involve investments and fixed assets, and a slight-improvement of equity, all of which have direct impact on the use of planning budgets in managing the liquidity, solvency and capital structure.

Table 2: Financial Position Balance Sheet

Statement	Explanation No.	December 31, 2022	December 31, 2021	Amount of Change	Percentage of Change Increase or (Decrease)
Assets					
Gold bullion	1	150000	150000	0	0
Cash and balances with the Central Bank	1	16032148286	92379951710	(76347803424)	(82.645) %
Deposit balances with banks and other financial institutions	2	32765692970	23755904050	9009788920	37.926%
Financial assets available for sale through other comprehensive income					
Investments	3	6278387376	428071866	1997668710	46.666%
Islamic certificates of deposit	4	4744151280	15668903000	(151944878720)	(96%)
Islamic financing (net)		96%			(1) %
Murabaha		-	25585870000	(2558578)	(95.301) %
Mudaraba		4978818000	10632325000	(101344432000)	100%
Provision for doubtful debts		234666720	0	234666720	0
Musharaka		100%			(1) %
Investments		-	-	0	42.924%
Other assets		-	24780000000	(24780000000)	(42.766) %
Property, buildings, and equipment at book value	5	155783761464	362082029	155421679435	3.305%
Property, buildings, and units under construction	6	1427505344	2494175871	(1066670527)	(19.095%)

Table 2: Financial Position Balance Sheet (cont...)

Statement	Explanation No.	December 31, 2022	December 31, 2021	Amount of Change	Percentage of Change Increase or (Decrease)
Total assets	A6	43664378324	42267036889	1397341435	33.477%
Customer deposits and time deposits		260697525044	322230399215	(61,532,874,171)	
Current accounts of banks and other institutions	7	9601606655	278487633	9323119022	.
Customer insurance for banking activities and current accounts					(63.851)%
Other accounts payable	8	1030392000	10303920000	0	0%
Other liabilities	9	397016230	1098303400	(701287170)	100%
Income tax provisions	22	83373787	83374787	0	(84.214%)
Miscellaneous allocations		472873640	-	472873640	
Total assets and short-term financing sources		11585263312	73393897320	(61,808,634,008)	0%
Equity					0%
Capital	C	25000000000	25000000000	0	0%
Legal reserve	C	7902814	7902814	0	0%
Expansion reserve	C	10417586	10417586	0	66.611%
Accumulated surplus	C	167852679	167852679	0	28.679%
Fair value reserve	C	1248387723	749281334	499106389	0.110%
Accumulated deficit	C	(2322298376)	(600389850)	(1721908526)	(19.095%)
Total equity		249112261723	248836501895	275,759,837	0.200%
Total liabilities and equity		260697525044	322230399215	(61,532,874,171)	0
Off-balance sheet account (net)		23643682000	7861442600	15,782,239	(82.645) %

Source: Prepared by the researcher based on the annual report for the year (2022), pages 41-40.

Comparison of the Income Statement for the Year (2021-2022)

The income statement can be viewed as a result of activity, which illustrates changes in the bank's activities for the following year compared to the previous year. Table 3 displays the income statement representing changes in the bank's activities for the year (2021-2022).

Table 3 represents changes in the activities of the bank under study for the years 2021 and 2022. Total revenues from current operations decreased, with a change amounting to (3,074,519,724), and the percentage of change decreased by (50.121%). This means that revenues decreased in 2022 compared to 2021. The study explores that increase in net income after tax, with a change amounting to (1,679,542,648), and a change percentage of (3.964%), indicating an increase in net income after tax and an improvement in the bank's financial performance in 2022. Total current operating expenses reduced in 2022 with a change of (924,122,389) and percentage changed of (17.496%) reflecting an improvement in financial performance of Zain Iraq Islamic Bank during 2020. The reason for this improvement was primarily the fall of Total expenses from current operations, which resulted in higher net income from Current operations in 2022, with a change by 445,747,597 and a change rate of 52.297%.

Table 3 Comparison of the consolidated income budget for the fiscal year ending (2021-2022)

Statement	Explanation No.	December 31, 2022	December 31, 2021	Amount of Change	Percentage of Change Increase or (Decrease)
Operating Revenues					
Income from Murabaha, Mudaraba, and Musharaka	67500000	1195586770	(1128086770)	(0.943%)	67500000
Investment Income from Islamic Certificates of Deposit					
Banking Operations Income and Commissions	551651285	0	551651285	100%	551651285
Currency Sale and Purchase Income	3527284550	4924812100	(1397527550)	(0.283%)	3527284550
Other Banking Operations Income	16440790	13694909	2745881	20.050%	16440790
Total Revenue from Current Operations	3059574055	6134093779	(3074519724)	(50.121%)	3059574055
Deduct Banking Operations Expenses					
Salaries, Wages, and Employee Benefits	1935910999	1821155475	1147555224	6.301%	1935910999
Administrative Expenses	1775404960	2855890092	(1080485132)	(37.833%)	1775404960
Depreciation	646330562	604723343	41607219	6.880%	646330562
Total Expenses from Current Operations	4357646521	5281768910	(924122389)	(17.496%)	4357646521
Net Income from Current Operations	1298072466	852324869	445747597	52.297%	1298072466

Deduct Other Activities Expenses	423836407	728167700	(304331293)	(41.794%)	423836407
Net Income Before Tax	1721908730	124157169	1597751561	1.286%	1721908730

Source: Prepared by the researcher based on the 2022 Annual Report, pp. 43-42.

CONCLUSION

The analysis of the role played by planning budget information in analyzing and evaluating financial performance of banking institutions on Zain Iraq Islamic Bank as above demonstrated that budgeting as a tool of planning provides a fundamental ground in supporting analysis and evaluation of financial performance. This organization offers a rational structure of planning, organization and control. It assists in converting the strategic objectives into measurable and practical financial plans. Constant checking of budgets against actual performance also helps the management to find out deviations in the earliest stage of the performance so that necessary corrective measures can be implemented- hence to cause a positive impact on the efficiency of resource use and also to enhance the performance. Moreover, reliance and proper interpretation of financial information is not merely a channel of putting numbers but a powerful instrument employed in valuing the true financial position of an organization concerning its capability of overcome obstacles in the path of expansion and sustainability. To that extent, integration of planning budgets with the sophisticated financial analysis is an essential strategy, which must be embraced in the process of strengthening the banking institutions and helping them to remain competitive in the complex and dynamic banking frontiers.

Therefore, the effective application of the independents and the scientific methods founded on an organized approach in connection to the processes in Zain Iraq Islamic Bank (the chosen case study) will leave a positive impact without a problem on the rise of banking performance efficiently and promote the quality of administrative decisions that can contribute to reaching its goals at both tactical and strategic levels. The system provides the management with a clear picture of the financial future to enable them compare the actual performance against the planned performance and to properly identify the strengths and weaknesses that will be there until the end. Moreover, financial performance is not only about reading the numbers but rather about how a bank can utilize the resources and lead to the attainment of its objectives in a competitive environment. Banks as institutions in this case, the Zain Iraq Islamic Bank generally, should have a more financially strong performance and confidence in the shareholder base through the usage of a scientific methodology to the annual budgeting and follow-up process.

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