

# Measuring and Analyzing the Productivity of Islamic Banks in Iraq According to the Malmquist Productivity Index.

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- **Abstract:** The aim of this research is to assess the trend of production in Islamic banks in Iraq during the period (2016-2019), and to determine the source of the increase and decrease in productivity during the research period. The methodology used to measure banking productivity from its applied side adopted the approach represented by the Malmquist productivity index based on the analysis of the data report in order to obtain the values of banking productivity in the banks of the research sample. The research sample was identified with eight Iraqi Islamic banks, which are (Al-Taawun Bank, Al-Atta Bank, Iraqi Bank, Elaf Bank, Zain Iraq Bank, Noor Bank of Iraq, International Bank, and National Bank). The study found that the index of total productivity change (Malmquist index) was low (less than one). This means that banking technology was not at a high level in order to increase the efficiency and profit of banks, and thus the confidence of customers and the sustainability of banks. In addition, the overall productivity growth rate according to the Malmquist index was high in (2017). It reached (9.7%) and then witnessed a decrease in the years 2018 and 2019. This contradicts the reality of Islamic banks, which in other Islamic countries reflect rising rates of productivity. The results of the TFP estimation in the Islamic banks surveyed also showed a deterioration in this productivity due to the low efficiency, which indicates that these banks are not characterized by administrative efficiency. The study finds that Islamic banks aim to reduce operating costs, so it is necessary to develop and use financial technology. And, that Islamic banks should continue to receive supervision and approval by the Islamic Supervisory Authority to maintain their sustainability and operation based on the principles of Islamic Sharia. In addition, to the need for Islamic banks to carry out digitization reforms in their transactions in response to the transformation taking place in the banking industry.
- **Keywords:** research, Islamic banks, Malmquist, witnessed, contradicts, deterioration, Sharia,