

# Analysis of the Role of Digital Transformation Strategies in Achieving the Edge of Financial Competition

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The present study aims at analysing the relationship between digital transformation strategies and the financial competitiveness of a group of private Iraqi banks located within the middle Euphrates region. The researcher relied on the questionnaire as a tool to collect preliminary data and achieve the objectives sought by the study. A collection of (120) questionnaires were distributed to a number of managers and aides managers. Many of whom are in the position of director of the division or the head of the department. The present study was based on the main premise that digital transformation will affect its financial competitiveness. The researcher has used many statistical methods In order, to analyse the results of the study through arithmetic mean and standard deviation. The results showed a significant correlation between the strategies of digital transformation and the edge of financial competition

**Key words:** *Digital transformation strategies, the financial competition edge*

## Introduction

As a result of the information and technological revolution in today's world, especially within the business world, technology has become an essential part of our daily lives. The main reason for changing consumer behaviour is the technological developments in the field of communication networks, computers, mobile devices, internet access and other technological and information developments. These are the main reason for changing consumer behaviour. Banks are facing increasing pressure to develop and implement digital transformation strategies

in order to adapt and survive as well as to also to achieve and maintain a competitive advantage. They are also utilised to achieve a large market share in the local, regional and international market or to struggle to maintain its current share.

The banks' adoption of digital transformation strategies will achieve many advantages. The most important of which are customer satisfaction, efficiency, and rapid response to the changes in addition to staying in the market competition within the banking industry. These factors are what encourages banks to adopt such kind of strategies.

### **Scientific Methodology**

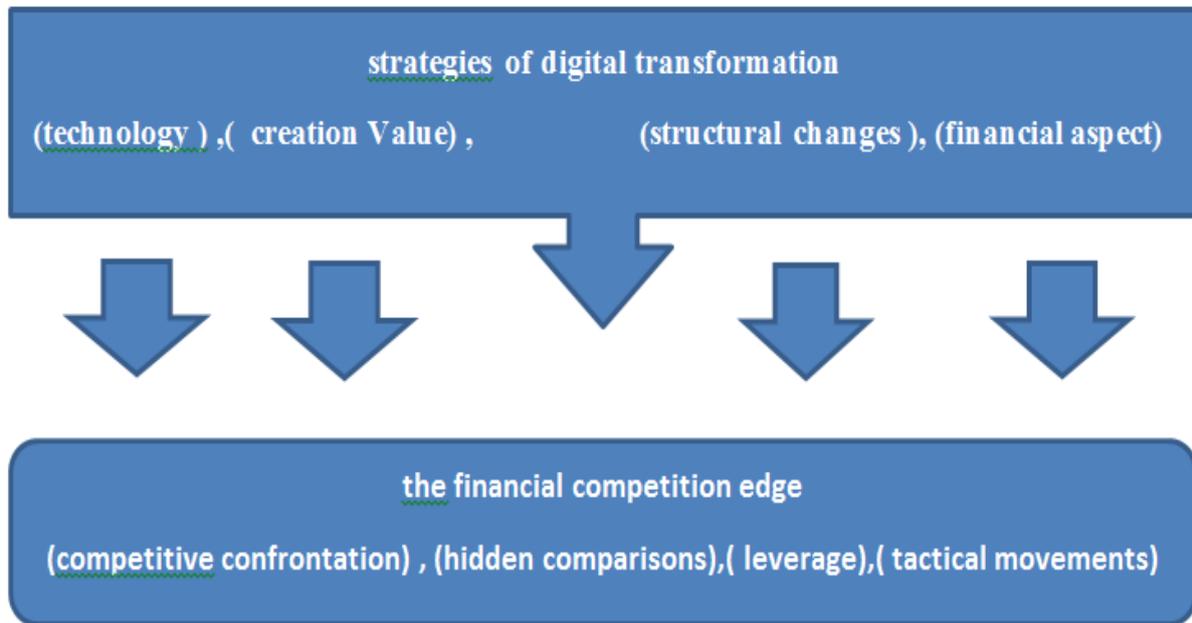
**First: Research Problem:** As a result of the information and technological revolution in the banking sector, which is clearly reflected on the banking industry, we can say that the problem of the study lies in answering a series of questions, the most important of which are the strategies of digital transformation and their role in achieving the financial competitive edge.

**The Importance of Research:** The importance of the study lies in many aspects, including the absence of previous studies to the knowledge of the researcher and especially after reviewing previous sources and periodicals that employ digital transformation strategies in the digital banking business to achieve the edge of financial competition.

**Research Objectives:** One of the objectives of this study is to encourage banks both "governmental and civil" to adopt a strategy of digital transformation in order to achieve the goals sought by those banks and serve the objectives of stakeholders as well, as well as upgrading the level of banking services provided by Iraqi banks, in addition to developing and improving the performance of management of banks.

**Hypotheses:** The researcher has prepared a hypothetical outline of the study in the light of (its problem and objectives) showing the study variables and dimensions and the nature of the relationship between these variables, which include (strategies of digital transformation and the edge of financial competition), with regard to the independent variable (strategies of digital transformation) and dimensions that included (technology, creation Value, structural changes, financial aspect (as measured by( Benlian, 2016) As for the adopted variable (the edge of financial competition) and its dimensions (competitive confrontation, hidden comparisons, leverage, tactical movements), the scale adopted was (Jacoby, 2019) and as shown in Figure (1)

**Figure 1.** The hypothesis of the study



**Source:** Prepared by the researcher based on the previous sources.

Complementing the study requirements and in order to answer its questions, the following hypotheses were made:

**The First Hypothesis:** There is a statistically significant correlation between digital transformation strategies and the financial competition edge.

**The Second Hypothesis:** There is a statistically significant effect between the strategies of digital transformation and the financial competition edge.

**Fifth: Research Limits:** The limits of this research were in the following areas:

1. **Spatial Limits:** The study was conducted in commercial banks in the middle Euphrates region. The researcher was not allowed to mention the names of the sample because the banks were ordered by the central administration not to answer the researchers' questionnaires.
2. **Time Limits:** The study was conducted during the period (15/1 / 2019-25 / 8/2019).
3. **Human Borders:** The present study is testing its hypothesis on a sample of managers, assistants, heads of departments and heads of divisions in banks.

**Seventh: Research Standards:** The table showing below is the research metrics adopted for key variables (digital transformation strategies, financial competition edge ).

**Table 1:** Research Standard

|                                   |                           |               |
|-----------------------------------|---------------------------|---------------|
| Digital Transformation Strategies | Technology                | Benlian, 2016 |
|                                   | Value Creation Series     | Benlian, 2016 |
|                                   | Structural Changes        | Benlian, 2016 |
|                                   | financial aspect          | Benlian, 2016 |
| The Financial Competition edge    | competitive confrontation | Jacoby, 2019  |
|                                   | Hidden Comparisons        | Jacoby, 2019  |
|                                   | Leverage                  | Jacoby, 2019  |
|                                   | Tactical Movements        | Jacoby, 2019  |

**Resource:** the outwork of researcher depending on the previous resources

The second topic: theoretical framework

### *The Concept of Digital Transformation*

There are many perceptions and concepts about digital transformation in public literature in general and in the administrative and financial literature in particular that the digital transformation stems from the combination of information technology and the work of companies. However, it is a summary of technological developments in the world today "such as the Internet, computers, mobile devices. Digital transformation is used to influence three organisational dimensions: the first dimension: the external dimension " means focusing on customer experience digitally", the second dimension: the internal dimension "means the organisational processes and structures", the third dimension: the global dimension " means all sectors and functions". In general, digital transformation leads to superior performance by influencing organisational dimensions "internally, externally and comprehensively" (Zaki, 2017:6).

(Mark,2017:1) believes that digital transformation is the intensive use of information technology in order to achieve development and improve the performance and position of the organisation significantly in the market. On the other hand (Ragna, etc, 2011: 5) indicates that digital transformation is: organisational changes or new investment in digital business models in order to increase the interaction of digital customers more at each point of contact in the customer experience life cycle. In addition, some define it as a business merger with digital technology, it is fundamentally changing the operations and bringing added value to the product offered to customers. It is also an intellectual and cultural change (Pavlou, etc, 2013: 471). In addition, it means "developing and improving business models, activities, processes and capabilities to take advantage of changes in digital technology and its impact on society in a strategic way" (George, etc, 2016:731).

There are many reasons why companies are turning their traditional businesses into digital businesses and following technology, but the most important reason is the issue of survival. These reasons are: (1) the adoption of digital transformation by competitors, (2) the transformation leads to increased profits, (3) Digital transformation makes the company more efficient, (4) Achieve customer satisfaction. (Ragna, Ibid:9) We conclude that one of the most important reasons for the digital transformation is the desire of organisations to expand market share, competition and for their survival: locally, regionally, internationally or globally because competitors may carry the same vision and required need for digital transformation.

### ***Second: Dimensions and Elements of Digital Transformation***

For each particular strategy, there is a set of dimensions as well with the digital transformation strategy. There are four dimensions to the strategy of digital transformation: (Benlian, 2016: 3-4).

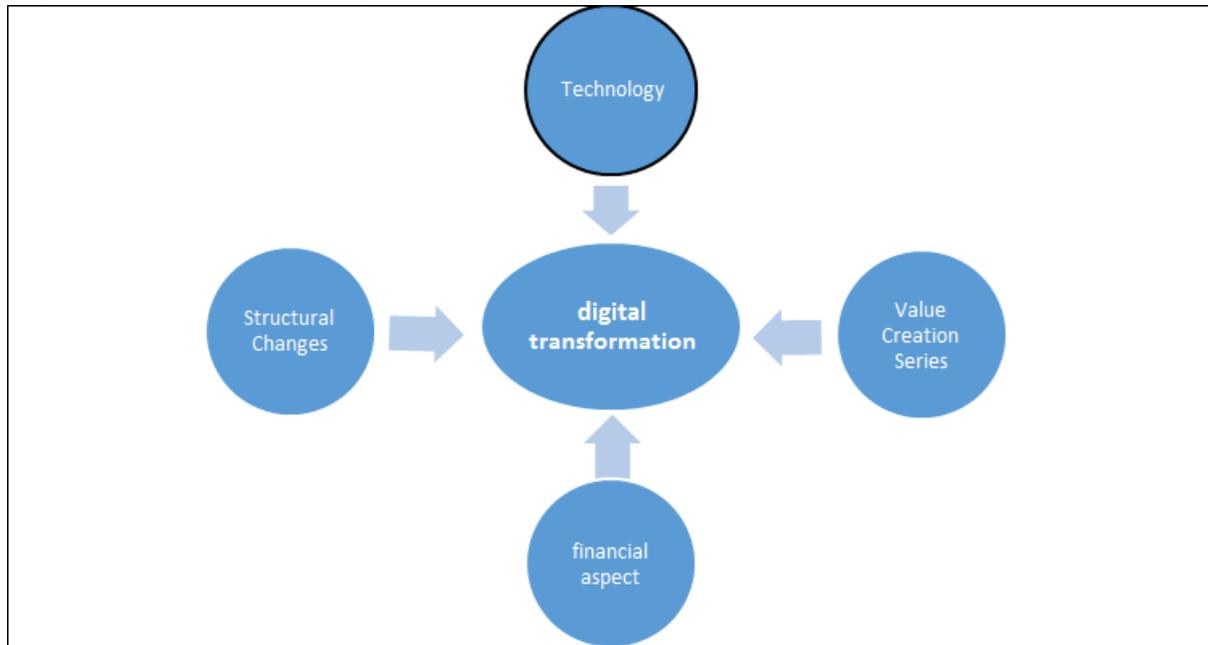
1 - Technology: (Miloud, 2017:28) defines technology as the accumulated skills, experience and knowledge, Also the organisational and administrative tools, means and materials that are available to be used. The tools and means, material, organisational, administrative available to be used by man to take advantage of resources to satisfy the material and moral needs. Organisations are interested in developing an integrated information infrastructure that serves as the basis for data integration. In addition, it is the basis that enables information management to interact and allows analysis of data that drive growth. (Hess, etc., 2015:340)

2. Value Creation: (Porter, 1985:37) considers that the value creation chain is a set of interrelated activities necessary to create products, starting with the use of raw materials and ending with the delivery of the product to the consuming consumer. The use of new technologies produces changes in value creation. These changes lead to the impact of digital transformation strategies on the chain's values of organisations, i.e. the extent of the transition from classical to digital business and this is usually accompanied by the need for technologies associated with products. In addition to the high risks due to less experience in this area of "Digital transformation".

3. Structural changes: Structural changes are necessary to provide an appropriate basis for new processes. Structural changes include differences in the number of regulators in the company, particularly with regard to new digital activities within the organisation's structures.

4. The financial aspect: The previous three dimensions can only be changed after considering the financial aspects. Financial aspects have the effect of either slowing down business or urging the implementation of digital transformation. Financial aspects represent the engine and the necessary force for digital transformation, so organisations must face digital transfers and explore their options promptly as shown in the figure below (Benlian, 2016 :3-4)

**Figure 2.** Dimensions of digital transformation



**Source:** Prepared by the researcher based on the previous sources

(Khater, *ibid*: 5) The digital transformation consists of a set of elements as follows:

1. Individuals: The role of individuals is to engage everyone in the company through career cooperation.
  2. Processes: Processes are represented by increased organisational efficiency and development of new digital business models. This requires a complete lifecycle analysis of the value offered to the customer. There is also the need to understand how each customer interacts with their brand during each step of the customer experience lifecycle.
  3. Technology: An integrated information infrastructure must be set up so that information management can interact, so data analyses allowed can be growth-oriented. The structure of information is very important for structuring data and content, distinguishing it with appropriate data to determine the relationships between categories of information.
  4. Content: The management of both internal enterprise information and customer-oriented content should ensure that the information is found to help determine how the information is organised. This assessment must be conducted across all digital assets, so that product information is organised according to context to reflect the buyer's preferences. Then optimise its enterprise search and external site search to make the most relevant content possible.
  5. State: Digital transformation in the banking market requires more attention from governments as it must be applied to organisations that transfer a large number of sensitive personal data and wealth as well as third-party companies. The new procedures must be by law and by the information security officer to prevent the bank from incurring unaccounted losses.
- (Duarte , *ibid*:120)

After identifying the elements of digital transformation, it is necessary to point out the challenges facing digital transformation. (Singhania, 2018:31) stresses that these challenges are represented in (1) there must be an adequate level of infrastructure in order to adopt technology and provide support. (2) The privacy and security of data transmitted over the Internet are vulnerable to theft, unauthorised access, cybercrime and piracy; However, it is difficult to extend these guidelines to Digital banks, (3) Technology in the banking sector has enabled the introduction of new types of products and new ways of delivery, but they require different additional legal definitions such as electronic signature and permissions. This requires a review of existing legal definitions and authorisations.

### ***Third: The Concept of the Edge of Financial Competition***

Adam Smith's overall concept of competition is the process of allocating available resources and making better use of the price mechanism to achieve the desired goals. (Dulaimi, 2018:318). The concept of competitive advantage is of great importance in the field of strategic management. It can be considered the strategic element in providing fundamental opportunities that enable the organisation to achieve continuous profits. Therefore we find that business organisations always seek to achieve a competitive advantage as it is achieved through the identification and successful use of competitive strategy as well. To manage them in a way that achieves what the organisation aims (Abadi, 2014: 218). The competitive advantage arises when the organisation finds new methods and methods that are more effective than those used by competitors so that it can benefit from this discovery to achieve creativity or superiority over others (Nasser, 2014: 80).

After banks can achieve a competitive advantage, they must maintain it and make a limit to other competitors through different ways and means that makes them distinct in the market by distinguishing in a product, service, employees or brand. This enables them to create a unique position in the market. (Mozota, 2003: 98) argues that a competitive limit can be created through design management because managers visualise the design as a management model. Design is a function within a company structure that improves processes and management of innovation.

(Kanagal, 2018: 91) believes that the competitive edge can be achieved through the formulation and implementation of a marketing strategy. The optimal formulation and implementation of the marketing strategy enable the company to improve the long-term financial performance of the company as well as the brand. These include improving market share, improving market value, improving ROI and payback period. This can be achieved through (1) strategic marketing decision-making and monitoring, (2) marketing planning and control, (3) implementation of marketing strategy and monitoring of marketing

implementation, (4) performance measurement based on objectives, metrics, associated strategic control and tactical control. (5) dynamic adjustments to competition and the market, (6) the organisation of a structure to support the marketing strategy and its implementation. Also, marketing strategy must take into account the market forces (company, customer, context and competitor) that affect corporate objectives. While ( Garfinkle, 2019 ) believes that the limit of competition is the organisation's superiority over its competitors as a result of possessing the qualities and characteristics that make it able to excel. The competitive limit is part of the information, skill, process, and product, or supplier owned by banks and not owned by other competitors.

(Kanagal, lbid:93) believes that there is a set of fundamentals that must be followed to develop a strategy to achieve a competitive edge, and these fundamentals are the following:

**1. Understanding Competition:** Banks must know the size of competition in the banking industry before they formulate their competitive strategy. Competition can be identified and understood through the following:

**1.1 Competitiveness as defined:** Competitiveness comes as a result of active competition between vendors of a particular product as they seek to reach and retain buyer demand for their offer in the market. Strategic direction is determined by obtaining sustainable competitive advantages (low cost, focus on cost, differentiation, focus on differentiation) Value discipline (performance excellence, operational excellence, customer response) Market mechanisms (leading leadership, performance excellence). This means that Competition in organizations takes place on something specific.

**1.2 Identification of competitors:** To identify competitors is very important in this aspect , so we identify competitors and then determine whether the competitors are local, international or global, then determining the proximity and distance of competitors right after determining the ability of the company to identify the current competitors and future competitors. Current competitors can be close or distant, all of which is taken into account when determining competitors in order to understand the competition faced by the organisation.

**1.3 Understanding Competitors:** The information obtained about competitors has a major role in understanding them. Positive customer and market information can lead to a competitive advantage. The information obtained enables us to understand competitors 'behaviour and beliefs that underlie competitors' behaviour. Research shows that company product strategies reflect their quality, speak and develop strategies — the product to avoid price competition in markets and improve market segmentation.

### ***Strategy***

The strategy is an important dimension of achieving the limit of financial competition and they should include a set of options for achieving the limit of banking financial competition. The most important of which are: (1) expectations about competitors and their movements, (2) understand the potential balance in the banking industry, (3) Developing company plans and competitive plans, (4) overcoming external factors, (5) studying all strategic options, and (6) using competitive intelligence. (See Ismail, 2016: 174). Competitors can be assessed if they provide the necessary information about them. Here, the role and importance of competitive intelligence are highlighted. Competitive intelligence aims to achieve (a) identify competing executives and learn how to make their decisions. The company of intelligence operations of competing companies (b) make a clear end between legal and illegal activities (c) the transfer of information and competitive intelligence to all employees of the company and competitive intelligence is a process by which to anticipate changes in the market where through competitive intelligence we can learn from successes and failures of others as well as knowledge of new technologies, products and processes affecting the company as well as follow-up business with an open mind.

### ***Dynamics***

Competitive flexibility refers to the ability of the organisation to respond to the changing and changing needs of customers, identifying and adapting to changes in the business environment. Competitive flexibility refers to the organisation's ability to cope with the external environment. Competitive flexibility is the best tool for exploiting opportunities and avoiding the risks and threats of competitors. (Hijazi, 2017:83). Companies handle competition dynamics through appropriate strategic and tactical moves using competition tools, competition rules, competition resources, and competition procedures. (Kanagal, Ibid:96)

### ***Fourth: Dimensions of Financial Competition Edge***

After the organisation can achieve a competitive advantage as a result of having a distinct resource, style or products, it must maintain the advantage it has achieved over other competitors in the same industry, i.e., the organisation must develop a strategy to maintain competitiveness and the financial competition edge where there is an edge of financial competition. The range of dimensions that must be taken into account and these dimensions are: (David, 2019).

### ***Competitive Confrontation***

Banks must have a competitive strength with competitors in the same industry in order to achieve and maintain the competitive edge . We can say that competition is a process or behaviour taken by the bank that offers banking products or alternative products to them in order to maintain the competitive edge and increase the bank's market share. The bank seeks to attract as many customers as possible in its favour. Bank competition is usually through "product quality, cost reduction, the use of high technology, and good treatment with customers. The organisation must determine how it competes with competitors in the banking industry to achieve outstanding competitiveness (Dahbour, 2010:29), while (Mohammed, 2017:185- 186) believes that when banks compete with each other they are very much based on "price, quality, flexibility, and delivery", which are dimensions of competitive banking advantage. (Giradone, 2009), emphasises that there is a correlation between market competition and quality. The lack of competition and the increased concentration will make producers set uncompetitive prices and therefore there will be a surplus in production and low efficiency. Lack of competition does not give competitors an incentive to do so.

### ***Hidden Comparisons***

Hidden comparisons with other competitors in the same industry are of great importance in order to achieve excellence and superiority over others. These comparisons have great value and importance in the administrative decision-making process, which is not easy and is usually done through certain administrative bodies to maintain the confidentiality of information. This information through internal or external sources or banking bodies is not competitive to use at the present time; therefore it is important studying this information and making comparisons in order to know the points of excellence and to strengthen points of underdevelopment and address the,. (Hassan, 2016: 4743- **leverage** :

There are two types of them: operational leverage and leverage

Operational leverage: Inflate profits by increasing reliance on fixed costs over variable costs. Since operational leverage is based on fixed costs. Organisations' success in increasing their fixed costs, for example, used more machines and thus eliminated a large number of Workers replaced by these machines (variable costs) This means that it was able to achieve operational lift (Marsali, 2017: 37) and believes (Hamid, 2012: 313) that the operating lever can be defined as the available use of fixed operating costs in order to increase the impact of changes that you get from the sales of operating profit in any "earnings before interest and taxes." The researcher concludes Yan 's use of technology will have a positive impact on operational leverage as well as will enable the organisation to move to the best competitive point.

Leverage is defined as the possible use of fixed financial costs to maximise the impact of a change in profit before interest and tax on earnings per share of the company. There is a relationship between leverage and the company's financing structure. When the company increases its dependence on external sources of financing, the degree of leverage also increases. On the contrary, when the company reduces external sources of financing, the leverage degree will also decrease. Leverage affects return and risk the impact is positive on return when the management of the company succeeds in investing borrowed funds at a rate of return greater than the interest rate paid on them, i.e., the leverage is in favour of the company if  $(I < ROI)$ , i.e. if the rate of return on investment is lower than the interest rate, leverage will not be in the company's interest. (Ali, 2005: 240)

Through the above, the researcher believes that the use of technology is of great importance and role to the lever "operational and financial". (Murad, 2015: 13) came to confirm this where he believes that technology is a strategic weapon that helps any organisation in building and strengthening its strategy through its role at home and abroad. It helps to build relationships with customers, suppliers and other institutions as well as helps to reduce production costs, marketing products, development of products, and services through the use of modern methods, thus it will reflect on the company's profits and then on the operational and financial leverage.

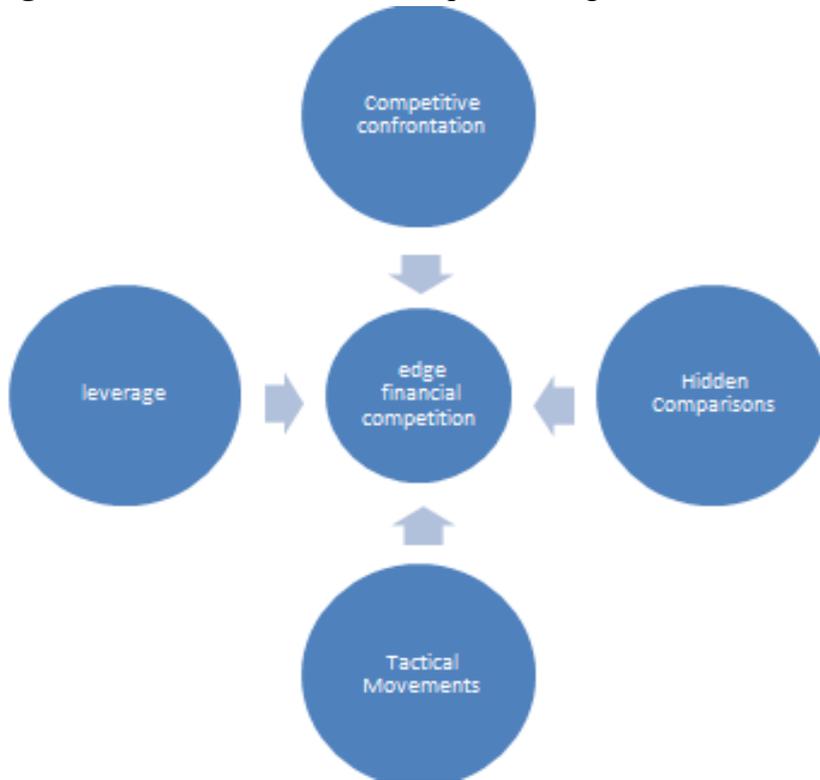
### ***Tactical Movements***

Tactical movements are usually short-term and are made close to the implementation stage, usually developed for the success of master plans or bank strategy. They are usually placed for specific purposes according to the variables in front of the bank.

The strategy differs from tactics, as it extends over a longer period of time and entails long-term commitments, possibly accompanied by a change in decisions regarding its implementation. While tactical movements are for a short period of time, and usually focus on the distribution of diverse resources owned by the company in order to achieve the objectives that banks seek. In order to do so banks must develop different tactical movements (Saidi : 22).

The organisations agility is defined (Yaghoubi, 2011) as the speed and flexibility of the organisation's response to internal and external events and variables. Innovation and growth through the use of knowledge, resources, relationships, rapid response and surprise to the competitive opportunities that appear in the market or the banking industry (chen, 2012: 26)

**Figure 3.** Dimension financial competition edge



**Source:** Prepared by the researcher based on the previous sources.

### The Third Topic: The Practical Side

#### *First: Sample Adequacy Test*

**Table 2:** The Kaiser-Meyer-Ulkin and Bartlett values were evaluated to test the adequacy of the sample

| <b>KMO and Bartlett's Test</b>                   |                    |          |
|--|--------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. |                    | .796     |
| Bartlett's Test of Sphericity                    | Approx. Chi-Square | 1069.640 |
|  | Df                 | 325      |
|  | Sig.               | .000     |

From Table (2) it is clear that the value of the KMO test for the sample was ( 0.796) which is higher than 0.50. This indicates that the data is sufficient for the analysis and that there are significant correlations between the dimensions, which is less than the significant value (Sig <0.05).

**Reliability Analysis Cronbach's Alpha**

**Table 3:** Stability coefficient (Cronbach's Alpha) of the research scale

| Variants                          | Cronbach's Alpha |
|-----------------------------------|------------------|
| Digital Transformation Strategies | 0.81             |
| Financial Competition edge        | 0.89             |

Source: Prepared by the researcher based on SPSS.V.22 program outputs

**Second: Internal Consistency Test**

*By Knowing the Correlation of Each Axis with Its Constituent Paragraphs as Shown in*

**Table 4:** Shows the internal consistency between average dimension and phrases

| Name variable                     | Name Dimension        | correlation Degree |      |       |       | Sig   |
|-----------------------------------|-----------------------|--------------------|------|-------|-------|-------|
|                                   |                       | Q1                 | Q2   | Q3    | Q4    |       |
| Digital Transformation Strategies | Technology            | 0.73               | 0.64 | 0.63  | 0.44  | Moral |
|                                   | Value creation chain  | 0.54               | 0.35 | 0.47  | ----- | Moral |
|                                   | Structural changes    | 0.50               | 0.49 | 0.61  | ----- | Moral |
|                                   | Financial side        | 0.62               | 0.55 | ----- | ----- | Moral |
| Financial Competition edge        | Financial Competition | 0.57               | 0.60 | 0.76  | ----- | Moral |
|                                   | Hidden Comparisons    | 0.66               | 0.82 | 0.59  | ----- | Moral |
|                                   | Leverage              | 0.63               | 0.48 | 0.68  | ----- | Moral |
|                                   | Tactical movements    | 0.58               | 0.69 | 0.75  | ----- | Moral |

Prepared by the researcher based on SPSS program outputs. V, 22

\*\*. Correlation is significant at the 0.01 level (2-tailed).

Note from table (4), which includes the degree of correlation between the dimensions of the study variables and the contents of the questionnaire where the results of the analysis of the sample consisting of (120) respondents showed the following:

First variable: The first variable (digital transformation strategies) includes four dimensions (technology, value creation chain, structural changes, financial aspect), where the first dimension (technology) included four questions in the questionnaire. The degree of correlation after (technology) with the first question (0.73), the second question (0.64), the third question (0.63), and the fourth question (0.44) respectively. The results of the PERSON correlation indicate the significance of the first dimension questions at the level (0.01). The second dimension (value creation chain) questionnaire included three questions and the degree of correlation after (value creation chain) with the first question (0.54), the second question (0.35) and the third question (0.47), respectively. The results of the correlation (PERSON) to The significance of the second dimension questions at the level (0.01). For the third dimension

(structural changes), the questionnaire included three questions where the degree of correlation after (structural changes) with the first question (0.50), the second question (0.49) and the third question (0.61), respectively. The results indicate a correlation of (PERSON). The significance of the third dimension questions at the level of (0.01). The fourth dimension (financial aspect) included two questions and the degree of correlation between it and the first question (0.62), and the second question (0.55) respectively. The moral dimension of the fourth dimension at the level (0.01)

Second variable: The second variable (the edge of financial competition) includes four dimensions (competitive confrontation, hidden comparisons, leverage, tactical movements), where the first dimension (competitive confrontation) included three questions in the questionnaire and the degree of correlation after (competitive confrontation) with the first question (0.57), the second question (0.60) and the third question (0.76), respectively. The results of the correlation (PERSON) to the significance of the questions of the first dimension at the level (0.01). The second dimension (hidden comparisons) included three questions. The second dimension is at the level of (0.01). Concerning the third dimension (crane) questionnaire included three questions where the degree of correlation after (crane) with the first question (0.66) and the second question (0.82) and the third question (0.59), respectively, and the results of the correlation (PERSON) to the significance of questions The third dimension is at the level of (0.01).

For the third dimension (Leverage), the questionnaire included three questions where the degree of correlation after (Leverage ) with the first question (0.63), the second question (0.48) and the third question (0.68), respectively. The results indicate the correlation (PERSON). The significance of the third dimension questions at the level of (0.01), The fourth dimension (tactical movements) included three questions and the degree of correlation between it and the first question (0.58), the second question (0.69) and the third question (0.57) respectively, and the results of the correlation (PERSON) indicate the significance of the fourth dimension questions at the level (0.01)

From the above, it is clear to us the degree of internal consistency of the questionnaire and suitability for adoption by the researcher.

## Second: Test the Relationships of Study Variables

### *Analysis of the correlation between study variables*

**First:** The relationship between digital transformation strategies and the financial competition edge at the banks level.

In order to identify the nature of the relationship between the strategies of digital transformation and the edge of financial competition at the level of banks researched where table (5) indicates a significant correlation between the strategies of digital transformation and the edge of financial competition, where the degree of correlation (the total index) (0.917) correlation. The first major hypothesis was met.

**Table 5:** Table of the correlation coefficient between digital transformation strategies and the financial competition edge

| Standard                          | Correlation Coefficient |
|-----------------------------------|-------------------------|
| Digital Transformation Strategies | 0.917                   |
| Financial Competition edge        |                         |

**Source:** Prepared by the researcher and based on the output of the program spss, 23

- Morale level 0.01

The research sample:

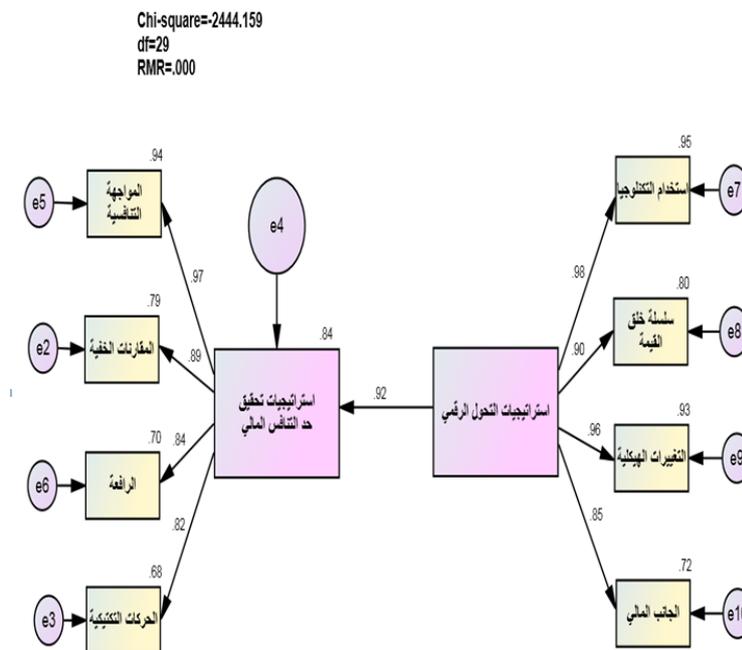
The research used the structural model to test the hypotheses of direct and independent influence.

The research used the structural model for choosing the direct and indirect hypotheses affect. He used the structural equation model by using (Amos.v.20) program. The structural model is consisting of a group of fluctuating of in depending and approved ones. The fluctuating independent is related to the approved are through one-way arrow ( declination track). The fluctuating independent are might be related to each other through a two-way arrow. The structural model is used to make sure the studding model fit with the user model shows in the sample. The suitability of structural model is judged by though the sign of the suitability that exhibited in the diagram, which is ( Square k, The middle root of the remaining square), but these signs cant judge the corrections of the research hypotheses rather than the search of the suitability of data to the lab model. It must be sure for the correction of the hypotheses through the existing process to the arrow weather it was between the independent fluctuating and the approved one ( The Beta standard treatment). This static technique is the most dependent and precise one than the multiple slopes diagnoses because it takes the consideration of the suitability of data to the model fit with the used model shows in the sample that is supposed to the relationship. Diagram 4 is the structural model study that implementation of the fluctuating

independent ( digital strategy transformation) , and the approved fluctuating ( the implementation strategies of the financial completion edge). It is noticed though measurement of fitting that showed in the diagram ( square k, the root of the remaining middle square). That is the structural diagram for the current study data. The square K is reached (-2444.15a). This is a good sign to match the structural model with the data. Moreover the portion of the middle root of the remaining square which implemented that is less than the standard special to it, which is ( less than 50). It reached within the diagnosed structural (.000).

The one-way arrows of the independent variables to the dependent variable represent the integrating relationship. The appearing value is the higher strategic variable implies the edge of financial competition is representing the treatment limitation which is called the standard treatment 9 used to testing hypotheses (R20). It implements strategic changing of the digital transformation is able to explain the percentage of (84%) > it is the variable that applied the strategic variable that implements the edge of the financial competition in the banks the sample of study while the remaining percentage that reached to (15%) is for other variables other than the ones that within sample of study.

**Figure 4.** The tested structural model and correlation ways



**The table 6:** Regression Weights (Group number1-Default mod

|                            |      |                                   | <b>Estimate</b> | <b>S.E.</b> | <b>C.R.</b>   | <b>P</b>   |
|----------------------------|------|-----------------------------------|-----------------|-------------|---------------|------------|
| Financial Competition edge | <--- | Digital transformation strategies | <b>.870</b>     | <b>.045</b> | <b>25.089</b> | <b>***</b> |
| Financial Competition      | <--- | Financial Competition edge        | <b>1.310</b>    | <b>.029</b> | <b>45.060</b> | <b>***</b> |
| Hidden Comparisons         | <--- | Financial Competition edge        | <b>.742</b>     | <b>.035</b> | <b>21.169</b> | <b>***</b> |
| Leverage                   | <--- | Financial Competition edge        | <b>1.164</b>    | <b>.069</b> | <b>16.754</b> | <b>***</b> |
| Tactical movements         | <--- | Financial Competition edge        | <b>.784</b>     | <b>.049</b> | <b>15.899</b> | <b>***</b> |
| Technology                 | <--- | Digital transformation strategies | <b>1.089</b>    | <b>.022</b> | <b>48.481</b> | <b>***</b> |
| Value creation chain       | <--- | Digital transformation strategies | <b>1.104</b>    | <b>.050</b> | <b>22.066</b> | <b>***</b> |
| Structural changes         | <--- | Digital transformation strategies | <b>1.044</b>    | <b>.027</b> | <b>38.751</b> | <b>***</b> |
| Financial side             | <--- | Digital transformation strategies | <b>.763</b>     | <b>.044</b> | <b>17.349</b> | <b>***</b> |

## Conclusion and Recommendations

### *First: Conclusions*

- 1- The researcher discovered that the banks of the research sample are free from the simplest digital transformation procedures except for some endeavours and trends that do not fit the purpose and importance of the banks.
- 2 - There are some steps in some banks tested with the sample study to upgrade the banking services provided to customers, although they are routine and hardly compete with the services provided by regional and global banks.
- 3 - the results of the research agree with the hypothetical intellectual scheme of the researcher on the nature of the relationship between the variables of the study.
- 4 - The results showed that when banks intensify the use of technology it will ensure a state of competition between their counterparts in the banking sector, which ensures a competitive edge between their counterparts such as the Trade Bank of Iraq and Islamic Investment and Development.

- 5 - The creation of value and procedures within the banks researched a clear impact on the level of financial competition for such banks, such as the South Islamic banks and the Islamic Bank for Investment and Development.
- 6 - There were some trends and structural changes after the events of 2003 and therefore the evidence of the results of the present study look at the impact of these structural changes on the competitiveness of financial banks and this includes all banks researched.
- 7 - The availability of financial capabilities of banks in the sample study secures the implementation of the strategy of digital transformation and thus secures its financial competitiveness in terms of return as a unique financial competitive limit among its counterparts such as the Trade Bank of Iraq.
8. The synergies and comprehensive procedures (digital transformation trends) in banks, which include the use of technology, value creation chain, structural changes, and the provision of financial requirements for these trends connect the researched banks in the light of practical results to achieve the goal of the limit of financial competition, and this is part of his vision In the Iraqi trade banks and the Islamic Bank for Investment and Development.
- 9 - the absence of a clear marketing side to build confidence between the customer and banks, and this is reached by the researcher accidentally without the inclusion of banking marketing variables and this is the reality of all banks researched.

### ***Second: Recommendations***

- 1 - through the reality of the status of the work of the Iraqi banking system (the private sector) found to the researcher the absence of a clear vision and the central direction of the advancement of the reality of modern banking work, which necessitates the need for such a vision of the banking system as a whole and its leaders.
- 2 - the need to provide infrastructure (financial resources, information, staff with high technical skills, technology, equipment and other equipment) to facilitate the adoption of digital transformation strategies.
3. Provide a safe banking environment that attracts foreign investment and partnership with it to gain reputation, skills and experience at the same time.
4. Financial regulators should provide legal frameworks that protect the client, banks and foreign investor (as beneficiaries) from banking services provided to provide a safe working environment for all.
5. Through descriptive analysis of the study sample, banking leaders should pay close attention to attracting scientifically qualified human resources (holders of certificates with financial and banking specialisation) which are an important part of the implementation of the digital transformation strategy.
- 6 - Bridging the gap between the customer and the bank by building a mutual trust relationship between them within the framework of a clear and realistic marketing strategy.



7 - Building partnerships between the private banking sector and the government sector because the experiences and results of the analysis of the present study show that private banks are better technologically than their government counterparts within financial competition.

8 - Building partnerships between the banking sector as a whole (private and public ) and its counterparts from the Arab banking systems and systems developed to gain confidence, reputation and experience.

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