

## عنوان مقاله:

A Study of the Financial Soundness of Banks in the Framework of CAMEL model (Capital, Assets, Management, Earnings and Liquidity): The Case Study of Commercial and Non- Commercial Banks in Iran

## محل انتشار:

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## خلاصه مقاله:

The financial soundness of banks and credit financial institutions plays an important role in growth, development and stability of the countries' economy. Not only commercial banks but also financial institutions require regular review of financial soundness to ensure the private sector in the financial system of the country and protect the interests of depositors, lenders, shareholders and other beneficiaries. Proper and adequate capital is a requirement for protecting the soundness of the banking system. Every bank and credit institution should always maintain an appropriate ratio between capital and the risk existent in its assets to ensure stability and sustainability of its operations. The main function of the ratio is supporting the bank against unexpected losses and providing for the depositors and creditors. The main purpose of this investigation is to evaluate the financial soundness of commercial and non-commercial banks of Iran's banking network in the framework of CAMEL or capital, assets, management, earnings and liquidity. The research sample consists of 22 banks including 11 commercial banks and 11 non-commercial banks (specialized). To verify the hypotheses, logistic regression test (Prob. it) is used. The results of testing hypotheses indicate that there is a significant correlation between the components of CAMEL model, consisting of capital, assets quality, management quality of public and private commercial banks, and the index of capital adequacy ratio. In addition, there is a significant relationship between the components of CAMEL model, consisting of capital, assets quality, management quality and profitability of public and private non-commercial banks and credit institutions, and the index of capital adequacy ratio. The results show that there is no significant difference between financial soundness and the capital adequacy ratio in commercial and non-commercial banks.

## کلمات کلیدی:

CAMEL Models, Capital Adequacy Ratio (C.A.R.), Management Quality, Operational Assets Quality, Liquidity, Profitability

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