

COMPARING THE PERFORMANCE EVALUATION OF TEJARAT AND MELLAT BANK BAY CAMEL MODEL

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ABSTRACT

Evaluating the banks performance, which are considered as one of active financial institutions in exchange, have always attracted the attention of capital market precipitants and also there have been lots of attempts to determine indices to predict their behavior. The objective of this study is to compare the performance of Mellat and Tejarat banks using CAMEL model. In respect of answering this study questions, 5 Hypotheses are considered and are evaluated in time intervals of 2009 to 2011 and 2008 to 2011 for Tejarat and Mellat banks, respectively. Considering the objective, this study is practical and its type is descriptive-correlation. In addition, combinational regression methods are used to evaluate hypotheses. The results indicate that there is no significant difference in capital adequacy, assets quality, management quality and efficiency, income quality and liquidity between Mellat and Tejarat banks. Thus, this study reached no evidence to support the hypotheses.

Keywords: Capital Adequacy, Asset Quality, Earnings Quality, Management Quality and Efficiency, Liquidity

INTRODUCTION

All the organizations say governmental or non – governmental, require an effective evaluation system for developing, promoting and stay in the current competitive ground. in order to make a frame work to measure the performance and effectiveness the organizations programs, their processes and their staffs, and to upgrade their organization's performance to the world highly competitive markets. Kaplan and Norton (1992) defined the performance measuring as a way. To have a review achieving the organization's financial and non- financial purposes.the need to control the solutions and to measure the performance has attracted a lot of attention as a response to the rapid growth of serving industries and increase in world competition, especially for banking institutions. although, researchers find it difficult to measure the banks function, because of hidden nature of products and services of banking industry (Tezang and Delgado, 2009:101).

CAMEL measurement, presents a holistic view on what is happening inside and outside the organization (Dickson, 2009: 590). it can be said generally that, CAMEL is a measuring model for banks function and financial institutions that measures and evaluates five areas of management and financial areas. This model, tries to measure the operational methods, the internal rules and regulation and also the criteria resulting from the accountings which are based on risking, while it conforms the bank function and situation with pre-determined criteria for assets and its undertakings. The result of measuring the CAMEL ranking system is the total of results made by non – verbal supervision and verbal investigation.

The importance and necessity of the research

Banks play an important role in performing the governments financial policies as one of the most prominent economical institutions, while in some appropriate. Situations they transfer the unutilized facilities from the regions whose having surplus capital to the regions which lack facilities by expending the least. every problem that may occur in banking system, would influence directly on companies and of

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course on the society itself. That's why banks are having a risky and fragile structure which depends on their financial structure and their efficiency.

We can summarize the reasons which are important in measuring the banks function as follow:

- Measuring the customer's level of satisfaction and taking their feedback about the services delivered to them.
- Determining the position and its state by comparing it to the rival organizations.
- Measuring the organization success.
- Making sure about the accuracy of measurement based on real a on emotions.
- Recognizing problematic areas in organizations and designing a proposal design for solving problems.
- Recognizing some departments which have led to the organization advancement and are considered as a strength point.

Considering a competitive circumstance in banking industry and growing private banks, evaluating the function of banks and their performance using new and widespread methods has become more and more important than the past. CAMEL ration is one of the measuring methods which evaluate the bank function according to five points of view: capital adequacy, asset quality, management quality, revenues and cash. Investigating the organization function by considering these aspects. Makes it possible for bank managers to remove their functional weakness along with bank strategies and finally continue their activities in a rival circumstance.

Research purposes

The general purpose of this research is to analyze and to compare the financial state and performance of Mellat and Tejarat bank by using CAMEL model. According to the general purpose mentioned before we can determine the following purposes as more detailed ones:

1. The first purpose of each research is the theoretical aspect and developing the under research field which is going to facilitate the adequate ground for developing the field's theories and following the way to more agreeable and more efficient systems. So in this study we aim at achieving this goal.
2. Analyzing and comparing the financial state and function of Mellat bank and Tejarat bank by using CAMEL model.
3. Proposing practical and applicable suggestions to bank managers, investors and capitalists and interested parties and beneficiaries.

Research literature

A lot of studies have been done out of our country related to the research topic but a few experimental studies are in Iran.

Saghafi and Seyf (2005), did a research named "recognizing" and measuring financial ratios and fundamental economic variables, effective on the safety and consistency of Iran banking system. There are seven main factors which are tested, including capital adequacy, assets quality and bank financial structure, management firmness and consistency, profitability, cash, operation sensitivity to the market risks. The results of this research show that in Iran banking system, these seven factors are effective and efficient in evaluating banks safety and consistency. But their importance and ranking method differ from developed countries.

Poorkazemi (2006), did a research named "ranking the country's commercial banks". inferential statistics showed that there was no factional difference among the other four banks except for Mellat bank.

Saabarian (2011), investigated the function of Iran's private banking in a research the results of his research show that share of private banks out of total bank deposits meaning 1.6 percent's in year 2002 (the beginning year of private bank activities) increased to 48.1 percent's at the end of year 2009.

Kohl and Gunther (2005), investigated the speed of informing CAMEL ratios relating the banks safety by using economical measurement method's and bang mark method. the applied model, Han wick model and

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information, was derived from banks inventories. Obtained results indicate the success of CAMEL ratios in predicting and ranking banks data.

Cary and Thomson (2008), started to investigate the banks desirable and undesirable state in a rapid alarm system frame work and using CAMEL ratios. They found out that just limited ratios of CAMEL indicators are capable of predicting the banks undesirable states in a rapid alarm system frame work.

Dang (2011), has worked on CAMEL ranking system in banking supervision. this research has studied Americas international Vietnamese insurance (AIA) as a case study. These findings showed that CAMEL rating system is a useful supervising tool in the United States.

METHODOLOGY

Research hypotheses

In accordance with responding to the research question and problem, five hypotheses are developed and are going to be tested, hypothesis are compiled as follow:

First hypothesis: there is a significant difference between the capital adequacy of Tejarat bank and Mellat bank.

Second hypothesis: there is a significant difference between the assets quality of Tejarat bank and asset quality of Mellat bank.

Third hypothesis: there is a significant difference between the management quality of Tejarat bank and asset quality of Mellat bank.

Fourth hypothesis: there is a significant difference between revenue qualities of Tejarat bank and revenue quality of Mellat bank.

Fifth hypothesis: there is a significant difference between liquidity of Tejarat bank and cash of Mellat bank.

Research design and data collection

Considering the research ranking based on its purpose, it is the applied type the purpose of applied research is to develop the applied knowledge in a particular field. On the other hand, this research is theoretically. The positive type and is rationally, the inductive type. This research can also be considered the pseudo experimental type in financial accounting field of research. In fact pseudo experimental studies aiming at affiliating the research to real experiences are applied in a case which there is possibility for controlling or applying all the relevant variables.

In the present research, data were gathered in two ways:

1. In order to enrich the theoretical background of the study, Persian and English specialized books and magazines were used.
2. The information regarding research variables are gathered by reference to financial records, explanatory sheets and using the software "RahavardNovin ed3."

Research area (domain)

In research area discussion, there are three areas: place, time and topic area.

Place area: the place area of the research is Mellat and Tejarat banks.

Time area: the time area of the research involves a five year period based on financial inventories of the years 2007 to 2011 for Tejarat bank and years 2008 to 2011 for Mellat bank.

Topic area: the topic area of the research is to compare the function of Mellat and Tejarat banks, using CAMEL model.

Research variables

Dependent variable

Applied depend ant variables is the stock return that is going to be measured as follow:

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Stock return

In the recent research, investment returns of normal stock is measured in a certain period, according to the prices of beginning and end of the period and the profits obtained from the possession and increase in company's revenue that is counted by the following equation:

$$Ri_t = (1 + \alpha_t) \times P_t - P_{(t-1)} + D_t - M / P_{t-1}$$

In which:

P: stock price;

D: divided stock profit;

M: cash profits of stock holders;

α : Ratio of increase in company's capital.

Independent variables

Independent variables of this research are the ratios of capital adequacy, ratios of assets quality, ratios of quality and efficiency of management ratios of revenue quality and cash ratios, which are counted as follows:

Ratios of capital adequacy

Ratios of capital adequacy are as follow:

1. Capital adequacy;
2. Government securities to total investments;
3. Equity of stock holders to total assets;
4. Debt to equity ratios of asset quality.

Ratios of asset quality

Ratios of asset quality is as follow:

1. Non – performing assets to net total grant of overly facilities;
2. Total investment to total assets;
3. Net non – performing assets to total assets;
4. Percentage change in net assets of non – performing.

Ratios of management quality and efficiency

Ratios of management quality and efficiency are as follow:

1. Total grating loans to total bank deposits;
2. Use fullness of per employee;
3. Productivity per employee;
4. Return on equity

Ratios of revenue quality

Ratios of revenue quality are as follow:

1. Operating income to total asset;
2. Net income to total assets;
3. Interest revenue to total revenue;
4. Net profit margin to total assets.

Ratios of cash

Cash ratios are as follow:

1. Cash assets to total assets;
2. Cash assets to bank deposits;
3. Cash assets to non-current deposits;

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4. Approved securities to total assets.

Research models

In order to test the hypothesis, regression models will be used follow.

$$Ri_t = \beta_0 + \beta_1 C + \beta_2 A + \beta_3 M + \beta_4 E + \beta_5 L + ei$$

in which:

Ri: stock returns;

C: ratios of capital adequacy;

A: ratios of assets quality;

M: ratios of management quality and efficiency;

E: ratios of revenue quality;

L: ratios of cash.

In CAMEL model, 20 ratios are going to be counted as the subcategory of five ratios.

Model 1:

$$Ri_t = \beta_0 + \beta_1 CA + \beta_2 \frac{GS}{TI} + \beta_3 \frac{E}{TA} + \beta_4 \frac{D}{E} + ei$$

Model2:

$$Ri_t = \beta_0 + \beta_1 \frac{NPA}{NTGOF} + \beta_2 \frac{TI}{TA} + \beta_3 \frac{NNPA}{TA} + \beta_4 PCNANP + ei$$

Model 3:

$$Ri_t = \beta_0 + \beta_1 \frac{TGL}{TBD} + \beta_2 UPE + \beta_3 PPE + \beta_4 ROE + ei$$

Model 4:

$$Ri_t = \beta_0 + \beta_1 \frac{OI}{TA} + \beta_2 \frac{NI}{TA} + \beta_3 \frac{IR}{TR} + \beta_4 \frac{NPM}{TA} + ei$$

Model 5:

$$Ri_t = \beta_0 + \beta_1 \frac{CA}{TA} + \beta_2 \frac{CA}{BD} + \beta_3 \frac{CA}{NCD} + \beta_4 \frac{AS}{TA} + ei$$

That in the above models:

CA: Capital adequacy;

GS/TI: Government security to total investment;

E/TA: Equity to total assets;

D/E: Debt to equity;

NPA/NTGOF: Non-performing assets to net total grant of overly facilities;

TI/TA: Total investment to total assets;

NNPA/TA: Net non-performing assets to total assets;

PCNANP: Percentage change in net assets of non-performing;

TGL/TBD: Total Granting loans to total bank deposit;

UPE: Use fullness per employee;

PPE: Productivity per employee;

ROE: Return on equity;

OI /TA: Operating income to total assets;

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NI/TA: Net income to total assets;
 IR/TR: Interest revenue to total revenue;
 NPM/TA: Net profit margin to total assets;
 CA/TA: Cash assets to total assets;
 CA/BD: Cash assets to bank deposits;
 CA/NCD: Cash assets to non- current deposits;
 AS/TA: Approved securities to total assets.

Research findings

Descriptive statistics

Descriptive, statistics mostly involve some concepts like abundance table, abundance histogram and distribution ratios, discrepancy measures. table 1 and 2 show the descriptive statistic of research variables.

Table 1: Descriptive statistics relating to Mellat bank

Variable	Minimum	Maximum	Mean	SD
Return	0/244	0/710	0/254	0/414
Capital adequacy	2/107	3/137	2/165	0/423
Government security to total investment	0/006	0/031	0/015	0/010
Equity to total assets	0/037	0/059	0/045	0/009
Debt to equity	0/009	0/027	0/018	0/010
Non-performing assets to net total grant of overly facilities	0/002	0/095	0/076	0/101
Total investment to total assets	0/091	0/231	0/143	0/199
Net non-performing assets to total assets	0/005	0/105	0/075	0/042
Percentage change in net assets of non-performing	0/006	0/085	0/069	0/038
Total Granting loans to total bank deposits	0/960	1/083	0/995	0/058
Use fullness per employee	0/120	0/304	0/219	0/090
Productivity per employee	0/168	0/356	0/213	0/078
Return on equity	0/146	0/239	0/178	0/042
Operating income to total assets	0/008	0/012	0/009	0/001
Net income to total assets	0/006	0/009	0/007	0/001
Interest revenue to total revenue	0/544	0/588	0/565	0/019
Net profit margin to total assets	0/053	0/059	0/055	0/003
Cash assets to total assets	0/009	0/013	0/011	0/001
Cash assets to bank deposits	0/013	0/018	0/016	0/001
Cash assets to non- current deposits	0/197	0/255	0/225	0/024
Approved securities to total assets	0/008	0/026	0/015	0/007

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Table 2: Descriptive statistics relating to Tejarat bank

Variable	Minimum	Maximum	Mean	SD
Return	0/248	0/748	0/520	0/252
Capital adequacy	1/037	1/225	1/104	0/104
Government security to total investment	0/006	0/012	0/008	0/003
Equity to total assets	0/037	0/057	0/045	0/010
Debt to equity	0/007	0/042	0/020	0/018
Non-performing assets to net total grant of overly facilities	0/012	0/155	0/096	0/071
Total investment to total assets	0/111	0/291	0/213	0/109
Net non-performing assets to total assets	0/005	0/105	0/075	0/042
Percentage change in net assets of non-performing	0/026	0/095	0/077	0/052
Total Granting loans to total bank deposits	0/850	1/517	1/100	0/053
Use fullness per employee	0/167	0/283	0/224	0/058
Productivity per employee	1/157	0/444	0/296	0/067
Return on equity	0/151	0/186	0/170	0/017
Operating income to total assets	0/009	0/011	0/010	0/001
Net income to total assets	0/006	0/008	0/007	0/001
Interest revenue to total revenue	0/579	0/624	0/602	0/022
Net profit margin to total assets	0/038	0/061	0/048	0/011
Cash assets to total assets	0/005	0/106	0/007	0/002
Cash assets to bank deposits	0/012	0/016	0/014	0/002
Cash assets to non- current deposits	0/137	0/167	0/153	0/015
Approved securities to total assets	0/012	0/030	0/020	0/009

Testing the first hypothesis

To test this hypothesis, first we investigate the returns rate by using CAMEL model and regression equations in the years 2009 to 2011. In account of Tejarat bank and in the years 2008 to 2011 for Mellatbank. Then, we test the first hypothesis of the research according to the processed values for both banks by using the comparative test for the averages of both societies.

Table 3: Results of the first hypothesis

mean	Number of years	Average	Criteria deviation	The difference between mean	T statistic (significant level)	Accuracy distance	
						min	max
Mellat bank	4	0/254	0/414	-0/266	-0/972 (0/380)	-0/970	0/437
Tejarat bank	3	0/520	0/146				

The above table shows the results of the comparative test of averages two statistical samples for the first hypothesis of the research. It is hypothesized that firstly, the distribution of both samples is normal and

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secondly, variances of both sample are equal, since the significant of the obtained test has got 0/380 greater than 0/05. So in 0/95 level, you can claim that there is no significant difference between the capital adequacy of Tejarat bank and capital adequacy of Mellat bank. when the minimum reaches the negative point and maximum level reaches a positive point, it confirms that there is no significant difference between the capital adequacy of Tejarat bank and the capital adequacy of Mellat bank. So the first hypothesis of the research is not approved for the reliability of 0/95 percent .

Test of the second hypothesis

To test this hypothesis, first we process the return rate, using the CAMEL model and this regression equation in the years 2009 to 2011 for Tejarat bank and in the years 2008 to 2011 for Mellat bank. Then, according to processed values for both banks, we investigate the second hypothesis of research by using the comparative test of averages for both samples. the results and values are listed in table 4.

Table 4: The results of the second hypothesis test

mean	Number of years	Average	Criteria deviation	The difference between mean	T statistic (significant level)	Accuracy distance	
						min	max
Mellat bank	4	0/254	0/396	-0/266	-1/006 (0/360)	-0/946	0/414
Tejarat bank	3	0/520	0/252				

As it is shown, the significant of test has got 0.360 percent greater than 0/05. So, in certainty level of 95 percent, it can be claimed that there is no significant difference between asset quality of Tejarat bank and asset quality of Mellat bank. When the minimum level reaches negative point and when the maximum level reaches positive point, it confirms that there is no significant difference between asset quality of Tejarat bank and asset quality of Mellat bank .So the second hypothesis of the research is not approved in 95 percent reliability level.

The third hypothesis test

To test this hypothesis, as it was mentioned, first, we investigate the return rate by using CAMEL model and regression equations in tears 2009 until 2011 for Tejarat bank and in years 2008to2011 for Mellat bank. Then, we test the first hypothesis of the research according to the processed values, for both banks, results and values are listed in table 5.

Table 5: The result of the third hypothesis test

mean	Number of years	Average	Criteria deviation	The difference between mean	T statistic (significant level)	Accuracy distance	
						min	max
Mellat bank	4	0/274	0/404	-0/236	-0/972 (0/376)	-0/970	0/438
Tejarat bank	3	0/510	0/241				

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The above table shows the results obtained from the comparative test of averages in both statistical samples for the third hypothesis of the research. It is hypothesized that first, distribution of both sample are normal and secondly, variances of both samples are equal. Since the significant of test has got 0.376 greater than 0/05. So it can be claimed that there is no significant difference between management efficiency of Tejarat bank and management efficiency of Mellat bank. When the minimum reaches negative point and maximum reaches positive point, it approves that there is no significant difference between management efficiency of Tejarat bank and management efficiency of Mellat bank. So the reliability level of as percent is not approved for the third hypothesis of the research.

The fourth hypothesis test

To test this hypothesis, first, we process and investigate the return rate, using CAMEL model and regression equation in years 2009 to2011 for Tejarat bank and years 2008 to2011 for Mellat bank then, using the comparative test the first hypothesis of the research. Results and values are listed in table 6 .

Table 6: Results of fourth hypothesis test

mean	Number of years	Average	Criteria deviation	The difference between mean	T statistic (significant level)	Accuracy distance	
						min	max
Mellat bank	4	0/261	0/402	-0/270	-0/986 (0/363)	-0/971	0/437
Tejarat bank	3	0/531	0/242				

The above table shows the results obtained from the comparative test of averages of two statistical samples for the fourth, the distribution of both samples are normal and secondly, the variances of both samples are equal. Since the significant of test has got 0.363 greater than 0/05, you can claim that there is no significant difference between the asset quality of Tejarat bank and asset quality of Mellat bank. When the minimum reaches the negative point and maximum reaches the positive point, it confirms that there is no significant difference between the asset quality of Tejarat bank and asset quality of Mellat bank. so the first hypothesis of research is not approved at reliability level of as percent.

The fifth hypothesis test

To test this hypothesis, first we investigate and process the return rate using CAMEL model and regression equations in the years 2009to2011 for Tejarat bank and years 2008 to 2011 for Mellat bank then, using the comparative test the first hypothesis of the research. Results and values are listed in table 7.

Table 7: Results of fifth hypothesis test

mean	Number of years	Average	Criteria deviation	The difference between mean	T statistic (significant level)	Accuracy distance	
						min	max
Mellat bank	4	0/221	0/390	-0/266	-1/002 (0/325)	-0/961	0/391
Tejarat bank	3	0/487	0/215				

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The above table shows the results of comparative test of the average for two statistical samples for the fifth hypothesis of the research. It is hypothesized that the distribution of both samples are normal and variances of both samples are equal. Since the obtained significant of test has got 0.325 greater than 0.05. So in the certainly level of as percent, you can claim that there is no significant difference between the cash of Tejarat bank and Mellat bank. When the minimum level reaches negative point and maximum level reaches positive point, it approves that there's no significant difference between the cash of Tejarat bank and cash of Mellat bank so the fifth hypothesis of research is not confirmed in as percent of reliability level.

CONCLUSION

The first hypothesis: there is a significant difference between the capital adequacy of Tejarat bank and capital adequacy Mellat bank.

To test this hypothesis, we first investigated and processed the return rate using CAMEL model and regression equations in the years 2009 to2011 in account ofTejarat bank and in the years 2008to2011 for Mellat bank. Then using the comparative test of averages for two samples and based on the obtained results, for two banks and according to the processed values, we tested the first hypothesis. So at the reliability level of as percent we can claim that there is no significant difference between the capital adequacy of Tejarat bank and capital adequacy of Mellat bank and when the minimum reaches negative point and the maximum reaches positive point, it confirms that there is no significant difference between capital adequacy of Tejarat bank and of Mellat bank. So the first hypothesis of the research was not confirmed at the reliability level of as percent.

Second hypothesis: there is a significant difference between the asset quality of Tejarat bank and asset quality of Mellat bank.

We first investigated and processed the return rate using CAMEL model and regression equation in the years 2009 to2011 for Tejarat bank and in the years2008 to2011 for Mellat bank. Then using the comparative test of averages for two samples and based on the processed values, we tested the second hypothesis. According to the obtained results of this research, the significant of test has got 0/36 granter than 0.05. So at the reliability level of as percent, we can claim that is no significant difference between quality assets of Tejarat bank and quality assets of Mellat bank and when the minimum limit reaches negative point and the maximum limit reaches positive point, we can confirm that there is no significant difference between the asset quality of Tejarat bank and asset quality of Mellat bank. so the second hypothesis of the research was not approved at the reliability level of as percent.

Third hypothesis: there is a significant difference between management efficiency of Tejarat bank and management efficiency of Mellat bank.

For testing this hypothesis, we first investigated and processed the return rate using CAMEL model and regression equations in the years 2009 to2011 for Tejarat bank and in years2008 to2011 for Mellat bank. Then using the comparative test of averages for 2 samples and according to the processed values, we tested the third hypothesis of the research. Based on the obtained results, the significant of test has got 0.376 greater than 0.05. So we can claim that at reliability level of as percent, there is no significant relationship between management efficiency of Tejarat bank and management efficiency of Mellat bank when the minimum limit reaches negative point and maximum limit reaches positive point,we can confirm that there is no significant difference between the management efficiency of Tejarat bank and management efficiency of Mellat bank. So the third hypothesis of the research was not approved at the reliability level of as percent.

Fourth hypothesis: There is a significant difference between the asset quality of Tejarat bank and asset quality of Mellat bank.

For testing this hypothesis, we first investigated and processed the return rate using CAMEL model and regression equations in the years 2009 to2011 for Tejarat bank and in years 2008to2011 for Mellat bank. Then, using the comparative test of averages for samples and based on the obtained results, we tested the

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fourth hypothesis. According to these results, the significant level has got 5.363 greater than 0.05. So at the reliability level of as percent, it can be claimed that there is no significant difference between the asset quality of Tejarat bank and asset quality of Mellat bank and when the minimum limit reaches negative point and maximum limit reaches positive point, we can confirm that there is no significant difference between asset quality of Tejarat bank and asset quality of Mellat bank. So the fourth hypothesis of the research was not approved at the reliability level of as percent.

Fifth hypothesis: there is a significant difference between the cash of Tejarat bank and cash of Mellat bank. For testing this hypothesis, we first investigated and processed the return rate using CAMEL model and regression equations in the years 2009 to 2011 for Tejarat bank and in years 2008 to 2011 for Mellat bank then using the comparative test of averages for 2 samples and based on the processed values, we tested the fifth hypothesis. According to the obtained result of this test, the significant of test has got 0.325 greater than 0.05. so we can claim that at reliability level of as percent, there is no significant difference between the cash of Tejarat bank and cash of Mellat bank. When the minimum limit reaches negative point and maximum limit reaches positive point, it confirms that there is no significant difference between cash of Tejarat bank and cash of Mellat bank. So at reliability level of 95 percent the fifth hypothesis was not approved.

After analyzing above results and conclusions. It can be said that lack of significant difference in applied ratios of CAMEL model for Tejarat bank and Mellat bank can derive from different and variants factors. One of these factors is related to the new entrance of the above mentioned bank into stock exchange and that's why the available data to place into the CAMEL model is restricted and it cause that lack in significant difference another factor is also related to the possession of Mellat and Tejarat bank. Since, it seems that as these 2 banks have become private there would no significant difference between the applied ratios in CAMEL model.

Some suggestions based on research results

- Since, some requirements for applying CAMEL model may differ from the operational process of civil banks. So it is suggested that the principles relating to this model should be revised and analyzed again for the Iranian banks.
- As, no significant difference was found in function of financial ratios of Tejarat bank and Mellat bank, so it is suggested that the evaluating system of Mellat bank and Tejarat bank must respond to its various aspect and dimensions whether financial of bank, variety in services, providing facilities, profit rate and competitive commission the internal competitive structure and global competitive structure providing special services and customers satisfaction from the provided services by the bank are among the factors that today, the managers should take into account in evaluating the function and performance of the banks.
- Since, the final goal of a system, is to measure the function, to provide information for managers and staffs, so as they improve the bank function. So it is suggested that they apply the measuring systems of strategic function and evaluating the strategy as a tool for providing consistency and accordance between the function with a strategic view point, since, the managers can provide possibility to achieve strategic goal in all the bank activities by simultaneous gathering of financial and non-financial information and determining means of communication.
- It is suggested that to measure and evaluate the bank functions manager take it into consideration to re-engineer the operational processes as one of the most important sources of change which can guarantee its great success in a current competitive and customer – based circumstance. Because re-engineering focuses on bank. By designing and rapid operation of banks aiming at considerable improvement of evaluation like expense, quality, services and speed.
- It is proposed that Mellat and Tejarat bank to use the procedure of risk management to measure different risks in their possessions. Although banks take some risk management to make an acceptable return production.

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- According to the stand sot situation governing the country's economy and the case that lack of cash is considered the greatest problem in banks, so the adequacy of cash resources should match our current and future needs and the assets should be changed into cash easily and with no loss. The method in cash management should guarantee that bank are capable of maintaining a cash level to follow their financial commitment in an adequate time and they can changed their possession into cash with the least loss.

Some suggestions for future studies

There are following grounds for future studios:

- It is proposed to measure the function of other private and government banks by using CAMEL method.
- It is proposed to do a research to measure the function of Mellat and Tejarat bank by using other measuring models.

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