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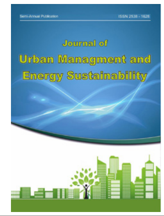

CASE STUDY RESEARCH PAPER

Identifying the Main Components of the Development of the Iraq Stock Exchange from the Investors' Perspective

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ABSTRACT

The development of the Iraq Stock Exchange requires a precise understanding of the factors and components that, from the investors' perspective, affect the growth, efficiency and attractiveness of this market. The study is applied in terms of purpose and qualitative in terms of approach. Data were collected through semi-structured interviews with 23 purposively selected investors, managers, experts and specialists of the Iraqi capital market. The data were analysed using the grounded-theory approach through three stages of open, axial and selective coding. To ensure the trustworthiness of the findings, Guba and Lincoln's trustworthiness criteria and a strategy of triangulation across data, methods, researchers and theoretical foundations were applied. In the open-coding stage, 150 initial codes were extracted and, after conceptual merging, 42 axial codes were identified. Finally, these codes were organised into six selective categories institutional infrastructure and market governance; development of technological infrastructure and financial innovation; expansion of investment instruments and institutions; investor empowerment and investment culture; connection with the economic and international environment; and risk management and market stability all integrated around the core category "development of the Iraq Stock Exchange from the investors' perspective." The findings show that the development of the Iraq Stock Exchange does not depend solely on financial reforms but requires the simultaneous interaction of institutional, technological, cultural and economic factors. From the investors' perspective, digital transformation, improved transparency, the development of innovative financial instruments, strengthened financial literacy, institutional reform and the use of Islamic-finance capacities can increase trust, investor participation and the sustainable development of the Iraqi capital market. The proposed conceptual model can serve as a basis for policymaking and strategic planning in the development of the Iraqi capital market.

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INTRODUCTION

In contemporary economies, capital markets are recognised as one of the most important mechanisms for mobilising and optimally allocating financial resources, and they play a decisive role in shaping economic growth, increasing investment efficiency and enhancing economic transparency. In this context, the stock market, as the core of the capital market, can perform its efficient function only when a set of institutional, structural, behavioural and technological prerequisites are established in a synergistic way. The theoretical and empirical literature shows that the efficiency and development of stock markets are a function not only of macroeconomic variables but also, significantly, of the quality of regulatory institutions, the level of investor trust, information infrastructure and the behavioural patterns of market participants (La Porta et al., 2020) (Barberis & Thaler, 2020). As one of the emerging markets of the Middle East, the Iraq Stock Exchange still faces serious structural constraints on its path to development after a long period of political, security and economic instability. The findings of previous research show that historical instability and the experiences of war have directly weakened public trust in financial institutions in Iraq, and that this has acted as one of the fundamental barriers to investor participation in the capital market (Al-Khouri, 2012). At another level, geopolitical studies also emphasise that the volatility of the Iraq Stock Exchange is strongly affected by regional crises and geopolitical uncertainties, to the extent that these variables are even more influential than internal economic factors (Al-Tamimi, 2017).

Alongside macro-environmental factors, institutional and regulatory weaknesses are also among the key factors limiting the development of the Iraq Stock Exchange. Empirical evidence shows that weakness in law enforcement, the lack of independence of supervisory bodies and the inefficiency of regulatory frameworks significantly reduce investor trust and constrain their participation (Al-Khouri, 2019). On the other hand, liquidity constraints and the low depth of the market are also raised as a fundamental structural challenge, such that low liquidity is not only the main obstacle to attracting new investors but also challenges the sustainability of other structural reforms (Qaband et al., 2024). At the behavioural level, the behavioural-finance literature shows that emerging markets are more prone than others to cognitive biases such as herd behaviour, overconfidence and excessive reliance on informal information (Barberis & Thaler, 2020). In the same vein, studies conducted on the Iraq Stock Exchange have shown that Iraqi investors are strongly affected by social media and informal rumours, so that a considerable part of investment decision-making lacks an analytical basis and is driven by collective emotion (Al-Khouri & Al-Tamimi, 2021). These behavioural patterns, together with weak financial literacy, intensify irrational volatility in the market (Al-Tamimi, 2019). Alongside these factors, the role of new financial technologies (fintech) and digital transformation has also been highlighted in the recent capital-market literature. Studies show that the development of fintech can enhance the efficiency of financial markets by increasing transparency, reducing transaction costs and facilitating access to information (Gomber et al., 2018). However, evidence from post-war economies indicates that the impact of fintech, without appropriate institutional and regulatory infrastructure, will be limited and unstable (Beck & Levine, 2020). A review of the existing literature shows that, although numerous studies have addressed various dimensions of the Iraq Stock Exchange in a scattered manner, an important gap remains regarding the integrated and systematic identification of the components affecting the development of this market from the investors' perspective. In fact, most studies have focused either on the macroeconomic and institutional dimensions or have examined investor behaviour in a limited way, without analysing the interaction among the structural, behavioural and technological dimensions within a coherent framework. As a result, there is still no comprehensive understanding of the set of factors affecting the development of this market, especially from the perspective of investors as one of the main actors of the market ecosystem, whose behaviour, perception and expectations play a decisive role in shaping liquidity, market depth and stability (Barberis & Thaler, 2020). Accordingly, the present paper aims to identify and explain the main components of the development of the Iraq Stock Exchange from the investors' perspective, seeking, through a holistic approach, to fill the existing gap in the literature and to provide an integrated picture of the factors affecting the development of this market.

MATERIALS AND METHODS

Theoretical background

The development of capital markets is one of the most important prerequisites for economic growth, the mobilisation of financial resources and the channelling of capital toward productive activities. A capital market can play its effective role in economic development only when it enjoys an appropriate level of efficiency, transparency, liquidity and investor trust. In emerging economies, capital-market development is affected, in addition to economic factors, by institutional, social, cultural and technological variables; the recognition of the components affecting the development of these markets has therefore become one of the important topics in the financial literature (Levine, 1997) (Beck & Levine, 2004). Although classical financial theories, such as the efficient-market hypothesis and portfolio theory, focus mainly on price behaviour and the informational efficiency of the market, recent studies have shown that capital-market development cannot be explained by relying on financial indicators alone. In their decisions, investors are affected not only by economic factors but also by their perception of transparency, the quality of regulatory institutions, trust in the market, ease of access to information, the quality of financial services and the level of technological innovation; the investors' perspective is therefore recognised as one of the most important sources for understanding the opportunities for, and barriers to, capital-market development (Shiller, 2003) (Baker & Wurgler, 2007).

In recent years, the development of financial technologies, artificial intelligence, blockchain and digital financial services has fundamentally transformed the structure of capital markets, reducing transaction costs, increasing the speed of access to information, developing online investment services and expanding investor participation. Nevertheless, the experience of many emerging markets shows that the success of these technologies depends on the existence of appropriate institutional infrastructure, efficient laws, public trust and the cultural readiness of society (Arner et al., 2016). On the other hand, the capital-market-development literature shows that identifying the key components of development requires the direct study of the experience and perception of the main stakeholders of the market. Among these stakeholders, investors—owing to their direct interaction with market mechanisms—have a precise understanding of the real opportunities, constraints and needs of the market; analysing their perspective can therefore lead to the extraction of components that have received less attention in quantitative studies or theoretical models. On this basis, the present research, drawing on the grounded-theory approach, seeks to extract the main components of the development of the Iraq Stock Exchange directly from the investors' perspective; unlike studies that focus on testing relationships among variables, grounded theory allows the discovery of concepts, categories and the relationships among them from empirical data and is a suitable approach for subjects for which a comprehensive theoretical framework does not yet exist (Strauss & Corbin, 1998) (Charmaz, 2014).

Empirical background

The international literature on capital-market development shows that the efficiency and sustainability of stock markets are significantly affected by the quality of financial institutions, the level of information transparency, financial technologies and investor behaviour. La Porta et al. (2020) show that countries with stronger regulatory frameworks including the independence of regulators and strict disclosure requirements are more attractive to domestic and foreign investors, underscoring the fundamental role of formal institutions in capital-market development. In behavioural finance, Barberis and Thaler (2020) show that cognitive biases such as herd behaviour and overconfidence have stronger effects on price volatility and market inefficiency, especially in emerging markets. From the fintech perspective, Gomber et al. (2018) argue that fintech can help democratise financial services by reducing transaction costs, increasing transparency and facilitating access to information; however, Beck and Levine (2020) emphasise that, in developing economies, the impact of fintech remains limited without institutional and infrastructural reforms. In the field of emerging markets and geopolitics, Arner et al. (2016) show that the design of adaptive, smart regulatory institutions can simultaneously enable innovation and risk control, while empirical evidence shows that geopolitical and media uncertainties can directly increase volatility and reduce investor trust (Tetlock, 2018). Overall, the international literature converges on a shared conclusion: the development of stock markets requires a multidimensional approach that simultaneously considers the institutional, technological and behavioural dimensions within an integrated framework. Studies conducted in Iraq show that the country's stock market faces a set of structural and behavioural challenges. Al-Khouri (2012) shows that the historical experiences of war and political instability have severely weakened public trust in financial institutions; Al-Khouri (2019) further emphasises that weak law enforcement and the lack of independence of supervisory bodies are among the most important barriers to investor participation. From the macro-environmental perspective, Al-Tamimi (2017) shows that regional geopolitical risks have significant effects on the volatility of the Iraq Stock Exchange, and Al-Tamimi (2019) indicates that investor behaviour in Iraq is strongly affected by cognitive biases, especially herd behaviour. Regarding market structure, Qaband et al. (2024) show that low liquidity is one of the most important barriers to the sustainable development of the Iraq Stock Exchange. In Iranian studies, the findings are consistent with the Iraqi literature; fintech development increases transparency and liquidity, and the quality of oversight and the independence of regulators directly affect investor trust (Mohammed Faez et al., 2024). Table 1 presents a comparative review of the background studies. (Tab. 1)

Table 1: Comparative review of background studies

Author (year)	Topic	Method	Key finding	Research gap
Gomber et al. (2018)	The fintech revolution and transformation of the global financial ecosystem	Systematic review	Fintech is not merely a technical tool; by increasing transparency and cutting costs it can democratise access to financial services.	Its potential is conditional on appropriate regulatory frameworks; otherwise its effectiveness is limited.
Arner et al. (2016)	Fintech and regulatory challenges in emerging markets	Comparative case study	Smart regulatory institutions can simultaneously encourage innovation and manage risk.	The absence of such flexible frameworks in many developing countries increases financial-instability risk.

Barberis & Thaler (2020)	Cognitive biases in investor decision-making	Comprehensive review	Biases such as overconfidence and herd behaviour have wider effects in emerging markets.	Behavioural remedies (nudges) and investor education are needed, especially in markets with severe information asymmetry (e.g., Iraq).
La Porta et al. (2020)	Corporate ownership and regulatory frameworks worldwide	Quantitative (multivariate regression)	Countries with strong regulatory frameworks (institutional independence, strict disclosure) are more attractive to foreign investment.	Many developing countries lack these institutional frameworks and need deep structural reform.
Tetlock (2018)	The effect of media on market volatility	Quantitative (sentiment analysis + NLP)	Media sentiment can foreshadow future volatility; an official exchange presence on social media increases public trust.	The lack of an official, supervised exchange presence in media cedes the space to informal sources and rumours.
Beck & Levine (2020)	Fintech and reducing financial inequality in developing countries	Quantitative (panel data)	Fintech can democratise finance, especially where banking access is low (e.g., Iraq).	Without accompanying regulatory and infrastructural reform, fintech cannot sustainably reduce inequality.
Mohammed Faez et al. (2024)	Strategic development of the capital market in post-conflict economies (Iraq)	Mixed qualitative–quantitative	The systematic challenges of the Iraq Stock Exchange (low liquidity, weak oversight) require a comprehensive, multidimensional approach.	One-dimensional or isolated remedies cannot address these structural challenges.
Qaband et al. (2024)	Liquidity constraints and investor participation in the Iraqi market	Quantitative (daily data)	Low liquidity is the most important barrier to the sustainable development of the Iraq Stock Exchange.	Raising liquidity requires fintech expansion and greater transparency; without them, other reforms are fruitless.

A review of the literature shows that most studies have focused, in a scattered way, on the institutional, behavioural or technological dimensions and have less often analysed these factors in an integrated, coherent framework. Moreover, studies of the Iraq Stock Exchange have mostly taken a structural or macro-level approach, and the perspective of investors—as the main actors of the market—has received less attention. The existing gap is the absence of a comprehensive identification of the components of market development from the investors' perspective in the context of emerging, post-war markets.

Methodology

Approach, paradigm and aim

The present research was conducted with the aim of identifying the main components of the development of the Iraq Stock Exchange from the investors' perspective. Because capital-market development is a multidimensional phenomenon affected by economic, institutional, legal, technological and behavioural factors, identifying the components affecting it requires an approach that enables the deep study of participants' experiences and perceptions. Accordingly, the study rests on a pragmatist paradigm, in which the choice of method follows the nature of the problem and the aims of the research, allowing the researcher to obtain a more comprehensive and applicable understanding of the phenomenon (Morgan, 2007). Given the exploratory nature of the research, the grounded-theory strategy was used in the qualitative phase to analyse the data from the semi-structured interviews; grounded theory is a systematic method for extracting concepts, categories and conceptual patterns from empirical data and allows the researcher to identify and explain the main dimensions of the phenomenon on the basis of participants' experience, without imposing predetermined theoretical frameworks (Charmaz, 2014). In this study, the data-analysis process followed the systematic procedure of open, axial and selective coding in line with the Strauss–Corbin approach (Strauss & Corbin, 1998). The research is therefore applied in terms of purpose and exploratory–descriptive in terms of nature.

Research population and sampling

Since the aim of the research was to identify the main components of the development of the Iraq Stock Exchange from the investors' perspective, the participants were selected from among people who, by virtue of their professional experience, specialised knowledge and effective role in the Iraqi capital market, had a deep understanding of the opportunities, challenges and requirements of the market's development. Accordingly, the research population in the qualitative part comprised senior managers of the Iraq Stock Exchange, managers and board members of listed companies, brokerage-firm managers, capital-market analysts, fintech specialists, Islamic-finance experts and capital-market policy specialists. Sampling was carried out purposively and using the snowball method; in the first stage, participants qualified in terms of professional background and specialised knowledge were selected, and the range of participants was then expanded through the introduction of other experts by the initial interviewees (Patton, 2015). The inclusion criteria were at least five years of professional experience in the Iraqi capital market, familiarity with investment and capital-market-development processes, and managerial, executive, research or advisory experience in the fields of the stock market, finance, financial technologies or economic policymaking. The sample size was determined on the basis of the principle of theoretical saturation; in total, 23 semi-structured interviews were conducted with experts of the Iraqi capital market, and theoretical saturation was confirmed in the final interviews (Charmaz, 2014). The demographic and professional characteristics of the participants are presented in (Tab. 2).

Table 2: Individual and professional characteristics of the participants (N = 23)

Code	Position	Field	Exp. (yrs)	Degree	Age	Gender
P01	CEO, brokerage firm A	Brokerage & trading	19	PhD Financial Management	48	M
P02	Board member, investment bank B	Investment banking	24	PhD Economics	52	M
P03	Business-development manager, ISX	Market development & investor attraction	14	MBA	41	F
P04	Head of audit committee, petrochemical co. C	Listed companies	18	PhD Accounting	45	M
P05	Senior investment manager, pension fund	Asset & fund management	12	MSc Finance	39	M
P06	Senior adviser, Iraq Securities Commission	Regulation & policy-making	27	PhD Strategic Management	55	M
P07	Marketing manager, fintech platform E	Fintech & digital investment	10	MSc Digital Marketing	37	F

P08	Senior analyst, credit-rating agency	Rating & market analysis	16	PhD Financial Economics	44	M
P09	CEO, brokerage firm F	Brokerage & IPOs	22	MSc Management	49	M
P10	Investor-relations manager, industrial co. G	Investor relations (IR)	15	Executive MBA	42	M
P11	Head of R&D department, ISX	Market research & development	13	PhD Business Administration	40	F
P12	Senior legal adviser, ISX	Capital-market law & regulation	23	PhD Commercial Law	51	M
P13	CEO, online-investment start-up	Fintech & trading platforms	11	MSc Financial Technology	38	M
P14	University professor & independent adviser	Education & consulting	20	PhD Economics	46	M
P15	Communications & marketing manager, listed co. K	Market marketing & branding	16	MSc Communications	43	F
P16	Board member, holding company L	Holding & strategic investment	25	PhD Management	50	M
P17	Product manager, trading platform M	Fintech & market UX	9	MSc Fintech	36	M
P18	Statutory auditor of listed companies	Auditing & corporate governance	26	PhD Accounting	53	M
P19	Foreign-capital-attraction manager, co. N	Foreign investment & international financing	12	MBA	39	F
P20	Former market-development manager, ISX	Strategic development & internationalization	21	PhD Strategic Management	47	M
P21	Senior analyst, Central Bank of Iraq	Monetary & capital-market policy	17	MSc Economics	44	M
P22	Risk manager, brokerage firm P	Risk management & derivatives	14	PhD Finance	41	M
P23	Digital-marketing officer, ISX	Digital marketing & social media	8	MSc Marketing	35	F

Instrument and data collection

After identifying and selecting the participants, data collection began through semi-structured interviews. This method was chosen because of the exploratory nature of the research and the need for a deep understanding of participants' experiences, perceptions and views on the factors affecting the development of the Iraq Stock Exchange. While maintaining the coherence of the research framework, semi-structured interviews allowed the researcher to pose supplementary and probing questions in line with participants' answers and to examine different dimensions of the subject in greater depth (Kallio et al., 2016). The interview guide was developed on the basis of a systematic review of the literature, studies related to capital-market development, the characteristics of the Iraq Stock Exchange and the research aims. All interviews were conducted with prior coordination and after obtaining informed consent; to preserve the accuracy and comprehensiveness of the data, the interviews were recorded and fully transcribed, and participants' identities were kept confidential (Creswell & Poth, 2018). To enrich the data and increase the reliability of the findings, the interview data were compared and complemented with secondary sources, including the annual reports of the Iraq Stock Exchange, documents of the Iraq Securities Commission, and capital-market laws and regulations (Bowen, 2009).

Data-analysis process

Data analysis was carried out using the systematic grounded-theory approach of Strauss and Corbin (1998), with the aim of extracting concepts, organising categories and explaining the relationships among them. In the first step, the transcripts of all interviews were read carefully several times so that the researcher gained a comprehensive understanding of the data. Then, through open coding, the initial concepts were extracted from the interview text while remaining close to the raw data. In the axial-coding stage, the initial codes were compared on the basis of conceptual similarities and semantic relationships and organised into higher-level categories. Next, through selective coding, the main categories were integrated and the logical relationships among them were examined; this process continued until theoretical saturation, so that the analysis of the final interviews did not yield any new concept or category (Charmaz, 2014). To manage, organise and systematically retrieve the data, MAXQDA software was used, while the interpretation, conceptualisation and extraction of the components were based on the researcher's analysis within the principles of grounded theory (Saldaña, 2021).

Validity and trustworthiness

To ensure the validity and robustness of the findings, Lincoln and Guba's (1985) trustworthiness criteria credibility, transferability, dependability and confirmability were used. To achieve these criteria, a triangulation strategy across four dimensions (data, researchers, theoretical foundations and information sources) was applied to reduce the likelihood of bias in data collection and analysis (Lincoln & Guba, 1985) (Flick, 2018). For data triangulation, the interview information was examined and compared with official documents, the reports of the Iraq Stock Exchange, and capital-market laws and regulations. For researcher triangulation, the coding and classification of concepts were reviewed at various stages, and disagreements were discussed until agreement was reached. For theoretical triangulation, the extracted categories and components were compared and interpreted against the theoretical literature and prior research on capital-market development, financial ecosystems, financial innovation, emerging markets and Islamic finance. In addition, sampling continued until theoretical saturation, and detailed documentation of the research stages strengthened the dependability and confirmability of the findings (Creswell & Poth, 2018).

FINDINGS AND DISCUSSION

Overview of the qualitative data

The findings were obtained from the analysis of semi-structured interviews with 23 participants experienced in the Iraqi capital market. The analysis process began simultaneously with the interviews and continued until theoretical saturation. In the first stage, 150 initial codes were extracted from the interview text; after continuous comparison, the removal of duplicates and the merging of similar concepts, these codes were organised into 42 axial concepts, and finally, by integrating the categories and examining the conceptual relationships among them, six main components of the development of the Iraq Stock Exchange from the investors' perspective were identified. The trend of reaching theoretical saturation is shown in Figure 1; after the twentieth interview no new code was extracted, and saturation was confirmed at the end of the twenty-third interview. (Fig. 1)

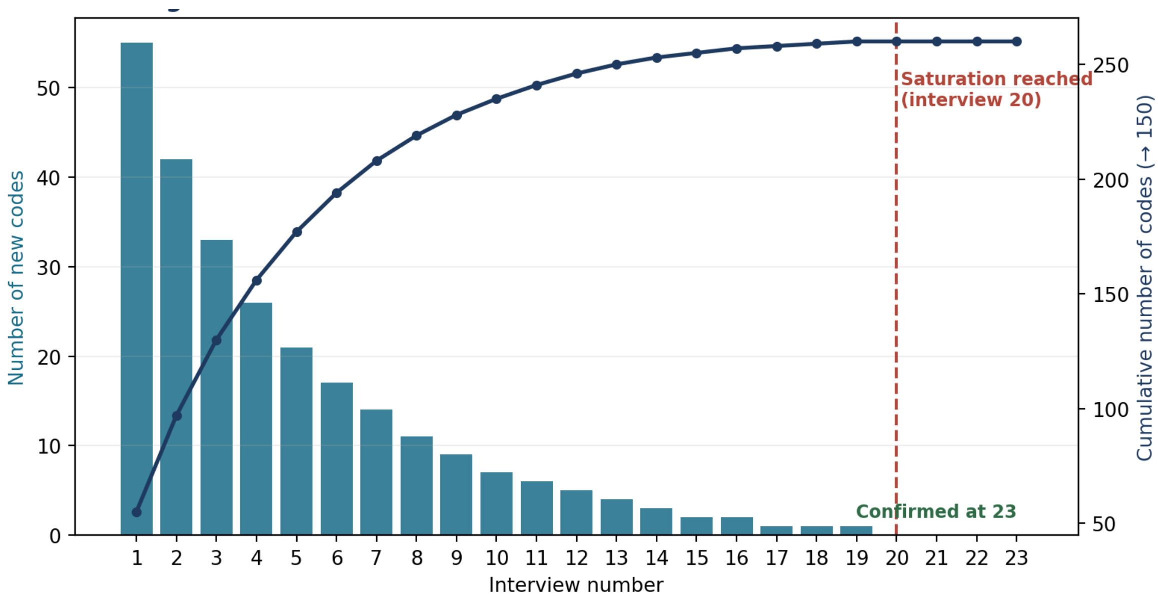

Figure 1: Trend of theoretical saturation of the data across the 23 interviews.

Open-coding results

In the first stage of analysis, the interview text was examined line by line and each part of the data was coded on the basis of its underlying concept. The result of this stage was the extraction of 150 open codes reflecting a wide range of participants' views on the opportunities, challenges and requirements of the development of the Iraq Stock Exchange, covering dimensions such as the development of technological infrastructure, improved information transparency, the reform of laws and regulations, the diversification of financial instruments, strengthened investor trust, the development of digital financial services, the expansion of investment education and culture, improved corporate governance, the attraction of foreign investment and the development of Islamic financial instruments. Table 3 shows a sample of the most important open codes. (Tab. 3)

Table 3: Sample of open codes extracted from the interviews.

No.	Open code	Sample of participants' statements	Initial component
1	Information transparency and financial reporting	The need for timely, accurate disclosure by listed companies	Market transparency
2	Strengthening investor trust	Trust is the most important prerequisite for new capital inflows.	Market trust
3	Development of digital trading infrastructure	Trading systems must be fast, stable and online.	Technological infrastructure
4	Expansion of fintech services	Financial technologies increase investor participation.	Financial innovation
5	Diversifying financial instruments	The market needs funds, sukuk and new investment instruments.	Instrument diversity
6	Reforming capital-market laws and regulations	Stable regulation and legal protection attract investors.	Institutional environment

7	Enhancing corporate governance	Observing corporate-governance principles raises market trust.	Corporate governance
8	Developing education and financial literacy	Investor awareness increases stock-market participation.	Investor empowerment
9	Increasing market liquidity	Active trading raises investment attractiveness.	Market efficiency
10	Attracting foreign investment	The presence of foreign investors aids market development.	Internationalization
11	Economic and political stability	Macro risks are a main barrier to market development.	Macro environment
12	Linking the capital market to the real economy	The presence of productive firms deepens the capital market.	Economic development

Axial-coding results

In the second stage, the open codes were organised into axial categories on the basis of conceptual similarity, semantic relationship and their role in explaining the phenomenon; 42 axial codes were classified into six main categories. The first category, "institutional factors and capital-market governance," encompasses information transparency, the stability of laws and regulations, enhanced corporate governance, the efficiency of the supervisory system, legal protection of investors and the fight against administrative corruption. The second category, "financial and technological infrastructure," includes the development of trading systems, the expansion of digital financial services, the use of new technologies, fintech development, improved cyber-security and better access to market information. The third category, "market efficiency and depth," includes increased liquidity, the diversification of financial instruments, the development of investment funds, the expansion of IPOs and an increase in the number of listed companies. The fourth category, "investor empowerment and participation," emphasises financial literacy, investor education, the development of an investment culture, effective information provision and strengthened trust. The fifth category, "macroeconomic and investment environment," covers economic stability, inflation control, reduced dependence of the economy on oil, the management of political risks and improvement of the business environment. The sixth category, "consequences of capital-market development," reflects the expected results of realising the previous components, including increased public trust, growth in trading volume, corporate financing and increased private-sector participation. Table 4 summarises the axial categories. (Tab. 4)

Table 4: Axial categories extracted from the open codes.

Axial category	Sample of related codes
Institutional factors and capital-market governance	Information transparency, corporate governance, regulatory reform, legal protection, effective oversight
Financial and technological infrastructure	Trading systems, fintech, cyber-security, digital infrastructure, information technology
Market efficiency and depth	Liquidity, diversity of financial instruments, IPOs, investment funds
Investor empowerment and participation	Financial literacy, education, investment culture, investor trust
Macroeconomic and investment environment	Economic stability, foreign investment, inflation control, reduced oil dependence
Consequences of capital-market development	Trading growth, financing of production, increased participation, economic development

Selective coding and the conceptual model

In the selective-coding stage, the axial categories were integrated around a core category entitled "development of the Iraq Stock Exchange from the investors' perspective," which expresses that the development of the Iraqi capital market results from the simultaneous effect of a set of institutional, economic, technological, cultural and investment factors, none of which can explain market development alone. On this basis, six selective categories were identified as the main components of the development of the Iraq Stock Exchange, each explaining part of the reality of the market and, in interaction with the others, providing the ground for its sustainable development (Tab. 5). The analysis of the relationships among these six categories showed that the development of the Iraq Stock Exchange is realised when the components act in a coordinated, complementary way: institutional reform and enhanced transparency are prerequisites for building investor trust; new financial technologies provide the ground for increasing market efficiency and facilitating investor access; the diversification of financial instruments and the development of investment institutions deepen the market; investor empowerment through education and financial literacy plays an important mediating role in increasing participation; and improving the macroeconomic environment and attracting foreign investment increase liquidity and market efficiency.

Table 5: Selective categories and the main components of the development of the Iraq Stock Exchange

Selective category	Main components
Institutional infrastructure and market governance	Information transparency, corporate governance, law reform, regulatory stability, effective oversight
Development of technological infrastructure and financial innovation	Online trading, fintech, AI, blockchain, cyber-security, smart systems
Expansion of investment instruments and institutions	Diversity of financial instruments, investment funds, Islamic financial instruments, primary- and secondary-market development
Investor empowerment and investment culture	Financial literacy, investor education, public trust, long-term investment culture, information provision
Connection with the economic and international environment	Attracting foreign investment, cooperation with regional exchanges, economic diversification, reduced oil dependence
Risk management and market stability	Control of political risks, volatility management, reduced corruption, improved business environment, higher liquidity

On the basis of the results of the open, axial and selective coding, the conceptual model of the research was developed to explain the main components of the development of the Iraq Stock Exchange from the investors' perspective (Fig. 2). This model shows that, from the participants' perspective, capital-market development results from the interaction of a set of technological, institutional, economic, cultural and communicational components that operate as an interconnected system. None of these components alone can develop the Iraq Stock Exchange; rather, their effect acquires meaning through mutual, reinforcing relationships, so that market development is the outcome of the synergy among institutional reform, technological progress, financial innovation, communication development and the enhancement of social capital.

Figure 2: Conceptual model of the main components of the development of the Iraq Stock Exchange from the investors' perspective.

RESULTS AND CONCLUSION

The findings showed that the development of the Iraq Stock Exchange, from the investors' perspective, is a multidimensional phenomenon that takes shape through the simultaneous interaction of institutional, economic, technological, cultural and managerial components. Unlike traditional approaches that reduce capital-market development mainly to increased trading volume, regulatory reform or the development of financial instruments, the results of this study showed that investors regard the sustainable development of the stock market as the result of the synergy of a set of factors that simultaneously encompass trust, innovation, institutional efficiency and adaptation to local characteristics. The qualitative analysis showed that digital transformation, the development of financial technologies, improved information transparency, strengthened corporate governance, the expansion of financial literacy, improved legal and regulatory infrastructure, the development of Islamic financial instruments, increased interaction with regional and international financial markets, and the use of the capacity of domestic and foreign investors are the most important components affecting the development of the Iraq Stock Exchange. On the other hand, the findings showed that factors such as the dependence of the Iraqi economy on oil revenues, political instability, weak technological infrastructure, legal constraints, low public trust, investors' limited financial knowledge and resistance to innovation remain among the most important barriers to capital-market development.

One of the most important achievements of this research is the presentation of a conceptual framework based on the investors' perspective, which shows that the development of the Iraq Stock Exchange should be designed on the basis of the interaction among technological innovation, investor trust, an improved institutional environment, the development of market-tailored financial instruments and strengthened communication among the various actors of the capital market. On the basis of the findings, the following practical recommendations are offered: developing the digital infrastructure of the capital market and expanding fintech-based services to increase access and trading efficiency; enhancing information transparency, strengthening corporate governance and improving the disclosure system to increase investor trust; developing national financial-literacy programmes, especially for young and retail investors; designing Islamic financial instruments suited to the needs of the Iraqi market to increase instrument diversity and attract domestic and regional capital; reforming capital-market laws and regulations to facilitate domestic and foreign investment; strengthening cooperation with regional exchanges and international financial institutions for knowledge transfer and infrastructure development; and supporting fintech companies and financial innovations as one of the main drivers of the transformation of the Iraqi capital market. Given the qualitative nature of the study, future research is recommended to test, using quantitative methods, the effect of each identified component on the development of the Iraq Stock Exchange and to examine the relationships among these components within causal and structural models.

Limitations and future research

Like other qualitative studies, this research has limitations that should be considered in interpreting the findings. First, the findings were extracted on the basis of the perspective of investors and experts active in the Iraq Stock Exchange, so the generalisation of the results to other capital markets or different economic environments should be done with caution. Second, the qualitative nature of the research and the use of purposive sampling meant that the main focus was on the depth and richness of the information rather than on the statistical generalisability of the findings. In addition, the economic, political and regulatory conditions of Iraq at the time of the research may have affected participants' perceptions, so a change in these conditions may alter the relative importance of some of the identified components. Future studies are recommended to examine and compare the extracted conceptual model in the capital markets of other emerging and transition economies to determine the generalisability of the identified components; to conduct comparative research on the role of emerging technologies (AI, blockchain, fintech and Islamic financial instruments) in capital-market development; to examine the differing views of various stakeholder groups (retail and institutional investors, financial-institution managers, policymakers and listed companies); and to study the changes in these components over time and under different economic and institutional conditions.

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