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The Impact of Monetary Policy on Credit Reporting in The Iraqi Banking System

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Abstract

Monetary policy plays an important and influential role in bank lending and in guiding banks to improve economic performance and provide funds for productive activities. The aim of the study is to analyze the relationship between monetary policy represented by broad money supply and some of its indirect instruments and bank credit provided by commercial banks. The study started with the assumption that the relationship between broad money supply and specific monetary and credit policy instruments is weak, given the rent-seeking tendencies of the local economy. The problem of the study is that the Iraqi economy lacks any form of investment due to weak financial activities. Therefore, commercial banks have some responsibility for stimulating domestic investment activities and supporting GDP. Since the economy is profitable, there are other trends in the economy that have a greater impact on banks. Credit is considered as one of the monetary policy tools due to the distorted production relations, foreign exchange transactions and foreign trade, which exacerbate the economic recession.

Keywords: *Monetary Policy, Credit, State-Owned Banks, Iraq*

INTRODUCTION

After the global financial crisis broke out in 2007, central banks in developed countries relaxed monetary policy and cut interest rates until short-term interest rates were zero. There is limited room for further interest rate cuts. Some central banks are taking unconventional measures to buy cash and long-term bonds to further reduce long-term interest rates. Some of these countries have even pushed short-term interest rates below zero in the face of the epidemic. Central banks around the world have taken loose monetary policy measures to ensure market liquidity and maintain credit flows. In order to ease pressure on the bond and foreign exchange markets, many central banks in emerging markets have intervened in the foreign exchange market for the first time and launched asset purchase programs. In response to the rapid rise in inflation, central banks around the world have recently tightened monetary policy and raised interest rates.

Theme 1: Research Methods

Firstly. Research problem

Monetary policy in the 1950s and 1960s played an important role in promoting growth and employment, but this was at the expense of price stability. In the 1970s, economies around the world experienced high inflation, which led to the introduction of austerity policies characterized by very high interest rates in the early 1980s. The research question is represented by the main question, namely: **What is the impact of monetary policy on credit reporting within the Iraqi banking system?**

Secondly. Research objectives

Understand the concept of monetary policy in the Iraqi banking system.

Study and test the types of credit reports allowed in the Iraqi banking system.

Study and test the methods and procedures followed by monetary policy in preparing credit reports.

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Third. Search Limits

Time limits: The study was conducted during the year 2024.

Human and spatial limits: A number of (75) employees were selected in various government banks in Baghdad - Iraq.

The Second Section: The Theoretical Aspect

Firstly. Monetary and Credit Policy

Definition of Monetary Policy

The set of rules, methods, instruments, procedures and measures implemented by the monetary authority (CB) to influence (control) the money supply in a manner consistent with economic activity in order to achieve certain economic objectives over a certain period of time، Thus, the definition of monetary policy includes the following **(Al-Obaidi, 2009, 23).**

A set of rules, methods and procedures.

Executed by the central bank.

T – Effect on the money supply.

Achieve certain economic goals.

For example, achieve a high level of income or increase aggregate demand. In this case, the government implements an expansionary policy by increasing the money supply through monetary policy tools. When the government wants to reduce aggregate demand, it adopts a contractionary policy, that is, it adopts a way of reducing the money supply, with the goal of controlling the rhythm of economic activity and not to have a high level of inflation or deflation.

This proposal is consistent with the assumption of economist Milton Friedman: "The money supply and its growth rate have a strong influence and impact on monetary income." Friedman believed that there is a causal relationship between the money supply and economic activity in the economic cycle.

In short, the concept of monetary policy includes the intervention of the central bank to determine the size and amount of money in the economy through the use of monetary policy tools and its impact on the amount of credit. In addition to affecting the amount of credit, these tools can also affect interest rates, which has an impact on social investment and economic activity.

Monetary Policies Under Famous Monetary Theories

Monetary Policy and Classical Analysis

According to the classical quantity theory, it focuses on monetary policy through its influence and control over the money supply (as an independent variable), with the possibility of influencing the overall price level as a dependent variable, while the role of the monetary authorities is limited to influencing the amount of money provided. In addition, money is here only a medium of exchange.

Monetary Policy in Keynesian Theory

Keynes was more interested in monetary policy than in fiscal policy and emphasized its effectiveness as an aid to fiscal policy. Keynes took into account interest rate changes and their impact on aggregate demand and price stability in his calculations. He was interested in other functions of money, recognized the motivation for speculation, and adopted the theory that an increase in the money supply leads to a decrease in interest rates, and therefore an increase in investment, which leads to an increase in aggregate demand, i.e., a way to combat economic stagnation. It is said that limiting the money supply has a negative impact on inflation **(Al-Ghalbi, 2017, 39).**

Monetary Policy Within the Framework of The Quantity Theory Of Money

The theory states that a percentage change in the money supply will lead to the same percentage change in prices:

Money supply * velocity = monetary gross national product.

Therefore, various economic problems (inflation and deflation) can be solved by controlling the money supply to cope with changes in the general price level.

Monetarists, especially Friedman, believe that monetary policy is strong and effective enough to solve economic problems. Friedman proposed to gradually reduce the rate of change of the money supply year by year so that the money supply gradually decreases. Monetarists place great emphasis on monetary policy to achieve complete equilibrium and price stability **(Al-Ghalbi, 2017, 41).**

Monetary Liquidity and Monetary Policy Theory

This theory focuses on the impact of monetary investment on the money supply and economic activities, because money is the most liquid asset, and the goal of monetary policy should be to control the overall liquidity conditions of institutions and intermediary financial institutions, rather than to regulate the money supply.

Reality Of Monetary Policy in Iraq

The concept of policy refers to the intervention of the monetary authorities to influence the money supply and direct credit to achieve economic goals by applying certain monetary resources. The monetary policy stipulated in the Law of the Central Bank of Iraq is characterized by the fact that it differs from the previous monetary path in terms of the tools for implementing monetary policy and its objectives, distinguishing the objectives of reducing inflation and stabilizing prices, a stable monetary system, achieving financial stability, creating jobs and strengthening the strength of the dinar. The reduction of the phenomenon of dollarization in Iraq **(Al-Khazraji, 2010: 8).**

That is, H. The phenomenon of replacing foreign currency with domestic currency, while the domestic currency performs the functions of the domestic currency. Informal dollarization occurs when individuals hold deposits of foreign currency and other paper money to protect themselves from domestic inflation. The difficulty in determining and measuring the exchange rate is due to the difficulty in estimating the amount of currency in circulation.

Therefore, the researchers believe that the main goal of economic policy in developing countries, as well as monetary policy, is to achieve sustainable social development - this is the idea of the Central Bank of Iraq, that is, the stability of the overall level of relevant prices. He has stability. From the perspective of the exchange rate of the dinar to the dollar, maintaining full currency coverage of foreign exchange reserves and being ready to meet the requirements of the exchange rate of the dinar to the dollar, the central bank and its monetary policy will lose their role. The most important coordination and coordination tasks. Coordinate with other policies to achieve the main development goals. **(Al-Baydawi, 2012: 166).**

One of the most important goals of monetary policy is to achieve economic stability, i.e., to stabilize the overall price level, to fight inflation by stabilizing the exchange rate, and to fight unemployment. This happens in developed countries with stagnant economies, idle production capacity, and insufficient effective demand.

Objectives of Monetary Policy

Monetary policy plays a role within the overall policy framework as it helps achieve the overall objectives of that policy by achieving short-term price stability. Monetary policy is primarily focused on helping to address structural imbalances in the economy in order to achieve long-term economic and social sustainability in cooperation with other economic policies. This role of monetary policy stems from the connection between the real system and the monetary system

The monetary system has a significant impact on the price level and economic growth rate, as well as employment, production and balance of payments levels. The main objectives of monetary policy include the following **(Kazim, 2017, 28**):

Increase economic growth.

Achieving price stability.

Raising the level of employment.

Balance of Payments.

Monetary policy helps promote economic growth by creating the economic environment and providing the necessary credit for projects. Classical thinking assumes that savings precede investment, so economic growth requires increasing the amount of savings by raising interest rates to encourage people to forgo current consumption (**Marwan 1997, 648).**

Monetary Policy Instruments

Cash management uses many tools to achieve its ultimate goal. The impact of these tools varies depending on the economic situation, the progress and development of financial markets and the degree of independence of the central bank. In general, monetary policy tools are divided into three types **(Maatouq, 1991,208):**

Quantitative tools: their main purpose is to affect the amount of bank loans, without paying attention to their use.

Special tools: the purpose of these tools is to affect the type of credit use, not its amount.

Direct control tools: these tools are used by the central bank when quantitative or qualitative tools cannot achieve the monetary policy goals or when it is desirable to increase the effectiveness of their effects.

Open market transactions affect the circulation of money through two effects:

- Impact on commercial bank reserves and their ability to grant loans.

- Impact on securities interest rates, and thus on the cost of financing investment.

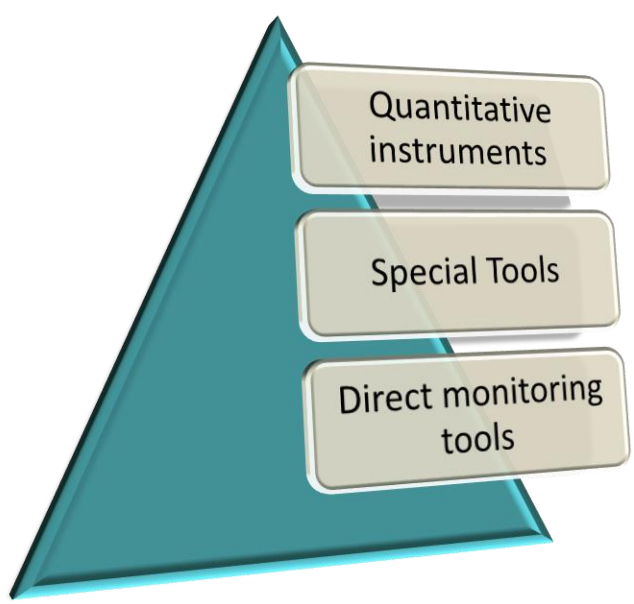

Figure (1-1) illustrates the monetary policy tools:(Prepared by the researcher)

Secondly. Credit Reports

Credit is defined as a facility that allows a customer to pay for goods and services produced or provided by him after receiving the goods or benefiting from the services, after a period agreed upon by both parties **(Al-Naimi et al., 2009: 293)**.

The word loan is derived from the word guarantee. When a customer provides a loan to a bank, the bank trusts him and the customer must repay the loan on time **(Al-Azwam, 2009: 5).**

Credit is defined as the ability to obtain money or the right to exchange money for future compensation (Al-Shamaa, 1975: 462). It is also called the exchange of present value for future value. One party provides a current amount to the other party, and in exchange, the future amount is usually higher than the first amount **(Ahmed, 2008: 123)**

Bank credit refers to a debt relationship based on trust between a creditor (bank) and a debtor (borrower), where the debtor has the opportunity to obtain a certain amount of money or guarantee provided by the bank to the customer under certain conditions. Or to achieve certain goals in exchange for the debtor's obligation to repay the original amount or capital. Currency, which has a fixed interest rate for a certain period **(Al-Jaziri, 2018: 69)**

It is also defined as a trust provided by a commercial bank to a person to provide a sum of money to a person for a certain agreed period, after which the borrower fulfills his obligations in exchange for a certain return that the bank receives from the person. The borrower pays in the form of interest or commissions and costs **(Al-Sisi, 2018: 44).**

Types of Bank Credit

Numerous studies in the finance and banking sectors have shown that bank loans come in the following forms:

A- Cash Loan: This is a loan given directly to the customer. It is also known as credit or direct credit facility. This includes:

✓ Loan: Loan is one of the basic elements of bank lending and is given directly to the customer. A loan is generally defined as an opportunity to purchase goods or borrow money based on a promise to repay **(Al-Rifai, 2008: 146).**

Advance: A cash amount given by a commercial bank to its employees and ordinary customers for commercial or social purposes in exchange for the beneficiary's promise to repay the advance in a lump sum plus an interest amount (Al-Jazairy, 2018: 71).

✓ Discount transaction: A discount is a credit transaction in which a bank provides the value of a commercial bill (promissory note or promissory note) to a customer without waiting for the payment period. The bank assumes the debt period and collects the value of the commercial bill from the debtor on time.

✓ Payment under account: A bank allows a customer to deduct a certain amount from his account, i.e. H. to cover the account within certain limits **(Awadallah and Al-Fouly, 2003: 107).**

B- Pledge loan: This type of loan is granted indirectly to the customer and is also called a loan or indirect credit. This includes:

- Documentary credit: This is a letter or book in which the bank promises to fulfill the obligations of the customer related to the documentary credit, which means that the bank combines its liability with that of the customer to fulfill the obligations arising from it. Documentary credits and letters of credit are used in foreign transactions related to imports and exports **(Rejou', 2016: 108).**

- Letter of Guarantee: It is considered one of the most important banking services provided by banks to their customers to facilitate their dealings with governments and companies. It is defined as a written commitment in which a bank promises to provide a guarantee for a certain amount of money to one of its customers for the benefit of a third party (Al-Sharif 2010: 378).

- Credit Card: This is a card issued by a bank that allows the holder to purchase the desired goods on credit **(Al-Ishkar, 2009: 19).**

C - Lease Loan: This type of loan is available to companies that submit a request to the bank and indicate the number and type of fixed assets. The bank then purchases the asset and leases it to the beneficiary, who has ownership of the asset **(Al-Jaziri, 2008: 72).**

Credit risk

Risk is defined as the possibility of expected losses or the possibility of not achieving expected returns **(Al-Ajlawani, 2010: 421),** and is also defined as a potential negative external factor that is expected to occur, causing a serious delay in the achievement of investment goals and preventing their realization **(Al-Shuwaiki, 2006: 285).** It is defined as any factor that may cause harm or failure to achieve goals **(Frij, 2007: 54).**

As for credit risk, it refers to the loss that the lending bank may face if the other party does not fulfill the terms of the contract **(Al-Rifai, 2008: 147).**

It is also defined as the possibility that the bank's counterparty will not be able to fulfill its obligations within the agreed period. Credit risk is not limited to lending, but also extends to other activities such as guarantees, pledges, external or commercial financing, foreign exchange transactions or bank deposits **(Al-Sisi, 1998: 111).**

The Risks Faced by Credit Banks Are Diverse and Can Be Summarized as Follows

A. External environmental risk: refers to the risk generated by the environment in which the bank is located and that the bank cannot influence or control. This does not mean that tools and means to address or adapt to risks cannot be used through legislation, supervision and government oversight **(Al-Ajlawani, 2010: 422).**

B. Economic environment risk: refers to systemic credit risk, including market factors, interest rates, inflation risk, economic recession, foreign exchange transactions, international competition, globalization and economic openness and other related variables.

C. Customer financial situation risk: called non-systemic risk, it is one of the factors faced by banks in the process of granting loans to specific customers due to imbalances in the financial situation of customers, such as: B. Decline or absence of profits, accumulation of debts or unsuccessful business. Therefore, factors reflecting credit risk must be considered before granting.

The Difference Between Monetary Policy and Fiscal Policy

The state government uses the level of expenditure, government revenue, taxes, government debt and surplus income to achieve the highest level of economic and social balance and improve the income distribution among members of society.

Fiscal Policy Is Divided into Two Types (Al-Jazairy, 2012, 127)

Expansionary fiscal policy: During economic recession, the government implements an expansionary policy. This policy involves increasing state liquidity by increasing government spending or reducing taxes to stimulate the economy and restore economic and social balance. It is also called "facilitation policy".

Restrictive fiscal policy: The government adopts a contractionary policy in the case of an inflation gap. This policy involves reducing state liquidity by reducing government spending, increasing taxes, or a combination of these measures to reduce demand and thus restore economic and social balance. This is also called "hardening politics".

The central bank decides to control the money supply to provide resources to the state, achieve a high growth rate and economic stability, and control inflation.

Third Section. Practical Aspect

Study Method

In the current study, the researcher relied on the descriptive analytical method because in practice it is considered a common factor among academic projects and no researcher can do without it when studying statistical methods because the descriptive analysis method provides researchers with a lot of wonderful information about a specific topic. The study includes sending questionnaires and collecting the necessary data to test hypotheses and analyze them to obtain results.

Society and Study Sample

The study population includes a list of banks in Iraq, Iraqi government, private, commercial and Islamic banks, as well as branches of foreign Islamic and commercial banks operating in Iraq that have obtained the minimum license from the Central Bank of Iraq to establish a bank in Iraq. Iraq. It is 100 billion Iraqi dinars.

A simple purposive sample was chosen, as the researcher distributed (150) questionnaires that included approximately (125) questionnaire forms and the opinions of some expert managers (25) to some employees of government banks in Baghdad. This is the list of bank names shown in Table(1):

Names of banks and their location	Names of banks and their location
Al-Rafidain Bank, Baghdad	**Al-Rafidain Bank, Baghdad**
Al-Rasheed Bank, Baghdad	**Al-Rasheed Bank, Baghdad**
Industrial Bank of Baghdad	**Industrial Bank of Baghdad**
Agricultural Bank of Baghdad	**Agricultural Bank of Baghdad**

Source: Prepared by the researcher.

(129) questionnaires were received, and (7) were rejected because they lacked answer content. As shown in Table (2):

The questionnaire		Explanation
%	number	
%100	**75**	**Number of forms distributed**
% 14	**72**	**Number of forms not received**
% 5	**3**	**Number of rejected forms**
% 81	**69**	**Analyzable forms**

Source: Prepared by the researcher from the results of the statistics program.

Study Instrument

The questionnaire is a tool to collect data on the research topic. The questionnaire states that the information received will be kept strictly confidential and used only for scientific purposes.

The questionnaire consisted of (5) pages and contained (30) questions divided into two categories:

Category 1: Displays private data of the respondents in the questionnaire such as gender, education, field, years of work, etc.

Category 2: Refers to the research hypothesis and includes (24) questions that address the research question divided into three axes:

First axis: Contains (8) questions about the percentage of preventive measures in the research sample location.

Second axis: Contains (8) questions about the discount rate in the research sample location.

Third axis: Contains (8) questions about buying and selling currency in the research sample location.

When analyzing the questionnaire responses, the researcher used a five-axis five-point scale to measure the respondents' responses to the questionnaire. The responses in Table (3) were coded as follows:

I very much disagree	I do not agree	Neutral	I agree	Very agreed	Answer
1	2	3	4	5	weight

Source: Prepared by the researcher.

Determine the weights and levels of the response variables in the questionnaire, and calculate the weighted average based on the calculated values of the opinions of each sample member within the response variable, as follows: Table (4):

Views	Weighting
I disagree very much	من 1-1.79
I do not agree	من 1.80- 2.59
neutral	من 2.60-3.39
I agree	من 3.40 – 4.19
I very much agree	من 4.20 – 5

Source: Prepared by the researcher.

Validity and reliability of the study

During the preparation phase, the questionnaire was submitted to professors and staff of the Department of Business Administration and Statistics working in Iraqi universities and educational institutions to verify the validity and stability of the selected model structure and the correct formulation of the questions, their applicability and results, as well as the definition and methodological issues of the items…all in order to avoid errors that could lead to the failure to achieve the goals. The professors' answers were very scientific.

Reliability: Reliability refers to the internal consistency of the measurement, which means that all questions serve the overall purpose of the measurement and are likely to produce the same results if the same measurement is repeated.

The reliability of the questionnaire was also tested using the "Cronbach's Alpha" method, which measures the validity and stability of the questionnaire and guarantees the consistency of the questions asked by the respondents, limiting their values to zero and one (0 -1) and each having a purpose and a measurement goal, as shown in the table. No. (5):

Cranach alpha	Number of questions	The axis	Sequence
0.932	8	**Reserve ratio**	**1**
0.932	8	**Discount rate**	**2**
0.932	8	**Buying and selling**	**3**

Source: Prepared by the researcher based on the results of the statistics program

A variety of statistical tools for humanities and social sciences (SPSS) were used based on the following statistical methods:

Contains the coefficient "Cronbach's Alpha" to measure the stability of the study.

Frequencies and percentages related to the individual data of the study.

Arithmetic mean and standard deviation.

T-test is responsible for the reliability of the study.

Linear regression.

Association and identification.

F-test.

Data Related to The Study Sample

The Scientific Qualification

Table No. (6) shows the distribution of participants according to their academic qualifications

%	Recurrence	Qualified
%6	4	diploma
%17	12	Bachelor's
%77	53	Postgraduate
%100	69	the total

Source: Prepared by the researcher based on the results of the statistical program SPSS.

Table (6) shows that the proportion of sample members with advanced degrees (Masters and Doctoral degrees) is the highest, reaching 77%, followed by those with bachelor's degrees, reaching 17%, and finally those with diplomas, at a rate of 6%. This shows that due to the higher education of the sample members, the answers to the questionnaire questions are more credible and more

Specialization

Table No. 7) shows the distribution of respondents according to their specialization

%	Repetition	Specialization
%28	19	accounting
%22	15	Finance
%16	11	administration
%34	24	Other
%100	69	the total

Source: Prepared by the researcher based on the results of the statistical program SPSS.

It is clear from Table No (-7 (that various specializations have the highest percentage, at 34% of the sample, followed by medicine, at 28%, then pharmacy, at 22%, and finally, management, at 16% of the sample. This indicates that the answers to the questions will be credible. It is comprehensive because the sample members come from diverse specializations.

Work Experience

Table No. (1-8) shows the distribution of respondents according to their practical experience:

%	Repetition	Experience
%19	13	Less than 5 years
%41	28	From 5 – 10 years
%28	19	15 years
%12	9	20 years and above
%100	69	the total

Source: Prepared by the researcher based on the results of the statistical program SPSS.

Table (8) shows that the highest work experience is 5-10 years at a rate of 41%, followed by 15 years at a rate of 28%, then 5 years at a rate of 19%, and finally less than 20 years or more at a rate of 12%. This indicates that the sample members Who has practical experience and makes answering the questionnaire questions more specialized.

Job

Table No. (9) shows the distribution of respondents according to their jobs

%	Repetition	Job
%42	29	boss
%58	40	employee

%100	69	the total

Source: Prepared by the researcher based on the results of the statistical program SPSS.

Table (9) shows that (employees) among the sample members are the highest with a percentage of 58%, followed by teaching staff with a percentage of 42%. This indicates that employees at the university will provide the study with accurate answers to the questionnaire questions in addition to the rest of the jobs to reach the desired results from the study.

Descriptive Statistics and Hypothesis Testing

In this requirement, the data for the first aspect of reserve ratios will be analyze

Table No. (10): Standard deviation and arithmetic mean for the first axis: Reserve ratios:

Rate	standard deviation	Arithmetic mean	questions
high	0.46	4.25	1. The term "cash reserve ratio" is often used in monetary policies, with the aim of ensuring financial security
high	0.81	4.32	2. Central banks use the cash reserve ratio to eliminate risks and regulate the injection of money into the market
high	0.92	4.78	3. The bank is prohibited from using this amount for lending and investment purposes
high	0.84	4.47	4. The cash reserve ratio is 6%, so the bank must deposit $6 for every $100 collected in deposits.
high	0.92	4.25	5. The cash reserve ratio ensures that banks have a minimum amount of funds available to customers
high	0.55	4.51	6. The cash reserve ratio regulates the process of pumping money, boosting the economy when needed by reducing the cash reserve ratio.
high	0.82	4.21	7. The cash reserve ratio directly affects the level of liquidity in the country's economy.
high	0.54	3.98	8. If inflation rises, the central bank can increase cash reserve ratio requirements to reduce the ability of banks to lend, thus lowering inflation.
high	0.86	4.33	Overall score: reserves ratio

Source: Prepared by the researcher based on the results of the statistical program SPSS.

Table No. (10) shows that the overall reserve ratio score appeared high with a total arithmetic mean of (4.33) and a total standard deviation of (0.86). This indicates that the phenomenon of inflation is considered a major problem for central banks around the world, as it arises mainly An increase in the supply of money compared to the supply of goods in the economy.

The central bank controls the size of the money supply by transmitting policies to banks, and then to the real economy, so current research mainly focuses on the legal reserve ratio.

The researcher extracted the arithmetic mean and standard deviation for the most important items of the discount rate:

Table No. (11) paragraphs showing the discount rate

Rate	standard deviation	Arithmetic mean	questions	NO
high	0.54	4.52	The discount rate is the interest rate on the money the bank lends	1
high	0.82	3.78	The ability to raise and lower the "discount rate" is the most economic tool a central bank has	2
high	0.73	4.22	When the central bank makes a change in the "discount rate," economic activity either increases or decreases	3
high	0.96	3.99	The central bank may lower the "discount rate" in an attempt to support the ability of local banks to borrow.	4
high	1.03	3.99	Manipulating the "discount rate" directly affects the interest rate that consumers bear on products	5
high	0.93	3.91	The central bank raises the "discount rate", so the cost of loans rises and becomes more expensive for consumers	6
high	0.57	4.53	The central bank controls the size of the money supply using the "discount rate."	7
high	1.02	3.82	The central bank may raise the discount rate in order to force banks to increase the size of their cash reserves.	8
high	0.84	4.43	**Overall score: discount rate**	

Source: Prepared by the researcher based on the results of the statistical program SPSS.

Table (11) shows that the discount rate is overvalued, with an arithmetic mean of 4.43 and a standard deviation of 0.84. From the perspective of state-owned bank employees, the discount rate has a significant impact on the economy, and changes in the discount rate can have far-reaching consequences. When the central bank lowers the discount rate, it becomes cheaper for banks to borrow money, allowing them to lend more and stimulate economic growth. This can increase consumer spending, increase business investment, and create jobs. However, if the central bank keeps the discount rate too low for too long, it can lead to inflation and other economic problems. Conversely, when the central bank raises the discount rate, it becomes more expensive for banks to borrow money, leading to slower economic growth. This can lead to reduced consumer spending, reduced business investment, and unemployment. The central bank has different options when setting the discount rate, and can choose to keep the interest rate unchanged, lower or raise the interest rate, depending on the economic situation.

The researcher extracted the arithmetic mean and standard deviation for the most important professional items: buying and selling banknotes

Table No. (12) shows the paragraphs of buying and selling banknotes

Rate	standard deviation	Arithmetic mean	questions	NO
high	1.12	3.74	They are defined as highly liquid financial instruments that are easily convertible into cash at a reasonable price	1
high	1.13	3.77	The rates of buying and selling securities have little effect on prices	2
high	1.22	3.83	Marketable securities are assets that can be quickly converted into cash	3
high	1.26	3.92	Tradable securities can be bought and sold through the stock market or corporate bond market	4
high	1.24	3.82	Marketable securities have an estimated maturity of one year or less	5
high	1.21	3.78	The two most common types of tradable securities: debt securities and equity securities	6
high	1.20	3.71	Examples of tradable securities: common stocks, Treasury bonds, and money market instruments	7
high	0.89	4.35	Negotiable securities are any unrestricted instruments that can be easily converted into cash and sold	8
high	1.02	3.92	**Comprehensive appreciation: buying and selling of banknotes**	

Source: Prepared by the researcher based on the results of the statistical program SPSS.

Table (12) shows that the overall degree of appreciation for the sale and purchase of banknotes was high, with an overall arithmetic mean (3.92) and an overall standard deviation (1.02), which indicates that the sale and purchase of banknotes indicates the shares owned by shareholders in the company, which enable them to participate In operating and managing the company in proportion to the number of shares they own. When the value of stocks rises, returns and profits are obtained. The percentage of shareholders' profits increases and decreases as the value of the stock decreases. The most important examples are common stocks and preferred stocks.

Securities of a publicly traded company, listed on the balance sheet as being owned by another company, are included as current assets if they are expected to be sold or liquidated within a year, but not if the company intends to hold them, and with maturities longer than one year, they are classified as current assets. As long-term investments on the balance sheet, both current and non-traded securities are listed at a lower cost or market value.

It is important to note that if a company purchases another company's stock for takeover or control purposes, it is not considered a tradable security.

Testing Hypotheses

Results Of the First Hypothesis

There is no statistically significant effect of the role of the reserve ratio on credit reports in the Iraqi banking system. To verify the validity of the main hypothesis, the researcher used simple linear regression coefficients:

Table No. (13): Results of simple linear regression analysis for the first hypothesis

Interpretation	(Sig)	t	Regression	
Moral	.000	43.122	11.45	**B**
			0.402	**R**
			0.819	**R2**
Moral	.000		198.941	**F**

Source: Prepared by the researcher based on the results of the statistical program SPSS.

It is clear from the above table that the range of the value of (t) is (43.122), and the significance level is (0.05). As for the correlation coefficient R, its value is (0.402), which is a very good result for both the correlation coefficient and the coefficient of determination, because the value is positive, which proves the impact of consulting on entrepreneurial performance. The business incubator for the investment company reached (94%), and the rest is due to other factors, namely the (F) test, which has a calculated value of (287.901) with 30 degrees of freedom, and a significance level of (0.05) because its calculated value is higher than the value of the (F) test, and since the overall model (Significant), we reject the null hypothesis and accept the alternative hypothesis that says: There is no statistically significant effect of the role of the reserve ratio on credit reports in the Iraqi banking system.

Results Of the Second Hypothesis

There is no statistically significant effect of the role of the discount rate on credit reports in the Iraqi banking system. The researcher used a simple linear regression coefficient:

Table No. (14): Results of simple linear regression analysis for the second hypothesis

Interpretation	(Sig)	t	Regression	
Moral	000.	43.543	12.801	**B**
			0.409	**R**
			0.634	**R2**
Moral	000.		118.831	**F**

Source: Prepared by the researcher based on the results of the statistical program SPSS.

As can be seen from the table above, the value of (t) ranges between (43.543), the level of significance is (0.05), and the correlation coefficient (R) reaches (0.409), and the correlation is very good. As for the coefficient of determination, its effect reaches the level of (90%), and the rest is the result of other factors that affect the work of Iraqi investment companies. As for the (F) test, its calculated value is (118.831), and it is related to other factors. Degrees of freedom (30) and significance level (0.05), as its calculated value is higher than the tabulated value. Since the model as a whole is significant, this leads to rejecting the null hypothesis and accepting the alternative hypothesis which indicates that there is no statistically significant effect of the role of the discount rate on credit reports in the Iraqi banking system.

Results of the Third Hypothesis

There is no statistically significant impact of the role of buying and selling banknotes on credit reports in the Iraqi banking system.

Table No. (15): Results of simple linear regression analysis for the third hypothesis

Interpretation	(Sig)	t	Regression	
Moral	000	42.511	11.983	**B**
			0.735	**R**
			0.633	**R2**
Moral	000		124.122	**F**

Source: Prepared by the researcher based on the results of the statistical program SPSS

It is clear from the above table that the value of (t) falls within the range of (42.511), which is a significant value with a significance level of (0.05). The correlation coefficient (R) is 0.735, which is a very good correlation. The correlation coefficient that determines the professionalism of human resources is (97%), and the rest is derived from other factors that affect the workflow in the company. As for the (F) test, since its calculated value is greater than the tabular value, its calculated value is (124.122), the degree of freedom is (30), and the significance level is (0.05). Therefore, we reject the null hypothesis, and accept the alternative hypothesis: There is no statistically significant effect of the role of buying and selling banknotes on credit reports in the Iraqi banking system.

CONCLUSION

Through the questionnaire and theoretical study, the researcher reached:

The Central Bank of Iraq used its monetary tools to maintain the exchange rate of the Iraqi dinar, especially after the adoption of the Central Bank Independence Law.

The Central Bank used the currency window as a tool to maintain the stability of the Iraqi dinar exchange rate.

The Central Bank was able, through its tools, to reduce the inflation rate in the Iraqi economy, especially the currency window.

Iraq did not rely on the foreign exchange market in the stock market, as well as on the central bank to trade currencies against the Iraqi dinar.

The Central Bank displays daily issuances of the Iraqi dinar, in a number of foreign currencies.

There is no special indicator for the exchange rate of the Iraqi dinar against foreign currencies, due to the lack of a special market for the foreign market.

There is an impact of the Central Bank's tools, especially the money supply, which affects the exchange rate of the Iraqi dinar by 62%, while the interest rate was an ineffective tool in influencing it, as it reached 18%.

Bank credit affects the financial performance of banks, and thus its impact is reflected in investment banking operations, whether this impact is negative (reverse) or positive (direct).

By analyzing the bank's profitability indicators and comparing them to the credit granted to the banks in the study sample, it was found that Rafidain Bank is the only one that is efficient in granting credit, because of its positive impact on the financial situation.

Recommendations

Based on the results of the study, the researchers made the following recommendations: People need to find a platform to trade the Iraqi dinar currency against multiple currencies on the Iraq Stock Exchange or the Central Bank of Iraq.

There is a need to calculate a special index for the exchange rate of the Iraqi dinar against foreign currencies, which is calculated based on daily transactions in the foreign exchange market.

The independence of the Central Bank of Iraq should not be compromised and should be carried out in accordance with the law, provided that the goals of the Central Bank are combined with the overall goals of the Iraqi state.

Develop a framework that combines the monetary policy tools of the central bank and the financial tools of fiscal policy to achieve stability in the exchange rate of the Iraqi dinar.

The Central Bank of Iraq pursues a flexible exchange rate policy in accordance with the nature of the Iraqi economy and the fluctuations in global oil prices.

Sixth, guide commercial banks to use modern and advanced means in their business activities, especially credit business, to achieve excellent financial performance and improve the level of financial investment.

Banks must pay attention to and develop credit processes so that they help improve financial performance, promote bank investment and enable them to achieve their goals and highest profit margins, because credit is the most profitable banking activity

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