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Salahaddin University-Erbil

Basic Tittle

The Impact of Bank Deposits on Financial Performance “An Analytical Study of the Curse of Banks Operating in the Kurdistan Region - Iraq”

A Study submitted to financial and banking department/ college of Administrative and Economic / the University of Salahaddin-Erbil as partial fulfillment of requirements for the degree of the bachelor in finance and banking sciences.

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Abstract:

The study aimed to measure the impact of the stability of customer bank deposits (current deposits, savings deposits, and time deposits) on the financial performance of commercial banks for a sample of commercial banks operating in the Kurdistan Region - Iraq, represented by the use of a set of performance indicators during the period extending from (2013 to 2022), and the study sample represented banks (Bank of Kurdistan, Bank of Babel, Middle East Bank, Bank of Baghdad, Investment Bank), and the study reached a set of results, the most important of which are: the presence of a statistically significant moral effect for both current deposits and deposits. Savings on the financial performance of commercial banks for the sample of banks under study, the return on equity, and the presence of a statistically significant significant effect of term deposits on the financial performance represented by the return on equity. One of the most important recommendations of the study is that commercial banks operating in the Kurdistan Region - Iraq conduct studies. Continuous monitoring of the extent of deposit volatility, identifying stable and unstable deposits, and improving the quality of banking services, by following price and non-price policies, to attract stable deposits to exploit them in assets to raise the level of financial performance of commercial banks operating in the Kurdistan Region - Iraq, and work to encourage deposits. Studies and research to determine other factors affecting the enhancement of the financial performance of commercial banks operating in the Kurdistan Region - Iraq, which were not included in the study.

Keywords: stability of bank deposits, financial performance, commercial banks, financial performance indicators

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Chapter 1: Introduction

1.1 Introduction

Banks are one of the most important and oldest intermediary financial institutions that represent the beating economic heart of the country. Their primary function is to accept deposits from individuals, projects, and public administrations and reuse them for their own account to grant credit, investment, discount, and other financial operations.

The importance of banks lies in their vital and effective role in activating economic and social development and establishing the national and national economy on stable and solid foundations, ensuring sustainable development in addition to preserving the country's monetary and financial stability.

Deposits represent the main source of financing and the conduct of banking business. They represent those amounts declared in any currency, deposited with the bank and due upon request, after warning, or on their due date.

Therefore, the bank should retain the best amount of these deposits, work to develop them and include them within its areas of activities, and search for the correct mechanisms to exploit them in a way that supports the future growth of banks and achieves the best possible returns for them, thus achieving economic growth for the country in general.

Commercial banks want their bank deposits to be stable and remain for a long time, because this gives them better opportunities to invest them and increase their income, as these deposits are income-generating assets through which banks achieve income through several policies, including pricing policies represented in granting appropriate interest rates to depositors, and following...

non-price policies by improving the quality of banking services provided to the bank's customers.

Therefore, the stability of bank deposits affects the bank's ability to grant credits and bank facilities in granting loans, especially medium-term ones. Attracting deposits is the basis on which banks depend in their financial performance and a primary source of funds that they obtain to activate their activities and continue their work, because deposits provide... Financial resources that banks aspire to, and the rise in deposit balances enables banks to achieve their goals. Here, the importance of financial performance increases, as its indicators reflect the effectiveness of banks' activities and the extent of their success or failure in managing resources, and that banks' efforts to achieve maximum returns expose them to liquidity risk, which is one of the most important financial risks. Which bank returns are susceptible to being affected, and the importance of financial performance increases with regard to commercial banks in Iraq in general and the Kurdistan Region in particular, especially in light of the potential economic transformations and the entry of foreign banks and the real competition for those banks and the seriousness of their work and their ability to deal with developments in the world.

1.2 Research importance:

The research gains its importance by addressing an important and vital sector of the country, which is the banking sector, as banks are considered one of the most important and oldest intermediary financial institutions that play an important and vital role in financing various sectors and projects in various agricultural, industrial and commercial fields. ...etc. In addition to its basic and important role in mobilizing savings and directing them towards multiple investment channels. The importance of the research is highlighted in light of its treatment of the subject of deposits and the fundamental and clear role they play for banks and depositors alike. Deposits are considered one of the most important sources of financing for banks in general, as they are used in the conduct of business and banking activities. Therefore, they are a vital indicator in evaluating the financial performance of the bank.

1.3 Research objectives:

This Research objectives to test the indicator of the size of bank deposits on the financial performance of the banks in the research sample.

- Explaining the importance and role of the volume of bank deposits in commercial banks
- Identify the indicators through which the financial performance of commercial banks operating in the Kurdistan Region of Iraq is measured
- The methods followed by banks to attract deposits and manage them

1.4 Problem of the study:

Most of the country's sectors suffer from poor management of funding sources, especially the banking sectors. Banking activity is characterized as a traditional activity based on receiving deposits from savers, who are classified into three categories: the state, companies, and individuals or families. These people are considered savers and investors at the same time. It is assumed that the increase in the volume of deposits increases their investment capacity and enables them to spread into multiple areas and investment opportunities, as the availability of money makes it easier for their owners to expand into investment opportunities with better returns and lower risks, and that the expansion or decline of banking activity may be the result of circumstances. Political and economic, in addition to that, not all banking investment decisions lead to profit and security, as they are based on personal guesses and not based on scientific rules and foundations, which results in what is called inaccuracy and objectivity, and thus affects the financial performance of the bank

1.5 Objectives of the study:

The research aims to do the following:

- Explaining the size of bank deposits and the extent of their impact on the performance of banking institutions, considering it a performance indicator whose work is based on mutual trust between the transacting parties.
- Explaining the theoretical frameworks for deposits and investment banking and their importance to the bank, depositors, and the country's economy.
- Comparison between the cost of deposits and the return achieved from banking investments and their impact on performance
- Explaining the correlation and impact between the size of deposits and banking performance indicators for the study sample.

1.6 Hypotheses of the study:

The current study is based on a main hypothesis from which a group of sub-hypotheses emerge, which are:

(There is a statistically significant impact relationship between the amount of deposits and the financial performance of the bank)

1. There is a statistically significant impact relationship between the amount of deposits and profitability indicators.

There is a statistically significant impact relationship between the amount of deposits and the rate of return on investment

There is a statistically significant relationship between the amount of deposits and the rate of return on equity. There is a statistically significant impact relationship between the amount of deposits and the rate of return on deposits.

There is a statistically significant impact relationship between the amount of deposits and the rate of return on funds

Available.

2. There is a statistically significant impact relationship between the amount of deposits and capital efficiency indicators

Possessor.

There is a statistically significant impact relationship between the amount of deposits and the ratio of capital owned to...

Total assets.

There is a statistically significant impact relationship between the amount of deposits and the ratio of capital owned to...

Total deposits.

3. There is a statistically significant impact relationship between the amount of deposits and debt management indicators.

There is a statistically significant impact relationship between the amount of deposits and the liabilities financing ratio

With assets.

There is a statistically significant impact relationship between the amount of deposits and the liabilities financing ratio

Traded to net equity.

4. There is a statistically significant influence relationship between the amount of deposits and liquidity management indicators.

There is a statistically significant relationship between the amount of deposits and the cash balance ratio.

There is a statistically significant relationship between the amount of deposits and the employment rate.

1.7 Methodology:

the research methodology of the impact of bank deposits on financial performance. This is a broad topic that can be approached from different perspectives and using different methods. However, based on the web search results that I found, I can provide you with a sample research methodology that you can use as a reference or inspiration for your own research. Please note that this is not a comprehensive or definitive guide, but rather a general overview of some possible steps and techniques that you can follow or adapt to your specific research context and objectives.

Chapter 2: Theoretical framework

2.1 Literature review (Previous studies)

1-Study by Abu Qasim ,2022 “The impact of non-performing bank loans on financial performance: An applied study on commercial banks listed on the stock exchange”

The Study Aimed to Identify the Impact of Non-Performing Bank Loans on The Financial Performance Of Egyptian Commercial Banks. The Problematic of The Study Revolved Around the Researcher’s Observation of The Level of Fluctuation in The Performance of Some Egyptian Commercial Banks, Which He Attributed To The Presence Of An Effect Of The Ratio Of Non-Performing Loans To Total Loans NPL On Performance Indicators. Financial Represented by Represented In The Indicators Of Liquidity, Profitability, Capital And Market, And The Researcher Concluded, After Conducting The Analytical Study And Using The Linear Regression Model, That There Is A Negative Impact Of The Level Of Non-Performing Loans (NPL) On Both The Rate Of Return On Assets, The Rate Of Return On Equity, And The Cash Ratio And The Ratio Of The Ratio Of Equity To Total Assets, And The Study Recommended That Banks Work To Develop Mechanisms That Would Reduce The Degree Of Risks Facing Customers And Lead To An Increase In The Rate Of Default In Loan Repayments, In Addition To Having Support From The Central Bank Of Egypt In Developing A Strategic Plan To Reduce The Level Of Default , Especially That The Study Discussed The Period From 2011 To 2020, Which Is Considered A Period That Witnessed Economic Crises That Were Reflected In The Ability Of Customers To Repay Loans.

2- **Selva Demiralp, Jens Eisenschmidt, Thomas Vlassopoulos 2021** “Negative interest rates, excess liquidity and retail deposits: banks’ reaction to unconventional monetary policy in the euro area “Negative interest rate policy (NIRP) is associated with a particular friction. The remuneration of banks´ retail deposits tend to be floored at zero, which limits the transmission of policy rate cuts to bank funding costs. We investigate whether this friction affects banks’ reactions under NIRP compared to a standard rate cut in the euro area. We argue that reliance on retail deposit funding and the level of excess liquidity holdings may increase banks’ responsiveness to NIRP. We find evidence that banks highly exposed to NIRP tend to grant more loans, i.e., NIRP is indeed expansionary for the levels of interest rates seen in the euro area so far. This confirms studies pointing to higher risk taking by banks under NIRP and sheds some new light on results that associate NIRP with a contraction in bank loans, albeit in specific market segments. We are the first to document the importance of banks' excess liquidity holdings for the effectiveness of NIRP, pointing to a strong complementarity of NIRP with central bank liquidity injections.

3- **Adenuga, A. O., Mohammed, J. A., Laniyan, C. V., Akintola, A. A., and Asuzu, O. C ,2021**"Measuring the Impact of Loan-to-Deposit Ratio (LDR) on Banks' Liquidity in Nigeria" The study measures the impact of loan to deposit ratio (LDR) on Banks' liquidity in Nigeria between 2000Q1 and 2019Q3. The paper applied the Factor-Augmented Vector Autoregressive (FAVAR-X) methodology for estimation and forecasting. The result suggests that an LDR of 70.0 per cent, which reduces Banks' liquidity from N187.95 billion in 2019Q4, through N153.09 billion in 2020Q2 to close at N135.15 billion in 2020Q4, may require cautious acceptance. Thus, increasing LDR beyond 70.0 per cent may impact Banks' liquidity negatively. Furthermore, a direct relationship is established between LDR and inflation. The findings conform to a priori expectations as higher LDRs translate to increases in lending by Banks' which could boost output and ultimately cause a spike in inflation. The study emphasizes the importance of caution by not increasing the LDR above 70.0 per cent, as this could cause excessive credit growth, increased inflation, and erosion of Banks' liquidity.

3- **Khan ,2019** "Studying the impact of liquidity and credit risks on financial performance in commercial banks in India". The aim of the study is to identify the impact of liquidity on financial performance in commercial banks in India and to study the nature of the relationship and the strength of the relationship that exists between the variables, in order to test the relationship between the independent variables, which represent liquidity measured by the asset's ratio. Liquid assets to deposits and credit risk measured by the ratio of non-performing loans to total loans. The study found that there is a statistically significant inverse relationship between liquid assets to deposits to measure liquidity risk.

2.2 Theoretical framework

2.2.1 Banks deposit performance overview:

Bank is one kind of financial intermediaries which execute socially beneficial function of shifting financial resources from surplus units to deficit units. The major source of bank fund is formed by the deposits of clients. Deposits help to conduct the banking industry properly. To generate loans and advances, a bank accumulates deposits from its clients (Farag et al., 2013). As deposit is the blood of the bank, HSBC and Standard chartered bank should manage their deposit efficiently.

- **Banking deposit system:**

The banking system of a country sustains the economy of the country and maintains a certain level of stability. UK banking system is specialized in different sort of services for both personal and business purposes. The banking system of UK consists of high street banks, business banks, investment banks and central banks (Gropp et al., 2013). High street banking system refers to these banks which offer services to the general public. The main activities of investment banks are providing services on behalf of high street bank, investing money in stock and bond markets. The paramount task of central bank is to set monetary policy of the country and act as a lender of other banks. The central bank of UK is the Bank of England. Though financial crisis occurs in recent years, banks in the UK still serves employment to 0.5 million people. The contribution of the UK banks and financial services to the national GDP is approximately 6.8%. However, a bank's survival and progression depend on collecting deposits from different part of the community and not on the capital resources (Berger and Humphery, 2008). Hence, deposits of every bank will be adequate, safe and smooth.

Role of commercial banks in deposit performance:

Commercial banks provide services which are offered by high street bank but include additional services and fees (Metwally, 2012). HSBC and Standard chartered bank are two top most commercial banks and financial services organizations in UK. Commercial or business banks are such kinds of banks which operate their business only for interest. The first and foremost duty of a commercial bank is to safeguard money, give loans and credit, provide services such as checking accounts, debit cards and cashier’s checks. Loan sanctioning process of a bank influences on the clients’ decisions about opening bank accounts.

2.2.2 Overview of the selected banks

HSBC and Standard chartered bank are two top most giant commercial banks in the UK. There is significant difference among those banks in respect to deposit performance and credit risk management. The researcher has found that traders would have been better backing HSBC than Standard chartered bank (Cameron, 2010).

2.2.3 Definition and features of deposit performance

Deposit performance refers to maintain stable and low-cost deposit for

the banking businesses. Deposit performance refers to the ability of banks to attract, collect, organize and utilize deposits from various parts of the community. As banks have to manage both their liabilities and total assets, total assets can be managed by providing loans and investing into securities but liabilities can be managed by deposit performance. The similarities between these definitions are focusing on usefulness and proper management of deposit. The differences between these definitions are not focusing on how these performances could be implemented. In the third definition, author only said total assets and liabilities not saying about specific issue of deposit performance. The tasks of banks are not only dealing with money but also generating credit money (Ambika, 2009). The crucial functions of commercial bank are to create deposit, to lend money by receiving cash from clients. On the basis of the requirements like safety, convenience, needs or earning of depositors, there may be three types of deposits such as current, saving or fixed. For the sake of safety, people accumulate their money or other assets to the banks as well as receive interests or facilities. Businesses and companies seek for services or facilities rather than interest. Non business people and general public usually deposit their money to the banks for interests (Samuel, 2008). As banks are providing new services to attract new clients, they continuously change their deposits type or features. Now a day, people are becoming much more conscious and confidence about banks than the past.

2.2.4 Feature:

The salient features of deposit performance are discussed below:

1. Collecting sufficient bank deposits: Bank deposits are considered as the blood circulation of a bank. So, the sufficiency of bank deposit should be ensured by the bank for successfully conducting their businesses. If banks have not able to collect enough money from the depositors, it will be a great barrier for the whole bank to conduct their business properly.

2. Effectively and efficiently operating banking businesses: The success of banking business relies on how it operates its day-to-day activities. People or depositors trust a bank by their activities how one bank operates their banking task. If banks are loyal in their operation and do all activities effectively and efficiently it would be beneficial for the bank.

3. Maintaining low cost and stability of deposits: Minimizing cost and retaining stability are the only basis of reaching in the culmination of success. Increasing cost is the big problem for any economic sector or organization so it would be essential for all banking company to reduce cost as much as possible and keep stability of deposits.

4. Producing competitive loans product: Giving loan in such a way so that it could be greatly beneficial for the clients as well as banks. Every bank is ready for grasp the depositor who want to deposit money in the bank so it’s prime responsibility for the bank to generate competitive loan.

2.2.5 Types of deposit:

The main tasks of banks are to gather deposits from their client and invest to the profitable sources. There are several kinds of deposits by which banks collect money. These deposits differ from one bank to another bank. The major ones of deposits are discussed below:

Current deposit

Current deposit is also known as demand deposit, is such kind of deposit where clients can deposit and withdraw money from the bank at any time by using checks (Ellis and Blake, 2012). The main beneficiaries of the deposit are generally businesspersons and traders who require to make a number of payments often and regularly. As there is no interest available for the deposit, it is called non-interest bearing.

Saving deposit

Saving deposit refers to a deposit which stays in the middle between current and fixed deposit (Budden, et al., 2010). There are several constraints on the number of withdrawal and deposit of money to the banks but the clients of saving deposit get interests and other facilities. The interest rate of saving deposit is lower than fixed deposit.

Fixed deposit

The main feature of fixed deposit is keeping fixed amount of money of depositors for a long time or period in the banks (Ambika, 2009). The interest rate of fixed deposit is higher than saving deposit. The depositors cannot withdraw their deposited money until the maturity of period is over. The combination of current and fixed deposit is referred to as call deposit or hybrid deposit which is created for satisfying the financial needs of customers in a flexible manner. Basically, through this deposit, bankers conduct inter-bank borrowing and lending activities.

Margin deposit

The paramount task of margin deposit is to hold margin money of clients to provide various facilities such as safety of deposits, remittance and other facilities.

2.2.6 Influential factors of deposit management

Influential factors are the variables on which the nature of deposit management or performance of banks are dependent. There are several factors which influence the performance of banking business. This paper analyzed some factors such as bank characteristic, competitive environment, economic indicator, regulation and legal environment and country risk and other factors (Agenor,et al., 2010).

- **Bank characteristics:**

Bank features or characteristics are considered as most vital variable which includes bank size, operating cost, size and duration of deposits and loans, bank capital and its structure etc. For instance, the bigger banks have more probability than the smaller one. Those banks which have lower cost in operating their daily activities in bank have a great opportunity to progress in the competitive world.

- **Competitive environment:**

The second important variable is competitive environment which contains variety of services provided by banks, competition of foreign banks and non-financial institutions etc. In every sector, competition is existing now all over the world.so, the owners of banks have to think about providing service so that service differentiation has been adopted by bank and create a fair environment for customer and employees.

- **Economic indicator:**

The main variables of economic indicator are GDP per capita, economic growth and condition in the country etc. Banks improvement depends on basically a country's economic development. If countries have lack of economic resources, banking sector will not go a long way.

- **Regulation and legal environment:**

Regulation and legal environment also influence on banks performance which consists of the number of banks, government regulations etc. Sometimes, banking businesses have to pursue strict rules and regulation which is exerted by the country government.

- **Country risk:**

Finally, country risk includes lending fund to the foreign banks, relations with the international banks etc. When banks lend money to foreign country's any development project, it remains a great uncertainty to return the loan.

2.2.7 Drawbacks of deposit performance

In managing deposit, bankers have to face some impediments or drawbacks. There are several drawbacks which are given below:

• Though commercial banks serve people, they are often expensive and charge more fees or interests on their services which discourage clients to maintain deposits in the banks. The reasons of charging fees are maintaining night deposits, processing a certain number of checks and for other services.

• It is difficult to compare services of banks because different banks offer different services and impose various fees. Choosing right banks is much more crucial for clients because failure of choosing appropriate bank causes loss of both time and money. Acquiring a few banks by HSBC, sometimes creates confusion among customers and businessmen consider is as a wrong move.

• Though a famous banking organization using high technology, HSBC became a victim of an operational data which was theft by an employee and this issue creates problems of keeping customers' trust. The prevailing structure of organizational hierarchy of Standard chartered bank creates impediment to change (Lin and Liza, 2008). Though Standard chartered bank ranked 3rd largest banker in the credit and industry, it has some non-executing assets in the industry.

2.2.8 Summary

The bank as a financial institution that has funds from the public and other parties with a very broad role in carrying out its functions, in carrying out its duties, banks are regulated by laws and regulations in force in the country where the bank operates. The aim is to ensure that banks operate safely, fairly, and in accordance with sound financial principles. As a financial institution, banks play an important role in the country's economy. Banks can facilitate the flow of money within society and encourage economic growth by giving people and businesses access to finance. banks provide fund transfer to the public (Amodu et al., 2020), according to as an important part of the financial system, banks play a central role in the country's economy, and they most effectively direct funds from economic surpluses to economic deficit units. (Suryawan et al., 2021)

They provide specialized financial services that help reduce information costs for both savers and borrowers, leading to financial inefficiencies. Banks operate and continue to operate by lending and earning interest on investments. They accept deposits from individuals, institutions and governments and provide loans to individuals, businesses, financial institutions and governments that have excess cash (savings). Deposits and borrowed funds (bank obligations) are also used to purchase securities (bank money), the interest rates of which are approved by the Monetary Commission indicate prices for borrowers, lenders and banks (Babajide et al., 2020).

As financial institutions also banks must provide information regarding interest rates set by the central bank, and applied by private banks, bank interest rates may vary depending on several factors, such as the financial market situation, credit needs and the reference interest rate set by the central bank. In many developed countries, interest rates have been low for almost a decade since the Global Financial Crisis (GFC) and in many cases are expected to remain low for longer. Low interest rates can aid economic recovery and improve banks 'balance sheets and incomes by boosting capital growth, supporting asset prices, and reducing non-performing loans. However, persistently low interest rates – low for long periods of time – can erode the profitability and value of bank franchises, as low interest rates are typically associated with lower net interest margins (Claessens et al., 2018), according to (A key concern is that prolonged low interest rates will reduce banks' revenues and undermine their traditional lending activities. It also reduces the value of their franchise. Brei et al., 2020)

A decrease in bank margins and profitability can in turn weaken a bank's borrowing capacity and thus limit capital accumulation. Another concern is that banks may rebalance their portfolios with fees and trades. In the short term, this could offset falling profits, but if interest rates are reversed, greater exposure to financial markets could destabilize banks. (Babajide et al., 2020).

Sustainability is one of the challenges facing banks today. Because sustainable business models are responsible for the environment and society and bring economic benefits, they represent an attractive approach to sustainability. A sustainable business model also offers competitive advantages for banks, such as improving brand image and reducing costs, Based on the above phenomenon, the purpose of this study is to analyses and prove from the literature review articles related to the variables in this study (Nosratabadi et al., 2020).

Bank According to (Payer, 1982) Banks are financial institutions that accept deposits from the public and provide loans, as well as provide other financial services such as issuing credit cards, money transfers, and investments, then according to (IMF, 2019) banks are financial institutions that receive deposits from the public and provide loans or investments to meet capital needs, further according to (Kasmir, 2016) banks are financial institutions whose main mission is to collect money from the public and return it to the community, as well as provide other banking services, according to (Sakdiyah, 2018) banks have functions; 1) Agent of Trust, i.e. trust is the most important foundation operating in this banking institution; 2) Development Agents, namely Field Banking Institutions that accelerate the country's economic growth, good cooperation between the financial sector and the real sector; 3) Service agents are banks that serve through the services we provide to our customers, these services include depositing money, sending money, paying bills and withdrawing cash.

Interest Rate According to (Jogiyanto, 2000) interest is the loan price Interest is expressed as a percentage of capital per unit time, a measure of the price of resources used by debtors for creditors, according to interest rate is the cost that borrowers must pay for the loans they receive and lenders pay for their investments, then according to (IMF, 2019) interest rate has a major impact on economic growth, inflation and overall financial stability. Interest rates can vary depending on many factors, including economic conditions, inflation, credit risk, and a country's central bank's monetary policy. (Hubbard, 2001)

Investment

According to (Brealey et al., 2006) investment is the use of money or other resources to buy or create assets that are expected to generate financial returns in the future, further according to (Tandelilin, 2010) Investment is an investment in one or more assets that you have, and is long-term and will bring profits in the future, investment decisions can be made by individuals or people with excess money, Furthermore, according to (Dewi, 2018) investment consists of several types of him;

-Investment in fixed assets, such as investment in tangible assets or fixed assets of land, buildings, sites

- Investments seen in personal property, investments in personal property e.g. gold, diamonds, antiques;). Financial investments, investments in securities such as deposits, stocks, bonds

-Investment in commodities, investment in raw materials such as coffee, palm oil.

Deposits

According to (Ismail &; Ak, 2010) Deposit is customer funds whose withdrawals are made within a period of time whose availability is easily estimated and the compensation paid by the bank for deposits is greater than bank deposits of other funds such as current accounts and funds such as current accounts and savings. considered as a valuable asset, further according to (Kasmir, 2014)

Formwork Theory

Bank Deposits Choudhry (2011) stated that, due to individuals or institutions, deposits are restricted to cash deposited in the banks' commercial books. As the value of the deposit may indicate the depositor's financial status, which is a secret that cannot be disclosed, the bank deposits are subjected to strict confidentiality (Akhtar, Akhter & Shahbaz , 2017). The deposits are important as they are the lifeblood of banks and the main source of money. They may account for more than 90% of the total opponents which are the lowest cost and are among the most fertile sources of money (Casu & Molyneux, 2006).

Types of deposits include: Categorizations of Bank Deposit Bank deposits can take three main forms: savings deposits, term deposits, and current

deposits.

- **Current Deposit**: A certain party with the Bank deposits this kind of money and it can be withdrawn by the depositary at any time he wishes to withdraw (Schönhärl, 2017). Demand deposits are also another name for Current deposits which the banks are under mandate to pay. Current deposits are known for continuous movement, the bank usually requires a minimum deposit value to be opened by the customer to open an account.
- **Savings Deposit**: Saving deposits are agreements between the customer and the bank where the customer deposits a sum of money in return for interest in as much as the customer has the right to withdraw without prior notice from the deposit at any time Bikker&Gerritsen,2018).
- **Deposits through savings are mainly professionals and middle**-income customers for the customers to deposit their small savings. The advantage is that, the account can be easily opened and there is possibility of depositing funds at any time Deposits: In this type of deposit, the bank is given flexibility to invest its funds with the intention that this deposit cannot be withdrawn by checks Mishkin, 2007).

The **Importance of Deposits**

All types of the main and largest source of financing for the bank are represented by the

deposits, as they allow banks to create credit in a unique manner and due to the ability of the bank, to provide credit facilities. This does not stop at the amount deposited to it after the legal reserve is raised, but in the same proportion of each deposit amount. In addition, this is the most important form of savings that contribute significantly to support investment in countries and to support the movement of investment and project financing by contributing to the formation of fixed capital with banks while encouraging and supporting customers to increase savings across benefits (Bouheni, Ammi & Levy, 2016).

Chapter 3: Methodology

3.1 Sample of the study:

3.1.1- Banking performance evaluation - and the practical aspect

The process of evaluating performance in banks is gaining great and increasing importance because of the distinguished position these banks represent in the economic field, as they work to provide financing resources and provide banking services to the various sectors of the state, which makes them capable of pushing the wheel of development forward. On the other hand, the evaluation process is capable of achieving efficiency and reaching potential goals by using the resources available to the bank in an efficient and effective manner.

The viewpoints of writers and researchers have differed in developing a specific concept for evaluating banking performance, as a process of comparison between actual performance and indicators that were determined by management with the aim of identifying and identifying deviations and then working to correct them. The comparison usually takes place between the results actually achieved and the targeted results, or it is a stage of effective control used to compare the planned goals and what has actually been achieved and to identify deviations and their causes and methods of treating them scientifically and practically to achieve the goals efficiently and effectively according to an advanced information system that serves management and planning, whoever you see fit. Performance evaluation is a management function that represents the last link in the chain of continuous administrative work, and includes a set of procedures taken by the management body to ensure that the results are achieved as planned and with the highest degree of efficiency. Thus, performance evaluation is considered to be a tool used to identify the activity of an economic unit in order to measure the results. achieved and work to compare them with the previously planned goals in order to identify deviations. The performance evaluation process is of prominent and great importance in many aspects and levels, which Simons () has identified by many writers and researchers, the most important of which are: -

1. Performance evaluation reflects the bank's ability to implement its planned objectives. Work to compare the achieved results with the drawn results, detect deviations, and suggest treatments.

2. Performance evaluation helps reveal the development achieved by the bank in its journey

Through the results of actual performance, temporally and spatially

3. The performance evaluation shows the bank's strategic position within the framework of the sectoral environment that...

You work there. It determines the priorities and cases of change required to improve the strategic position.

4. The performance evaluation process helps clarify the degree of compatibility and harmony between the objectives and strategies adopted and the extent of their relationship to the competitive environment.

5. Performance evaluation provides a comprehensive picture of the bank's performance to various levels of management.

Determine its role in the economy.

6. Performance evaluation demonstrates the efficiency of allocating and using the resources available to the bank.

3.2- Definition of the variables of the study Banking performance indicators

Financial indicators are one of the most important foundations upon which the process of evaluating performance in banks is based ,the success of the evaluation process depends primarily on the suitability and comparability of the financial indicators on measuring performance. Financial ratios are mathematical relationships between numbers, usually in the form of ratios or times. These ratios are easy to measure and are used as a measure of performance (percentages or times), drains. As a result of the presence of a large number of financial indicators used in evaluating the performance of banks, the research was limited to the most important and most common of these indicators, and they were developed Within four axes: -

The first axis: - Profitability indicators

The second axis: - Indicators evaluating the efficiency of owned capital.

The third axis: - Indicators evaluating debt management.

The fourth axis: - Indicators evaluating the efficiency of cash liquidity management.

3.2.1-The first axis: - Profitability indicators

The ultimate goal in most financial statement analyses is to evaluate the financial position of the bank. The financial position depends critically on the expected future profitability in relation to the risks involved, that is, the analysis of the financial statements measures the bank's profitability and its risks. Measuring current and past profitability provides information that helps predict future profitability. Profitability analysis includes analysing various financial ratios based on numbers from financial statements. An important concept at this stage is that ratios are not metrics to be memorized, but useful tools that can be created and used in different ways to obtain relevant information. As well as understanding how to determine and calculate these ratios.

Although differences in definitions of ratios do not always lead to fundamental differences in inferences, they do occur sometimes (Willy and Obinne, 2013: 157). The profitability index is the most valid tool for measuring the results of implementing bank operations, because the profitability index Profitability

It is a tool for comparing various investment alternatives according to the level of risk. The greater the investment risk, the greater the expected profitability (Berger and Christian 2016:16). Profitability ratios are probably the most famous and most widely used of all financial ratios. In one way or another, these ratios aim to measure how efficiently banks use their assets and how efficiently Banks in managing their operations (Rinku, 2017:8). Profitability ratios are ratios to evaluate the bank's ability to obtain profits and measure the level of management efficiency. Their goal is to see the development of the bank at a certain time, both decreasing and increasing, and to find a reason Change (Yakubu et.al, 2020: 124).

Profitability is measured through a set of ratios, the most important of which are represented by the approved variables that were used within the practical framework and are symbolized by the symbol Y. They are: -

1- Return on assets ratio (ROA)

The basic measure of a bank's profitability is the return on assets (ROA), which expresses the net profit after taxes for every dollar of assets (Saghir, & Ch, 2020:112),

It is represented by the following equation: -

$$ROI= \frac{\text{Operating income}}{\text{Total assets}}$$

. The return on assets provides information about the efficiency of the bank's management because it indicates the amount of profit that is achieved on average from each dollar of assets, and the return on assets ratio is calculated by dividing the income after tax by the total assets. This ratio also expresses the management's efficiency in employing available resources in general, and on the other hand, the rate of return on assets (ROA) measures the bank's success in using assets to generate profits independent of financing those assets. The return on assets is taken on the basis of a specific set of environmental factors. And the strategic choices made by banks) such as product markets, operating decisions, and financing policies (and focuses on how banks use their assets to generate profits in a given period. Most importantly, return on assets ignores the means and costs of financing the bank's net assets) i.e. debt versus equity financing and capital costs. Money (Walsh, and James, 2016:259).

2- Return on equity (ROE) ratio

Return on equity or profit to equity is the most important indicator of profitability, which measures the performance of banking management in all its dimensions, and provides a picture of the way the capital brought by shareholders is used, and the effect of keeping it in the bank. This ratio is measured through the following equation

ROE = Net Income / Shareholders' Equity

The financial literature devotes important studies to this indicator, which is one of the most distinctive measures of the performance of some commercial banks. It is worth noting that in the case of banks, the normal margin for this ratio is estimated to be between large thresholds of 10% and 30%, respectively. On the other hand, return on equity is also a financial ratio.

It refers to the amount of profit made by the bank compared to the total amount of shareholders' equity invested or on the balance sheet. Hence ROE (ROE) is what shareholders are looking for in return for their investment. A bank with a high return on equity is more likely to be able to generate cash internally. Hence, the higher the ROE, the better off the bank is in terms of value. The return on equity reflects the extent of the bank's management's efficiency in using shareholders' funds. Therefore, we can conclude that the better the return on equity, the more efficient the management is in using shareholders' capital (Ongore, & Kusa, 2013:239). And that Return on equity is very important for the bank owner (the common shareholder) because it indicates the rate of return achieved by management on the capital provided by shareholders.

This ratio can be analysed as an absolute number and can be compared with other banks, and its trend can also be analysed (Tamuntuan, 2015:448). Banks usually announce the return on equity in their annual financial statements. The return on equity is a useful tool for comparing performance Banks within the industry. In general, investors prefer banks with high returns on equity. A bank can improve its return on equity by borrowing to increase net income (the numerator) without issuing more equity (the denominator). Thus, this leverage Makes earnings more variable from year to year, as debt must be repaid even if sales are poor. A higher return on common stocks is usually associated with more volatile earnings.

3- Return on Deposit Rate (ROD)

The deposit represents customer deposits and can be calculated by dividing the total customer deposits by the bank's total assets. It is another source of income and thus has a positive impact on the bank’s profitability, while for most financial analysts, the Return on Deposits (ROD) ratio is one of the best performance measures of banks’ profitability. It is calculated by dividing net profits by total deposits. This ratio reflects the ability to the bank's management is focused on taking advantage of customer deposits in order to obtain profits. It is usually expressed in percentages, the higher this percentage, the better for a bank (Kolawole, 2020:227). It measures net profit after tax as a percentage of customer deposits. The ROD is expressed through the following equation (Ferdous, 2022:47).

ROD = Net Income / Total Deposit

4- . Resources on Total Return

This ratio shows the ratio of the profits achieved to the sum of both the total of ownership rights and the total of deposits (the total funds available to the bank). It thus reflects the efficiency and ability of the bank’s performance to create profits by investing funds in profitable assets, and is measured by the following equation: -

ROTR = Net Income After Tax / Total Capital+Total Deposit

3.2.3- The second axis: - Indicators evaluating the efficiency of owned capital.

1- Capital to Asset Ratio - is the main standard that must be followed by credit organizations and one of the most important indicators of bank performance, as well as its soundness and capacity. In general, it characterizes bank's ability to mitigate possible financial losses using its own capital, while maintaining their customer's funds. Capital to asset ratio defines whether bank possesses sufficient capital to support its assets. A higher ratio suggests that bank employs more internal and external sources of funds to invest in various assets. According to the core principles of IMF, the minimum level of bank's capital ratio must be 4% (Brei and Leonardo, 2014:8)

- **Evaluating the efficiency of owned capital = owned capital/total assets**

It is the indicator by which the efficiency of the owned capital is measured, as this ratio indicates the bank's ability to return deposits, that is, to meet depositors' requests when they withdraw their deposits or withdraw part of them using the owned capital, and it is measured according to the following equation: -

- **Evaluating the efficiency of owned capital = owned capital / total deposits**

Leverage ratio is one of several financial metrics that looks at the amount of capital that comes in the form of debt (loans) and assesses a bank's ability to meet its financial obligations. The leverage ratio is important because banks rely on a mix of equity and debt to finance their operations, and knowing how much debt a bank holds is useful in assessing whether it can repay its debts when they come due.

-One of the most important indicators is the ratio of financing assets with liabilities. This ratio refers to the total assets that were financed from liabilities. A high ratio means that most of the bank's assets have been financed by borrowing. The ratio of financing with owned capital. Creditors prefer the debt ratio to be low because it provides them with more protection in If the bank is exposed to financial difficulties or crises It is measured by an indicator:

Ratio of financing assets to liabilities = total liabilities / total assets

2- Current Liabilities to Net Equity

This ratio measures the extent of the creditors' contribution to the bank's assets compared to the owners' contribution. Bank assets are usually financed by the owners' money and debts borrowed from the creditors. The owners' contribution to the largest portion of these debts increases the creditors' reassurance of the bank's ability to fulfil its obligations.

Current Liabilities to Net Equity=Current Liabilities/Equity

3.3 Data type and sources

Banking performance is based on a set of financial indicators that bank management uses to evaluate their performance, and work to compare it with the financial performance indicators of other banks. Some indicators were adopted in four basic axes, which are interspersed with secondary branches represented by financial ratios through which strengths and weaknesses can be known. .

The banks were named with an identification number for the purpose of searching, as shown below:

Bank name	Identification number
Kurdistan Development and Investment Bank	B1
bank Al-Eteman	B2
Bank Al-esthtmar -Iraqi	B3
Bank of Babel	B4
Bank Baghdad	B5
Bank Sharq Awsat	B6

1- Return on investment

Table(2)

Bank	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	min
B1	3.38	3.55	4.26	4.91	3.91	0.56	2.65	0.16	0.76	0.37	2.45
B2	3.20	1.10	3.60	0.01	1.00	3.60	0.30	6.20	1.50	0.40	2.06
B3	5.10	5.30	2.60	2.80	4.80	2.60	3.40	5.29	0.20	1.21	3.43
B4	4.50	4.90	4.00	3.10	4.20	2.70	4.10	3.20	2.70	0.60	3.40
B5	3.90	5.40	2.20	0.90	2.80	0.60	2.50	4.10	0.80	0.40	2.36
B6	2.40	3.60	2.30	1.90	2.40	3.30	1.70	5.30	0.60	0.70	2.42
min	3.83	3.86	3.07	2.20	3.17	2.31	2.38	3.78	1.12	0.68	2.64

Table (2) shows the rate of return on investment as a percentage for a sample of Iraqi banks for the period from (2013-2022), where we note that (B3), which is a bank, has achieved the largest average return on investments compared to the general average for banks and the rest of the averages for other banks, as it reached The average is 3.956%, and during the period the bank was able to achieve more increases in returns than decreases, as the year 2014 is the year with the highest increase, which reached (5.30%) compared to other years for the same bank and with the other banks in the research sample, and it also achieved a greater percentage of decline in the year 2021. The percentage reached (0.20%), and the percentage also indicates a noticeable decrease (5.09%) over the previous year, followed by (B4) Bank of Babel in terms of relying on the average return on investments as a criterion for evaluating the performance of the aforementioned banks, as the bank achieved the amount of return on Investments at a rate of (3.40%), which is higher than the average rate of banks, as the years 2013 and 2014 are the highest years in achieving returns when compared with other years for the same bank, where the rate reached (4.50%, 4.90%) respectively, followed by the Bank ((B1 Kurdistan Development and Investment Bank achieved an average return of (2.45%).

Table (2) also shows us that the years (2013, 2014, 2020) had the highest percentage of average returns for the banks in the research sample, resulting from the size of the best investment for deposits for those years, as the percentage reached (3.83, 3.86, 5.30) respectively, and the year 2020 was the highest percentage. achieved by banks during the period between (2013-2022)

2- Return on equity (ROE) ratio

Table(3)

Bank	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	min
B1	0.0176	0.0136	0.178	0.134	0.133	0.122	0.049	0.058	0.015	0.14	0.09
B2	0.08	0.072	0.122	0.144	0.07	0.046	0.039	0.014	0.021	0.06	0.07
B3	0.087	0.118	0.1	0.09	0.061	0.062	0.038	0.032	0.016	0.056	0.07
B4	0.031	0.097	0.0106	0.244	0.184	0.0142	0.043	0.029	0.013	0.058	0.07
B5	0.013	0.026	0.028	0.118	0.099	0.061	0.062	0.038	0.029	0.017	0.05
B6	0.051	0.0417	0.042	0.073	0.041	0.029	0.024	0.012	0.034	0.049	0.04
min	0.05	0.06	0.08	0.13	0.10	0.06	0.04	0.03	0.02	0.06	0.06

Table (3) shows that Kurdistan Bank achieved the highest rate of return on equity in 2015, as it reached (0.178%), while in 2020, it achieved the lowest rate, as the rate reached (0.058%), while Credit Bank achieved the highest rate. of the rate of return on equity in 2015, as it reached (0.122%), while in 2013 it achieved the lowest rate, as the rate reached (0.08%), and the Investment Bank achieved the highest rate of return on equity in 2014, as it reached Its percentage is (0.118%), but in the year 2021 it achieved the lowest rate, as the percentage reached (0.016%), and (B4) Bank achieved the highest percentage of the rate of return on equity in 2016, as its percentage reached (0.244%). In the year 2015, it achieved the lowest rate, as the percentage reached (0.0106%), while (B5) Bank achieved the highest percentage of the rate of return on equity in 2016, as its rate reached (0.118%), but in the year 2013, it achieved the lowest rate, as the percentage reached It has (0.013%), and (B6) Bank achieved the highest rate of return on equity in 2016, as it reached (0.073%), but in the year 2020, it achieved the lowest rate, as the rate reached (0.024%).

Also, the highest average return achieved among the banks in the research sample was for the Kurdistan Development and Investment Bank, where the average return for the period from (2013-2022) was 0.09%, and the lowest percentage was for Bank (B6), where its percentage was (0.04%), as was the year In 2016, the banks in the study sample achieved the highest return rate, as the rate was (0.13%), and the lowest rate was in 2021, when the rate reached (0.02%).

3-Analysis of bank deposit ratio

Table(4)

Bank	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	min
B1	0.61	0.72	0.58	0.63	0.62	0.45	0.44	0.33	0.63	0.83	0.58
B2	0.61	0.72	0.59	0.63	0.63	0.45	0.45	0.33	0.63	0.83	0.59
B3	0.72	0.59	0.63	0.63	0.50	0.26	0.35	0.31	0.33	0.10	0.44
B4	0.62	0.56	0.57	0.51	0.54	0.46	0.47	0.32	0.46	0.53	0.50
B5	0.65	0.68	0.60	0.62	0.50	0.36	0.28	0.21	0.15	0.23	0.43
B6	0.82	0.84	0.80	0.80	0.79	0.82	0.61	0.39	0.69	0.72	0.73
min	0.67	0.67	0.63	0.63	0.60	0.49	0.46	0.36	0.48	0.50	0.55

Table (4) shows the amount of return achieved by exploiting deposits attracted from others for a sample of Iraqi banks during the period (2013-2022). We note that Bank (B6) achieved the highest average rate of return, as the average rate of return during the period (2013-2022) reached... (0.73%). On the other hand, Bank (B5) achieved the lowest percentage, as the achieved percentage reached (0.43%).

Where Bank (B1) achieved the highest percentage of the return rate in 2014, as it reached (0.72%), while in the year 2020, it achieved the lowest rate, as the percentage reached (0.33%), while Bank (B2) achieved the highest percentage of the rate of return in In 2022, its rate reached (0.83%), while in 2021 it achieved the lowest rate, where the rate reached (0.33%), and (B3) Bank achieved the highest percentage of the return rate in 2014, when its rate reached (0.72%). The year 2022 achieved the lowest rate, as the rate reached (0.10%). Likewise, (B4) Bank achieved the highest rate of return in 2013, as its rate reached (0.62%). However, in the year 2020, it achieved the lowest rate, as the rate reached (0.32%)

Also, the highest average return achieved among the banks in the research sample was for Bank (B6), where the average return for the period from (2013-2022) was 0.73%, and the lowest percentage was for Bank (B5), where its percentage was (0.43%), as was the year In 2016, the banks in the study sample achieved the highest return rate, as the rate was (0.13%), and the lowest rate was in 2020, when the rate reached (0.36).

4-The percentage of using liabilities to finance the bank's total assets

Table(5)

Bank	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	min
B1	76.39	74.49	78.89	78.12	86.79	90.69	90.79	91.18	87.75	86.22	84.13
B2	85.90	92.60	90.60	89.30	90.63	85.52	90.57	78.33	72.46	83.68	85.96
B3	91.10	94.01	90.83	93.56	94. 3	77.86	81.41	70.29	70.26	71.46	74.08
B4	78.19	82.72	87.03	86.53	78.12	53.35	52.39	57.16	67.63	87.04	73.02
B5	90.30	93.78	92.63	94.32	86.05	82.42	82.04	79.08	82.81	90.75	87.42
B6	93.10	92.75	92.80	89.76	92.35	91.44	88.05	87.60	88.80	83.90	90.05
min	85.83	88.39	88.80	88.60	72.32	80.21	80.88	77.27	78.28	83.84	82.44

Table (5) shows the study sample of Iraqi banks from the period 2013 until 2022. This table shows the extent of using liabilities in financing the bank's total assets, as Bank (B1) achieved the highest percentage of the rate of using liabilities in financing the bank's total assets in 2019, as Its percentage reached (90.79%), while in 2014 it achieved the lowest rate, as the percentage reached (74.49%), while (B2) Bank achieved the highest percentage of the rate of using liabilities in financing the bank's total assets in 2014, as its percentage reached (92.60%) In the year 2021, it achieved the lowest rate, as the percentage reached (72.46%), and (B3) Bank achieved the highest percentage of the rate of using liabilities in financing the bank's total assets in 2014, as the rate reached (94.01%). As for the year 2021, it achieved the lowest rate was (70.26%). Bank (B4) also achieved the highest percentage of the rate of using liabilities in financing the bank's total assets in the year 2022, as it reached (87.04%). However, in the year 2020, it achieved the lowest rate, as it reached The percentage in it is (52.39%)

Also, the highest average use of liabilities in financing the bank's total assets was achieved among the banks in the research sample, which was for Bank (B6), where the average return for the period from (2013-2022) was 90.05%, and the lowest percentage was for Bank (B4), which was (73.02). %), as was the case in 2015, the banks in the study sample achieved the highest percentage of using liabilities in financing the bank's total assets, as the percentage was (88.80%), and the lowest percentage was in the year 2017, when the percentage reached (72.32).

5- Ratio of liabilities to equity

Table(6)

Bank	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	min
B1	1219.8	859.3	1035.6	1093.5	960.2	518.6	540.3	363.1	396.5	776.3	776.34
B2	757.7	263.2	361.4	960.3	590.5	967.2	832.8	971.1	1263.2	609.4	757.68
B3	885.0	236.3	236.6	437.9	351.6	1653.6	1454.0	990.4	1569.3	1035.1	884.96
B4	341.6	208.9	133.4	110.0	114.4	357.1	642.2	670.9	478.8	358.4	341.57
B5	928.1	1507.9	1257.4	1661.8	616.6	468.8	456.8	377.9	481.6	861.9	861.87
B6	1365.7	1279.8	1288.3	876.9	1206.7	1067.8	736.7	706.3	792.3	1035.6	1035.61
min	916.29	725.89	718.79	856.74	640.02	838.84	777.13	679.96	830.29	779.45	776.34

Table (6) shows the study sample of Iraqi banks from the period 2013 until 2022. This table shows the extent of creditors' contribution to financing the bank's assets compared to the owners' shareholders, as Bank (B1) achieved the highest percentage of creditors' contribution to financing the bank's assets compared to Owner shareholders in 2013 reached (1219.8%), while in 2020 it achieved the lowest rate as the percentage reached (363.1%). As for (B2) Bank, it achieved the highest percentage of the creditors' contribution rate in financing the bank's assets compared to the owners' shareholders in In 2021, the percentage reached (1263.2%), while in 2015 it achieved the lowest rate, as the percentage reached (361.4%), and (B3) Bank achieved the highest percentage of the creditors' contribution rate in financing the bank's assets compared to the owners' shareholders in the year 2021, as Its percentage reached (1569.3%), but in the year 2014 it achieved the lowest rate, as the percentage reached (236.3%), and (B4) Bank achieved the highest percentage of the creditors' contribution rate in financing the bank's assets compared to the owners' shareholders in the year 2020, when its percentage reached

(670.9%), while in 2016 it achieved the lowest rate, as the percentage reached (110.0%), and (B5) Bank achieved the highest percentage of the creditors' contribution rate in financing the bank's assets compared to the owners' shareholders in the year 2016, as its percentage reached (1661.8%) However, in the year 2020, it achieved the lowest rate, as the percentage reached (377.9%), and (B6) Bank achieved the highest rate of creditors' contribution to financing the bank's assets compared to the owners' shareholders in the year 2013, as its rate reached (1365.7%). In 2016, it achieved the lowest rate, as the percentage reached (706.3%).

Also, the highest average return achieved among the banks in the research sample was for Bank (B6), where the average return for the period from (2013-2022) was 1035.61%, and the lowest percentage was for Bank (B4), where its percentage was (341.57%), as was the year In 2013, the banks in the study sample achieved the highest contribution from creditors in financing the bank's assets compared to the owners' shareholders, where the percentage was (916.29%), and the lowest percentage was in the year 2017, when the percentage reached (640.02%).

Chapter 4

4.1 Conclusion

1- The banking system is an essential part of any country's financial system. It represents the necessary support for the development of productive sectors, and the largest financier of projects of all types (agricultural, industrial, commercial, and real estate), in addition to its contribution to achieving monetary stability.

2- Deposits represent the primary source of financing various banks' activities, and constitute the largest portion of the financial resources available to banks. Therefore, banks have the responsibility to diversify the sources of deposits.

3- The main activities in banks are that they work to attract frozen funds, and then invest them, with the aim of achieving the best use of the financial resources in the possession of the public.

4- The statistical results for Iraqi banks (research sample) showed that the largest average size of deposits was achieved by (Middle East) Bank, while the smallest average size of deposits was achieved by (Babylon) Bank.

5- The results showed that the highest percentage of average returns for the banks in the research sample, which resulted from the optimal investment volume for deposits for those years, was for the bank (Bank Al-Esthtmar -Iraqi), where the percentage reached (3.43%), and that the lowest percentage achieved was for the bank (Bank Al-Eteman), which The percentage was (2.06%).

6- Table (2) also shows us that the years (2013, 2014, 2020) had the highest percentage of average returns for the banks in the research sample, resulting from the size of the best investment for deposits for those years, as the percentage reached (3.83, 3.86, 5.30) respectively, and the year 2020 was the highest percentage. achieved by banks during the period between (2013-2022)

The results showed that the highest average return achieved among the banks in the research sample was for the Kurdistan Development and Investment Bank, where the average return for the period from (2013-2022) was 0.09%, and the lowest percentage was for Bank Sharq Awsat, where its percentage was (0.04%). As was the year 2016, the banks in the study sample achieved the highest return rate, as the rate was (0.13%), and the lowest rate was in the year 2021, when the rate reached (0.02%).

7- The results of the financial analysis showed that the amount of return achieved through exploiting deposits attracted from others for a sample of Iraqi banks and within the period (2013-2022). We note that Bank Sharq Awsat achieved the highest average rate of return, as the average rate of return during the period (2013) reached -2022) (0.73%), in contrast, Bank Baghdad achieved the lowest percentage, as the achieved percentage reached (0.43%)

8- The results showed that the highest average achieved among the banks in the research sample was for Bank Sharq Awsat, where the average return for the period from 2013-2022 was 90.05%, and the lowest percentage was for Bank of Babel, where its percentage was (73.02%), as was the case in 2015. The banks in the study sample achieved the highest contribution from creditors in financing the bank's assets compared to the owners' shareholders, where the percentage was (88.80%), and the lowest percentage was in the year 2017, when the percentage reached (72.32).

4.2 Recommendations

Through the conclusions mentioned above, some recommendations or proposals should be made, which will hopefully contribute to developing some solutions for Iraqi commercial banks to emerge from their crisis, suffering, and the obstacles that surround them:

1- The management of commercial banks, the research sample, must make a greater effort by developing strategic plans that are objective and touch the economic reality of the bank and the Iraqi economy, as well as developing their banking structure through consulting specialists and experts in banking policies and banking development, whether inside or outside Iraq. Because these banks are the ones who bear the responsibility of developing their activities and correcting the defects in their banking structure, and they do not wait for anyone to develop plans for their development and advancement.

2- The authorities concerned with developing the banking system, whether governmental or non-governmental, must also spread banking awareness and the importance of the banking system in the economy and society, by introducing the work of this system and its roles, through visits to schools, institutes, universities, etc. The government, represented by the Central Bank or its equivalent, must reduce the restrictions imposed on banking activity and create challenges for this sector that will stimulate the banking sector as a whole to innovate and develop.

3- In addition to the above, banks must develop a system of incentives and rewards in kind and cash, considering the distinguished and creative performance of employees, which contributes to creating competition among employees to provide all their capabilities. Therefore, this helps in the process of change and development, raises employee morale, and encourages them to develop their skills and experience in the field of banking and modern technology. In addition to coordinating with the Central Bank and other parties interested in developing the banking system to open larger, broader, more advanced and up-to-date courses, because the worker (employee) is the key to the development and progress of the bank.

4- The management of commercial banks, the research sample, must develop strategies to study the banking market and study the behavior and desires of customers for the purpose of raising awareness of the banking business, in addition to developing a form that explains the sources of success and failure, and the difficulties or obstacles during the provision of the banking service, so that the bank can know the sites of errors and failures and work to correct these.

Gaps. It works to focus on customer loyalty by providing all the services they desire at competitive prices.

5- Adopting the necessary policies to correct the imbalance in commercial banks, which suffer from slowness in most mechanisms for transmitting its effects on an ongoing basis, on the one hand, and adopting a monetary policy to control the credit granted to the private sector in a way that leads to increased growth and investment.

6- Working to encourage banks to cooperate with the private sector to study investment opportunities, coordinate their efforts, and study their feasibility in a way that encourages banks to invest in the long term.

7- The need to work on adopting credit policies that would develop banking plans by focusing on increasing banking awareness and directing towards increasing savings deposits in order to strengthen their resources and increase lending capabilities for the purpose of contributing to supporting local and foreign investment.

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