



The Credit Capacity Of Iraqi Private Banks With The Possibility Of Developing Them

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ABSTRACT

The credit capacity has a distinguished role in the development of banking work, as it contributes to achieving many goals in the economies of countries and increasing production. The credit capacity of Iraqi private banks, and the research concluded that the indicators of credit capacity are high in some private banks and low in others, which requires the need to present modern models to develop the credit capacity of Iraqi private banks.

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INTRODUCTION:

The credit capacity of banks is one of the most important economic tools through which banks play their role in financing the process of economic and social development. its activities and help it to continue and develop. The success of the banking system in this area depends on its ability to mobilize local savings, collect as much of it as possible and put it at the service of economic activity. Many development theories have touched on the role and importance of the credit capacity of banks in financing the economic development process, such as Schum-Peter theory, which emphasizes that the credit capacity of banks is one of the main determinants of economic growth. As well as a theory that clearly indicates the importance of the role played by the credit capacity of banks in financing the process of development and

development. Creditable funds (allocated) for lending that emphasize the direct relationship between the credit capacity of banks and investment growth, and other theories that, in order for the credit capacity of banks to serve the process of development and economic stability, credit policy must be integrated as an essential part of monetary policy with fiscal policy in any country. In the case of recession, banks should expand in granting credit in conjunction with the importance of deflationary research to curb inflation and restore economic stability.

Research Methodology

Firstly. Research problem

The research problem states through that the loan process is one of the most important functions that banks perform through their interrogative ability because they are interested in many economic problems, so the research problem follows many questions, and were private banks in Iraq able to provide bank loans to the groups of society at low costs?

secondly. research importance

The importance of the research appears mainly through its interest in describing the affiliative capacity, which is considered one of the most important necessities in the banking business.

Third. Search target

The research aims to enable the researcher to distinguish and describe the affiliational capacity from his analysis of the indicators of the affiliational capacity of Iraqi private banks.

Fourthly. Research hypothesis

In order to achieve the goal of the research, he had to present the following hypothesis ((that addressing credit risks due to the tightening occurring in the Iraqi market leads to clarity of the existing results through the analysis of indicators of belongingness capacity)).

The first topic

The theoretical framework of the affiliational capacity of banks

Preface

Creditworthiness standards for customers are considered the most important tools that private commercial banks use in granting an appropriate credit assessment for each customer, and accordingly they have a prominent role in indicating the degree of solvency of the potential customer before granting him the required credit. The most important objectives of the study were to highlight the role of using creditworthiness standards as a tool for credit analysis of customers by banks that help reduce the credit risks of banks and thus increase bank liquidity. (8) A bank, in addition to analyzing the financial statements of those banks, which are listed in the Iraq Stock Exchange as a tool in collecting data related to the research, and biological analyzes have produced a number of results, perhaps the most prominent of which is the presence of a significant effect between the standards of creditworthiness of customers and liquidity in private commercial banks, The research reached a number of conclusions, the most important of which is that they did not issue instructions by the Central Bank of Iraq according to which the model for creditworthiness standards for customers is determined for the purpose of adopting it by all commercial banks in Iraq. .

First the concept of credit capacity

The ability or creditworthiness of banks can be defined as the rate of confidence that a bank gives to customers in return for disposing of its own funds during a certain period of time, while obtaining the necessary guarantees to pay dues (Abu Hamad, 2002: 185)..

In other words, creditworthiness is more like a balance of trust that the bank resorts to when requesting personal, financing, or government loans, with the aim of studying all the reasons and sufficient guarantees that qualify the person or entity to obtain the desired financing, while ensuring its eligibility to repay this loan at appropriate time periods. When a person applies for a bank loan, the bank subjects his papers to the so-called creditworthiness elements, which is a set of criteria that determines whether this person qualifies for a bank loan and is able to pay his dues and interest as well, or if this person does not have Sufficient ability to fulfill this type of commitment (Al-Husseini and Al-Douri, 2000: 94).

This type of criteria is not only applied to individuals or owners of small, medium and large projects, but the countries themselves are subject to these criteria in the case of international borrowing, as these criteria help clarify the state's financial situation and whether it is able to repay this type of loan or Its economic situation is threatened with bankruptcy (Al-Shammari, 2012: 430).

Although the elements of creditworthiness may seem strict and strict at times, they contribute an effective role in nourishing the investment field as well as achieving social responsibility towards individuals and companies, thanks to which the necessary financial facilities are obtained for the establishment of projects, especially small and medium, and thanks to them, a helping hand is extended to the economy to continue In pumping money and the wheel of production continues to spin, but for this to happen The service is effective and of the required quality. The bank, in turn, must make sure of the eligibility of this person or institution to obtain the financial loan, so it must be subject to the so-called creditworthiness standards or what is known as 5C. Financial (Saeed, 1996: 3). Before we go into these elements in some detail, let us first clarify the foundations that are taken into account before entering the phase of checking the elements of creditworthiness, and they are as follows:

1. The rate of trust granted by the bank to the customer, in reference to the history of banking transactions between them.
2. The ultimate purpose of obtaining the loan and its consistency with reality and the surrounding circumstances (Ali Abdul-Kadhim Daadush, Research Department, 2022)
3. It consists of discounted securities and commercial papers, and this type has benefits such as strengthening the initial reserves, achieving some profits for the bank, and providing seasonal liquidity, and the aim of these reserves is to achieve profit in the first place, and then achieve appropriate liquidity for the bank (Aql, 161: 2000)
4. The amount of the loan itself and the extent of the person's financial ability to provide it and pay his dues in a timely manner.
5. The interest rate granted on the loan and whether the person or entity is able to pay it.
6. Loans are considered one of the most important credit activities that generate profits for banks, and granting loans is considered the most important thing that banks do to finance production, consumption and distribution (Al-Jazzar, 1993: 72).
7. The period of time granted to the individual and its suitability to the bank's financial plans or policies.

8. The guarantees that are taken and their true value in the money market.

9. It is also known as a present value exchange for a future value, and it is represented by one party presenting to another a present amount of money in exchange for obtaining an amount of money and often more than the first in the future (Ahmed, 2008: 123)

All these factors come together to create a file for each customer, which the bank official deals with in some detail, so that he deals with each point and subjects it to the elements of creditworthiness and reaches a final decision whether to approve the loan request or is it rejected!

Secondly, the forms of belonging ability:

Among the concerns of credit analysis is the assessment of risk, and the overlap and integration between credit management and risk management is not hidden. Credit analysis is based on a comparison between the lost returns when withholding and the potential risks when making a decision to grant credit, both in present value. That is, calculating the present value of the loan repayment installments and interest corrected by the probability of failure multiplied by the potential non-repayment rate, and the result is the expected current value of the loan flows, then subtracting financing costs at their current value as well, and the result is the net present value of bank credit in Iraq, as indicated by many studies and research in financial and banking thought that The affiliative ability has several forms, including (Abdul Hamid, 2002: . (230:

A- Cash credit: It is the credit that is provided directly to the customer. It is also called credit or direct credit facilities. It includes:

(1) Loans: Loans are considered among the main components of bank credit that is provided directly to the customer, and the loan is generally defined as the possibility of purchasing an item or borrowing an amount under a promise to pay (Al-Rifai, 2008: 146), that loans are considered one of the most important credit activities that achieve Profits for banks and granting loans is considered the most important thing that banks do to finance production, consumption and distribution (Butcher, 1993: 72).

(2) Advances: It is cash amounts that commercial banks provide to their employees and permanent customers for commercial or social purposes in return for the beneficiary's pledge to return the advance with the amount of interest in one payment (Al-Jazaery, 2008: 71).

(3) Discount operations: The discount is a credit process whereby the bank puts at the disposal of its customer the value of the commercial paper (a bill of exchange or promissory note) without waiting for the payment term.

(4) Payment from under the account: the bank allows its customer to make his account debit within the limits of a certain amount, that is, to cover the account within certain limits. (Awad Allah and Al-Fouli, 2003: 107)

B- Pledge credit: It is the credit that is provided indirectly to the customer. It is also called credit or indirect credit facilities. It includes:

1. Documentary Credit: It is a letter or book under which the bank undertakes to perform the obligations incurred by the customer related to the documentary credits, i. 2006: 108).

2. The letter of guarantee: It is considered one of the most important banking services provided by banks to their customers to facilitate their business with governments and companies. It is defined as a written undertaking that the bank undertakes to guarantee one of its customers within the limits of a certain

amount towards a third party (Al-Sharif 2010: 378).

3. Credit Card: It is the card issued by banks that enables its holder to obtain his needs of goods as a debt.

C- Lease credit: This type of credit includes companies submitting an application to the bank that includes the number and type of the asset, then the bank buys this asset and then leases it to the beneficiary, and at the end of the lease period, the beneficiary of the asset has the right to own it (Al-Jazaery, 2008: 72).

Third - The foundations and conditions for granting the affiliation capacity:

The creditworthiness standards of banks are the most important tools that private commercial banks use to give an appropriate credit rating to each customer, and accordingly they have a prominent role in indicating the degree of financial solvency of the potential customer before granting him the required credit, in addition to analyzing the financial statements of those banks that are listed in the Iraq Stock Exchange As a tool in collecting data related to Iraqi banks (Saeed, 2013: 109). Statistical analyzes have produced a number of results, perhaps The most prominent of which is the presence of a significant effect between the standards of creditworthiness of customers and liquidity in private commercial banks, and the research reached a number of conclusions, the most important of which is the failure to issue instructions by the Central Bank of Iraq according to which the model for standards of creditworthiness for customers is determined for the purpose of its adoption by all commercial banks in Iraq. And then the research recommended a number of recommendations that require the competent authorities to take the appropriate measures (Mohammed Ahmed, Federal Office of Financial Supervision,)

The granting of credit must be based on generally accepted rules and foundations: (Al-Deghem et al., 2006: 195) (Shukair et al., 2008: 117).

a. Safety: Security must be available for the bank's money, meaning that it is reassured that this loan granted will be recovered within the specified period in addition to the interest owed by the customer.

B. Profit: The granted credit must generate net profits for the bank from the interest accrued therefrom.

c. Liquidity: The credit-granting bank must have a liquid financial position.

Dr. Compatibility: The purpose of the loan should be consistent with the country's economic policy.

The bank's ability to credit or lend is not endless, but there is a set of foundations on which to grant credit, as well as a set of different factors that limit or affect the lending process. These foundations and factors can be explained as follows: (Falih Hassan / bank credit / Baghdad / Al-Mustansiriya University / 1976)

1- Fundamentals of granting credit.

A- Provide security for the bank's funds by maintaining the integrity of employment and proper use of the financial resources available to the bank.

B- Alignment between the goals of profitability and liquidity, as the bank seeks, on the one hand, to increase its profits by increasing the volume of loans granted, and on the other hand, it is obligated to depositors to withdraw their deposits at any time as demand deposits, and therefore the bank management is required to maintain a financial position characterized by With liquidity to meet withdrawal requests without delay and without contradicting the goal of achieving profitability. (Falih Hassan / bank credit / Baghdad / Al-Mustansiriya University / 1976)

C- Compliance with the general policy of the state, in particular the decisions taken by the Central Bank regarding the structure of interest rates, commissions, and monetary and banking rates.

2- Factors affecting credit granting.

A- Liquidity Considerations:

It means that the bank must always be able to meet its obligations towards customers with deposits by achieving liquidity, which necessarily entails that the bank uses some of its resources in assets with a sufficient amount of liquidity, which allows it to recover its value quickly without achieving a significant loss when needed. for cash.

B- Central Bank Decisions:

In granting credit, the bank is subject to the decisions issued by the Central Bank, such as those related to the limits that credit expansion should not exceed, as well as the ratios of liquidity and cash reserves that must be kept.

C- The credit policy of the bank: (Falih Hassan / bank credit / Baghdad / Al-Mustansiriya University / 1976)

The credit policy is represented in the principles regulating the method of granting credit facilities and the types of economic activities that should be financed, and how to estimate the amounts, types, deadlines and main conditions of the facilities. There are also three principles that the bank management should take into account when approving the credit policy (profitability, liquidity, safety). However, it is worth noting that these foundations or objectives are contradictory to each other, as achieving (profitability) means increasing the amount of loans and other investments, and this in turn leads to a decrease in (liquidity) and vice versa is also true, just as the relationship between profitability and (risk) is direct. The greater the risk in one aspect of investment, the greater the required profitability, and the relationship between liquidity and risk is inverse.

Fourth - the level of affiliational ability:

All countries seek to raise the level of their creditworthiness in order to obtain a high credit rating, to indicate the extent of their financial solvency and the extent of their ability to fulfill their obligations to others, as maintaining a high level of creditworthiness is a source of guarantee for the state and an important element in attracting capital that is invested in the form of investments that enhance Of economic growth and its continuity in Iraq (Khalaf Muhammad Hamad / Determinants of Sovereign Credit Worth / University of Tikrit / College of Administration and Economics / 2018 / p. 83_110)

This classification is considered a financial achievement for Iraq, the most important of which was the great pressure exerted by the United States on international financial institutions to integrate Iraq into the international community, especially in international financial transactions. This step can encourage Iraqis as individuals, companies and the government to improve Iraq's credit level if we follow a rational path in money management and put better restrictions on corruption and if we turn into a people who have a good ability to understand numbers (Iraq's affiliation rating / Al-Mada magazine).

In order to understand our credit reality and its effects, we must understand the meaning of credit rating in general, as it measures the degree of risk when dealing financially with a person, company, or country, as it provides a realistic vision of the ability of the state, people, or companies to repay loans that were borrowed from donor financial institutions and how to estimate the interest rate Depending on the degree of risk, the higher the risk, the higher the interest rate on loans, because the main objectives of the credit rating reports is to guide the investor in how to calculate the returns on the money that he will invest in the form of loans to countries or companies, and the credit rating can be short-term, which reflects the

ability It is high for the state, company, or individuals to repay the loans due within a year from the date of issuance of the classification, or it may be long-term, which is an expression of the ability to repay in a long period, and there are many financial institutions that provide annual reports on the credit rating. However, the most important of them are the big three that dominate the ratings market in the world, and they are Moody's, Standard & Poor's, and Fitch, all of which are American institutions (Iraq's credit rating / Al-Mada magazine).

Fifth / credit risk

Despite the difference in the nature of credit in terms of its size, purpose, interest rates, maturity date, and the type of guarantee required from one customer to another, the risk is always present with the granted loan and is considered one of the most prominent risks facing the activity of banks. Within this introduction, we discuss the concept of bank credit risks, its main forms, and some indicators for measuring those risks within the following points:

“Credit risk” is defined as the risk of default of the counterparty, which results in the customer’s inability or unwillingness to fulfill his obligations within the specified term. It is also considered one of the main risks in most bank operations, as most of the assets that make up bank portfolios are exposed to this risk, and it is necessary to include an assessment. The bank gives the customer the ability of the counterparty (the debtor) to fulfill the principal and interest through its ability to generate profits and cash flows, as well as with a broad view of the guarantees and the economic future of the industrial sector in which the counterparty operates. (Central Bank, 2019).

Economic studies dealt with banking risks by analyzing and predicting them, which would help the bank to make objective decisions. Risk is generally defined as an adverse deviation from an expected result that results in injury, damage or loss.

Specifically in the field of banking, banking risks are defined as the possibility of the bank being exposed to unexpected losses or the fluctuation of the return on a specific investment, which affects the achievement of the desired goals of the bank.

Among the main risks that banks face are credit risks, which are intended to:

1. Risks arising from non-payment in full and on time, resulting in financial loss.
2. Credit risk is defined as the potential inability of the borrowing customer to repay the loan and its burdens in accordance with the terms agreed upon when granting credit.

Accordingly, credit risk is a potential loss resulting from the inability of the borrowing customer to pay the value of the original amount borrowed and its interest to the lending bank at the maturity date specified in the terms of the credit contract. These risks include on-balance sheet items such as loans and bonds, and off-balance sheet items such as letters of guarantee and documentary credits.

The second topic

Ways to develop the credit capacity of Iraqi banks

A proposed model for developing the credit capacity of Iraqi private banks. The proposed model for developing the credit capacity of Iraqi private banks includes the establishment of a private company to

grant bank credit in Iraq, as the company consists of

1. Iraqi private banks: The number of private banks constituting the company is 41 private Iraqi banks or more with equal shares, and the combined share of the private banks in the company is 00% of the company (Al-Shamaa, 1975: 462)

2. Shareholders: The company offers shares in the stock market to buy them from individuals who will enter as shareholders in the company and their share will be 10% of the company.

3. The company's work method The company's work is summarized as follows: 4

1. A special information collection unit is established, equipped with the latest computers and the latest communication and information technologies, as well as a specialized staff distinguished by its knowledge of information technology, in order to collect accurate and correct information about borrowers and everything related to their projects. (Al-Shamaa, 1975: 462)

2. A specialized unit is established to analyze information about borrowing customers, analyze their financial position, and classify them according to the type of loans to be borrowed.

3. Bank loans are granted to all groups of Iraqi society at an appropriate interest rate for all groups.

4. A risk analysis unit is established to determine the extent of the borrower's ability to repay the loan and evaluate the various factors that affect the borrower's ability to repay debts, such as credit history, income, work history, and his economic and financial condition. (Arab Investment Bank 2019)

5. A special unit is established to monitor and manage loans granted to borrowers. This unit includes a group of specialists in various fields such as accounting, finance, law and marketing. It assumes full responsibility for managing loans and implementing the necessary controls and procedures to ensure debt repayment and avoid potential risks.

6. A marketing and advertising unit is established to attract more borrowers and market the company's services, and various media outlets such as television, radio, press and electronic advertisements are used. (Banking Sector for Economic Research 2018)

7. Appropriate training is provided to employees to ensure the provision of banking services at the highest level of quality and efficiency. (Arab Investment Bank 2019)

8. Iraqi cadres specialized in finance, finance, internal and external auditing are employed to ensure the provision of high-quality banking services in accordance with international standards and local laws. (Iraqi Banking Services / University of Baghdad / 2016)

9. The company's internal control and monitoring system is developed to ensure that there are no fraudulent or illegal operations, and standards of transparency and good governance are applied in the company's management. (Banking Sector for Economic Research 2018)

10. Advanced risk management and credit identification systems are established, including the evaluation of borrowers and determining their ability to repay bank loans in accordance with international standards.

11. Continuous training and development is provided to the staff working in the company to maintain a high level of efficiency and professionalism in providing banking services.

12. The company enjoys the freedom to make independent and appropriate financial decisions to ensure profits and improve the credit capacity of Iraqi private banks. (Iraqi Banking Services / University of

Baghdad / 2016)

13. The necessary support is provided by government and banking agencies official to ensure the success of the proposed model and improve the credit capacity of Iraqi private banks. (Arab Investment Bank 2019)

In general, this proposed model aims to develop the credit capacity of Iraqi private banks by providing a sophisticated and appropriate banking environment for banking operations and improving the quality of banking services provided to customers, thus increasing confidence.) An integrated banking risk management system is applied to reduce potential risks, by setting controls And the necessary procedures to ensure debt repayment and avoid potential risks.

First: The credit policy of Iraqi banks

The credit capacity of Iraqi banks is one of the basic aspects of its activity, as it allows banks the ability to grant loans and provide financing to customers in a sustainable and effective manner. And with the importance of the role of banks in financing economic sectors and supporting economic growth, developing the credit capacity of Iraqi banks is very important.

Ways to develop the credit capacity of Iraqi banks include a number of measures and improvements at the level of internal policies and procedures, financial balance, and banking technology, including the following:

1. Improving banking policies and regulations: This requires improving banking policies and regulations related to granting loans and risk management, and ensuring an encouraging regulatory and legal environment for banking activity. Such policies and regulations should be reliable and appropriate, based on international best practices, and strengthen monitoring and control of credit and banking risks.
2. Developing internal procedures: This requires improving banks' internal procedures related to granting loans and risk management. These procedures must be reliable and effective and include the organization and documentation of loan granting processes, customer screening, loan potential assessment and risk management in a professional manner.
3. Improving credit evaluation and review processes: This requires developing and improving credit evaluation processes for potential and existing customers, by improving the processes of collecting, analyzing and documenting credit information, using updated and accurate credit evaluation models, and conducting periodic reviews of the credit portfolio to ensure the application of appropriate policies and procedures.
4. Enhancing training and technical capabilities: This requires strengthening the capabilities of banking staff by providing specialized training programs in the areas of credit assessment, risk management and financial analysis. It should also take advantage of modern banking technology to improve credit operations and increase efficiency, such as applications of artificial intelligence and machine learning in credit assessment and risk management.
5. Enhancing Transparency and Disclosure: This requires increasing the level of transparency and disclosure in credit operations, including providing clear and comprehensive information to customers about loan terms, prices, fees, and banking requirements and procedures. This helps build trust and strengthen the relationship between the bank and customers.
6. Strengthening risk management: This requires strengthening and improving risk management in Iraqi

banks, including identifying, evaluating and controlling various types of risks, such as credit, market, operational, liquidity, legal, compliance, and other potential risks. Effective policies and procedures must be in place to manage and control these risks appropriately.

Second / factors affecting credit decision-making.

There is no fixed or standard credit policy. Rather, each bank has its own policy, this policy and the need to be flexible, but there are a group of interrelated and integrated factors that affect the credit decision-making, which are:

1. Customer-specific factors:

The personality, the borrower's capital, his ability to manage his activity and pay his obligations, the guarantees provided, and the general and special circumstances that surround the activity practiced by the client, can be considered important and essential factors in assessing the suitability of the client to obtain the required loan, as well as determining the amount of credit risk that the bank may be exposed to, Therefore, the analysis of customer data and information will increase the ability of the credit department to make a sound credit decision.

2. Factors specific to the loan: These factors can be limited to the following:

A- The purpose of the loan: it may be requested for the purpose of financing working capital “short-term loans”, or for the purpose of achieving balance in the financial structure “long-term loans” ... etc.

b- Loan term: This is the period requested by the customer and during which he wants to obtain the loan, and is it really commensurate with the customer’s capabilities, the type of loan required, and is it compatible with the general policy of lending in the bank.

C- Payment method: that is, will the payment be made in one payment or in the form of periodic installments, and is it commensurate with the capabilities of both the customer and the bank at the same time.

D - The amount of the loan: As the amount of the loan is very important in the credit analysis, because the greater the size of the loan, the greater the study required by the bank.

3. Factors specific to the bank: The most important of these factors can be stated as follows:

A- The degree of liquidity enjoyed by the bank and its ability to utilize it. Liquidity means the ability of the bank to meet its obligations, this ability is mainly related to the extent of the stability of deposits, as fluctuating deposits will limit the ability of the bank to adopt a comprehensive lending policy, and credit management becomes required to achieve two conflicting goals: meeting depositors’ requests on the one hand, and meeting credit requests on the one hand. second.

b- The bank's mission and the type of strategy it adopts in making its credit decisions and operates within it.

C - The capabilities possessed by the bank, especially the qualified and trained staff to carry out the bank credit function, as well as the extent of the development of the applied technology.

d- The necessity of adhering to the legal restrictions and legislation issued by the Central Bank, which specify for us the possibility of expanding or reducing loans, as well as the maximum limit of loans and the fields of activity that are allowed to be financed, and this is in order t To avoid any conflict between the bank's credit policy and the legislation regulating the banking business.

The third topic

Indicators of the credit capacity of Iraqi private banks

Indicators of the credit capacity of Iraqi private banks will be presented and analyzed, as well as indicators of bank profitability and liquidity, which are among the main indicators of banking work to determine the ability of banks to grant bank loans in the Iraqi banking market and determine the ability of banks, and whether granting loans of this size is sufficient or is there a need Great for more loans that help many groups in Iraqi society.

First: cash credit index to total deposits

The cash credit index to total deposits is one of the lending capacity indicators, and it measures the bank's ability to grant commercial loans and invest its money in lending, as shown in Table 1:

Table 1: The evolution of the cash credit index to total deposits of Iraqi private banks for the period (2012-2015)

pointers the years	2012	2013	2014	2015
Iraqi Middle East Investment Bank	0.32	0.32	0.27	0.45
Baghdad Bank	0.14	0.15	0.15	0.25
Iraqi Commercial Bank	0.02	0.04	0.05	0.10
Tigris and Euphrates Bank for Development and Investment	0.90	1.11	1.85	3.09
Munsawwar Investment Bank	0.49	0.18	0.17	0.14
United Bank for Investment	1.57	1.53	2.30	1.41
Mosul Bank for Development and Investment	0.83	0.57	2.31	1.81
Iraqi Union Bank	0.36	1.03	0.94	1.45
Bank of Babylon	0.28	1.15	0.56	1.46
Iraqi Credit Bank	0.02	0.004	0.003	0.0004
Iraqi Investment Bank	0.93	0.86	0.64	0.47
National Bank of Iraq	0.44	0.32	0.48	0.68
Ashur International Bank	0.70	1.16	0.77	0.10
Gulf Commercial Bank	0.82	0.68	0.63	0.75

* Source: Central Bank of Iraq based on annual reports for the period (2012-2015).

Table 2 shows that the Middle East Bank achieved the highest indicator of cash credit to total deposits in 2015, amounting to 0.45, while the Bank of Baghdad achieved the highest indicator in 2015, amounting to 0.25, while the Commercial Bank achieved the highest indicator in 2015 The amount of 0.10, while the Tigris and Euphrates Bank achieved the highest index in the year 2015 amounting to 3.09, while the Mansour Bank achieved the highest index in the year 2012 amounting to 0.49, while the United Bank achieved the highest index in the year 2014 amounting to 2.30, As for the Bank of Mosul, it achieved the highest index in 2014, amounting to 2.31, while the Union Bank achieved the highest index in 2015, amounting to 1.45, while the Bank of Babel achieved the highest index in 2015, which amounted to 1.46.

The highest index in 202 amounting to 0.02, and the Investment Bank achieved the highest index in 2012 amounting to 0.93, while the National Bank achieved the highest index in 2015 amounting to 0.68, while the Ashur Bank achieved the highest index in 2013 amounting to 1.16, while the Gulf Bank achieved the highest index in 2012, amounting to 0.82, and it is noted from the table that a number of banks increased their index in 2015, due to the ability of these banks to continue to invest their money despite the circumstances the country went through

Second: return to total assets index

The return to total assets index is one of the main indicators of the return achieved for the bank resulting from the employment of its assets, the most important of which are loans. The indicator measures the effectiveness of assets in achieving return, as shown in Table 2

Table 2: Evolution of the return to total assets index for Iraqi private banks for the period (2012-2015)

pointers \ the years	2012	2013	2014	2015
Iraqi Middle East Investment Bank	0.02	0.02	0.005	0.008
Baghdad Bank	0.01	0.01	0.01	0.003
Iraqi Commercial Bank	0.04	0.02	0.02	0.01
Tigris and Euphrates Bank for Development and Investment	0.01	0.01	0.003	0.13
Munsawwar Investment Bank	0.02	0.03	0.01	0.01
United Bank for Investment	0.04	0.03	0.39	0.03
Mosul Bank for Development and Investment	0.03	0.06	0.005	(0.0009)
Iraqi Union Bank	0.02	0.08	0.02	(0.001)
Bank of Babylon	0.01	0.01	0.01	0.009
Iraqi Credit Bank	0.04	0.01	0.02	0.01
Iraqi Investment Bank	0.003	0.05	0.05	0.03
National Bank of Iraq	0.04	0.02	0.01	0.003
Ashur International Bank	0.06	0.04	0.02	0.02
Gulf Commercial Bank	0.07	0.06	0.04	0.01

* **Source: Central Bank of Iraq based on annual reports for the period (2012-2015).**

Table 3 shows that the Middle East Bank achieved the highest return-to-total assets index in the years 2012 and 2013, which amounted to 0.02, while the Bank of Baghdad achieved the highest index in the years 2012, 2013 and 2014, which amounted to 0.01, while the Commercial Bank achieved the highest The index in 2012 amounted to 0.04, while the Tigris and Euphrates Bank achieved the highest index in the year 2015 amounting to 0.13, while Al-Mansour Bank achieved the highest index in the year 2013 amounting to ..., and the United Bank achieved the highest index in 2014 amounting to 0.39, while Mosul Bank achieved the highest index in 2013, amounting to 0.06, while Union Bank achieved the highest index in 2014, amounting to 0.08, and Bank of Babel achieved the highest index in 2012, 2013 and 2014, amounting to 0.01, While the Credit Bank achieved the highest index in 2012 amounting to 0.04, while

the Investment Bank achieved the highest index in 2013 and 2014 amounting to 0.05, while the National Bank achieved the highest index in 2012 amounting to 0.04, while the Ashur Bank achieved It achieved the highest index in 2012 of 0.06, while the Gulf Bank achieved the highest index in 2012 of 0.07. It is noted from the table that most of the banks had a decrease in their index in 2015, and also that Mosul Bank and Union Bank suffered a loss in the year 2015 The reason is due to the inability of banks to invest their money in 2015 and the exceptional situation that the country went through in that year.

Third, the index of return to total deposits

The return to total deposits index measures the bank's ability to achieve a return from the deposits that it succeeded in obtaining, and it has employed them in many areas of employment, the most important of which is lending, as shown in Table 3:

Table 3: Evolution of the index of return to total deposits of Iraqi private banks for the period (2012-2015).

pointers — the years	2012	2013	2014	2015
Iraqi Middle East Investment Bank	0.03	0.03	0.01	0.01
Baghdad Bank	0.02	0.02	0.01	0.006
Iraqi Commercial Bank	0.11	0.09	0.07	0.08
Tigris and Euphrates Bank for Development and Investment	0.03	0.03	0.01	0.61
Munsawwar Investment Bank	0.08	0.05	0.02	0.02
United Bank for Investment	0.13	0.08	0.11	0.08
Mosul Bank for Development and Investment	0.06	0.14	0.02	(0.003)
Iraqi Union Bank	0.04	0.17	0.03	(0.002)
Bank of Babylon	0.02	0.02	0.04	0.03
Iraqi Credit Bank	0.06	0.03	0.04	0.07
Iraqi Investment Bank	0.007	0.09	0.11	0.06
National Bank of Iraq	0.09	0.03	0.02	0.08
Ashur International Bank	0.23	0.20	0.08	0.08
Gulf Commercial Bank	0.11	0.11	0.07	0.02

Source: Central Bank of Iraq based on annual reports for the period (2012-2015).

Table 3 shows that the Middle East Bank achieved the highest index of return to total deposits in the years 2012 and 2013, amounting to 0.03, while the Bank of Baghdad achieved the highest index in the years 2012 and 2013, amounting to 0.02, while the Commercial Bank achieved the highest index in in the year 2012 amounting to 0.11, while the Tigris and Euphrates Bank achieved the highest index in the year 2015 amounting to 0.61, while Al-Mansour Bank achieved the highest index in the year 2012 amounting to 0.08, while the United Bank achieved the highest index in the year 2012 amounting to 0 13, while Mosul Bank achieved the highest index in 2013 amounting to 0.14, Union Bank achieved the highest index in 2013 amounting to 017, while Babel Bank achieved the highest index in 2014 amounting to 0.04, while the Credit Bank achieved the highest index in 2015 amounting to 0.07, while the Investment Bank

achieved the highest index in 2014 amounting to 0.11, while the National Bank achieved the highest index in 2012 amounting to 0.09, while the Ashur Bank achieved the highest index in 2012 amounting to 0.23, while the Gulf Bank achieved the highest index in 2012 and 2013, amounting to 0.11. It is also noted from the table that the index decreased in 2015, and the reason is the inability of banks to invest their funds in this year.

Fourth, the cash-to-total deposits index

The cash to total deposits index is one of the main indicators for commercial banks, which measure the bank's liquidity and its ability to pay bank obligations, as shown in Table 6:

Table 4: Evolution of the cash to total deposits index of Iraqi private banks for the period (2011-2012)

pointers the years	2012	2013	2014	2015
Iraqi Middle East Investment Bank	0.75	0.76	0.97	0.98
Baghdad Bank	0.77	0.72	0.66	0.97
Iraqi Commercial Bank	1.22	1.98	1.11	1.60
Tigris and Euphrates Bank for Development and Investment	0.30	0.13	0.23	0.35
Munsawwar Investment Bank	0.67	0.43	0.48	0.31
United Bank for Investment	0.87	0.32	0.19	0.52
Mosul Bank for Development and Investment	0.84	1.18	1.28	1.55
Iraqi Union Bank	0.84	0.82	0.79	0.26
Bank of Babylon	1.13	0.54	0.52	0.76
Iraqi Credit Bank	0.51	0.51	0.64	1.82
Iraqi Investment Bank	0.82	0.81	1.38	1.38
National Bank of Iraq	1.72	1.06	1.21	1.16
Ashur International Bank	1.17	2.62	2.72	2.73
Gulf Commercial Bank	0.61	0.88	0.80	0.56

* **Source: Prepared by the researcher based on the annual reports for the period (2012-2015).**

Table 4 shows that the Middle East Bank achieved the highest index of cash to total deposits in 2015, amounting to 0.98, while the Bank of Baghdad achieved the highest index in 2015, amounting to 0.97, while the Commercial Bank achieved the highest index in 2013, amounting to 1.98. As for the Tigris and Euphrates Bank, it achieved the highest index in 2015, amounting to 0.35, while Al-Mansour Bank achieved the highest index in 2012, amounting to 0.67. As for the United Bank, it achieved the highest index in 2012, amounting to 0.87, while Mosul Bank It achieved the highest index in 2015, amounting to 1.55, while the Bank of the Union achieved the highest index in 2012, which amounted to 0.84. As for Babel Bank, it achieved the highest index in 2012, which amounted to 1.13, while the Credit Bank achieved the highest index in in 2015, amounting to 1.82, while the Investment Bank achieved the highest index in 2014 and 2015, amounting to 1.38,

As for the National Bank, it achieved the highest index in 2012, amounting to 1.72, while the Ashur Bank achieved the highest index in 2015, amounting to 2.73, while the Gulf Bank achieved the highest index

in 2013, amounting to 088. It is noted from the table that the index has increased In the year 2015, the reason is that most banks did not invest a large part of their assets for fear of being exposed to a loss, especially in the exceptional situation that the country was going through.

Conclusions and recommendations

First / conclusions

1. The credit capacity of private banks in Iraq may be limited due to the economic, political and security challenges facing the country. There may be restrictions on the ability of private banks to borrow and finance projects, which affects their ability to meet the needs of companies and individuals.
2. Improving the banking environment and strengthening banking governance can help in enhancing the credit capacity of private banks in Iraq. This includes strengthening banking legislation and regulations, enhancing financial disclosure and transparency, and improving risk management and assessment.
3. Diversifying financing sources and enhancing private financing can enhance the credit capacity of private banks in Iraq. It is possible to expand the customer base, provide various and innovative banking services, and diversify financing sources, including searching for international financing sources, and using financial technology to facilitate lending and risk management.

Second/recommendations

1. Strengthening financial sobriety and risk management: Private banks in Iraq must improve risk management and financial sobriety by adopting best financial and credit management practices, improving policies and procedures related to loans and financing, and strengthening internal audit and financial control procedures.
2. Strengthening banking sector laws and regulations: The Iraqi government must strengthen and improve laws and regulations related to the private banking sector, simplify banking and licensing procedures and improve the business environment to encourage banks to expand their scope of activity and provide more diversified and integrated financial services.
3. Enhancing banking technology: Private banks in Iraq should take advantage of technological progress and adopt innovative banking technology solutions, such as digital banking, digital finance, and electronic payment, to improve their operations, increase their efficiency, and provide easier banking services that reach the widest segment of customers.
4. Enhancing training and development: Private banks in Iraq should invest in developing the skills of their employees and provide training and sustainable development in the fields of finance, credit and risk management, to enhance efficiency.

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