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SAKARYA UNIVERSITY
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**FACTORS AFFECTING COMMERCIAL BANKING
GROWTH IN IRAQ**

PHD THESIS

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ABBREVIATIONS

A.A.A.	: American Association of Accountants
ATM	: Automated Teller Machine
CA	: Crombha Alpha
IQD	: Iraq Dinar
PCI	: Per Capita Income



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ABSTRACT

Mousa I. F. M. (2024). *Factors affecting commercial banking growth in Iraq*. (Unpublished doctoral thesis). Sakarya University.

This study aims to identify the factors affecting the growth of deposits in Iraqi commercial banks.

Data were collected and analyzed from the annual financial statements of commercial banks operating between 2014 and 2020. Additionally, 1,003 questionnaire forms were distributed to the customers of these banks, and the opinions of external auditors were also collected.

The statistical analysis involved studying the correlation and regression between the independent variables and the dependent variable using the Statistical Package for the Social Sciences (SPSS) program.

The study reached the following conclusions: There was a positive significant effect of interest rates on bank deposits. There was a negative significant effect of the inflation rate on bank deposits. There was a significant effect of banking awareness on deposits. The relationship between average per capita income and deposits was insignificant, though it was a direct relationship, with a positive correlation between average per capita income and total deposits. Any increase in per capita income had an effect on the total deposits. There was a statistically significant relationship between the traits of the banks and the size of bank deposits. There was a statistically significant relationship between the reputation and fame of the banks and the size of bank deposits. There was also a relationship between the quality of the external audit report and the size of bank deposits.

Key Words: Banking Deposits Growth, Economic Inflation Rate, Average Per Capita Income, Reputation and Fame of the Bank, Quality of External Audit Report.

ÖZET

Mousa, I., F., M. (2024). *Irak'ta ticari bankacılığın büyümesini etkileyen faktörler*. (Yayımlanmamış doktora tezi). Sakarya Üniversitesi.

Bu çalışma, Irak'taki ticari bankalardaki mevduatların büyümesini etkileyen faktörleri belirlemeyi amaçlamaktadır. Çalışma, 2014-2020 döneminde faaliyet gösteren ticari bankaların yıllık finansal tablolarına ilişkin verilerin toplanması ve analiz edilmesiyle gerçekleştirildi. Ayrıca, bu bankaların müşterilerine 1003 anket formu dağıtıldı ve dış denetçi olarak çalışan denetçilerin görüşleri de toplandı. Sosyal Bilimler İçin İstatistik Paket Programı (SPSS) kullanılarak, bağımsız değişkenler ile bağımlı değişken arasındaki korelasyon ve regresyon ve regresyonun incelenmesini içeren istatistiksel analizlerden derlenmiştir.

Çalışma şu sonuçlara ulaşmıştır; faiz oranının banka mevduatları üzerinde pozitif ve anlamlı bir etkisi vardır, enflasyon oranının banka mevduatları üzerinde negatif ve anlamlı bir etkisi vardır, bankacılık bilinci ile mevduatlar arasında anlamlı bir etki vardır, kişi başına düşen ortalama gelir ile ilişki önemsizdir, ancak bu ilişki doğrudandır. Bağımsız değişken (kişi başına düşen ortalama gelir) ile bağımlı değişken (toplam mevduatlar) arasında pozitif bir ilişki vardır, yani bir birimlik artış, kişi başına düşen ortalama gelir ile ilişkiyi etkiler, bankaların özellikleri ile banka mevduatlarının büyüklüğü arasında istatistiksel olarak anlamlı bir ilişki vardır, bankaların itibarı ve tanınmışlığı ile banka mevduatlarının büyüklüğü arasında istatistiksel olarak anlamlı bir ilişki vardır, dış Denetim Raporunun Kalitesi ile Banka Mevduatlarının Büyüklüğü arasında bir ilişki vardır.

Anahtar Kelimeler: Banka Mevduatlarının Büyümesi, Ekonomik Enflasyon Oranı, Faiz Oranları, Kişi Başına Düşen Ortalama Gelir, Kaliteli ve Bağımsız Dış Denetim Raporu

INTRODUCTION

Banking sector is considered the backbone that supports the economic and social life cycle in different economies today. It is one of the most important indicators of economic and social development. This significance makes it a crucial contributor to the service and development of the national economy. Banks help collect savings and invest them in projects by gathering these savings as deposits and lending them to projects through loans, thus facilitating the development of new ventures. Additionally, banks provide numerous banking and financial services such as transfers, credits, and guarantees, which help streamline economic activity and increase its efficiency (Mishkin, 2015).

Deposits are the primary source of bank funds. Banks must have strong policies to increase deposits because these are their lifeblood. The percentage of deposits in banks determines their ability to conduct commercial activities by collecting savings as bank deposits and using them in various economic fields (Saunders, 2018).

As a result of economic globalization and the emergence of economic phenomena in the 1970s, such as depression and inflation, coupled with the growth of the credit market, bank management had to pay attention to factors that attract new sources of funds. The most important source of funds is deposits, so banks of all types seek to attract and increase them through various methods, enhancing their ability to compete. Bank management must focus on factors that lead to an increase in the volume of deposits. These factors are numerous, with perhaps the most significant being the bank's reputation, public confidence, and the quality of the services it provides. Additionally, economic variables such as inflation, recession, growth rate, the interest rate offered, the quality of the external auditor's report on the financial statements of commercial banks, and the banking awareness of society play crucial roles. These factors determine the extent to which banks contribute to societal growth (Rose & Hudgins, 2012).

Background and Research Problem

The commercial bank is considered a type of financial institution, the main activity of the commercial bank focuses on accepting deposits that constitute the most important source of external funds for financing the activities inside the banks, also operating and investing these funds through granting credit and loans. Therefore, the commercial bank is considered the intermediary between those who have surplus funds and those who need

these funds. Based on this, scholars agree that commercial banks are the most critical financial brokers in the economy.

Despite that deposit is one of the essential characteristics of a commercial bank, this characteristic distinguishes a commercial bank from other financial institutes. Moreover, the deposit is defined as the most important external source of funding for banks because it plays an essential role in continuing banks' business through employing these sources to achieve their goals of maximizing profits; thus, achieving this goal pushes banks to pay more attention to develop their deposit system through using its new facilitations and services, that also makes it to be more attractive for customers in light of intense competition among banks, particularly when it comes to globalization.

Furthermore, there is no doubt that the Iraqi banking sector is not isolated from recent developments in the world; the Iraqi Banking Sector is adapting and keeps new products in banking. Also, the Iraqi banking sector has an essential role in attracting deposit and savings customers by creating a sense of security for customers.

With the background given, this study comes up with a problem that some internal and external factors impact deposits in the banks. Internal factors belong to the bank itself, while external factors are related to the country's economic and political circumstances, particularly the Monetary Authority laws.

Study Goal and Aims

The study goal is to identify the factors impacting banking deposit growth in Iraq from 2014-to 2020. This study aims to verify the factors impacting the growth of bank deposits through:

1. Verify the existence of an impact of the economic inflation rate on the growth of bank deposits.
2. Verify the impact of interest rates on the growth of bank deposits.
3. Verify the impact of the average per capita income on the growth of bank deposits.
4. Verify the impact of reputation , traits and banking service on the growth of bank deposits
5. Verify the impact of the quality and independence of the external auditor's report on the growth of bank deposits.

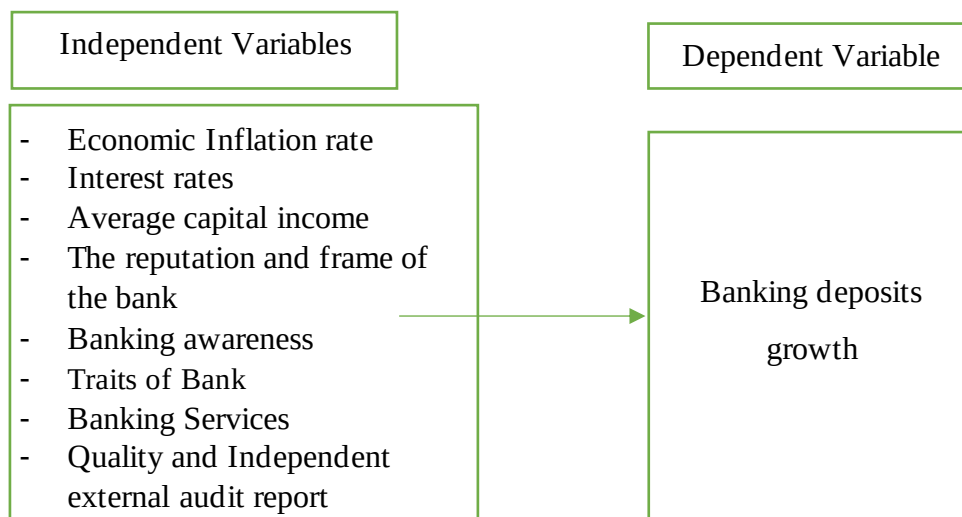
Study Hypotheses

The study will come up with the following hypotheses:

- There is no significant statistical impact of the inflation rate on bank growth.
- There is no significant statistical impact of the interest rate on a bank's growth.
- There is no significant statistical impact of personal income on bank growth.
- There is no significant statistical impact on the bank's awareness of the bank's growth.
- There is no significant statistical impact of the traits of bank on the bank's growth.
- There is no significant statistical impact of the bank's reputation on the bank's growth.
- There is no significant statistical impact of the bank's service on the bank's growth.
- There is no Relationship Between the Quality of the External Audit Report And the Size of Bank Deposits.

Figure 1

Conceptual Framework (Research Model)



Study Population

The study sample will focus on licensed commercial banks in Iraq overall. And for the period 2014 -2020 and the customers for the banks with the External Auditors.

Study Importance

Analyzing factors in question impacting the growth of bank deposits represents the practical way to obtain information related to the reality of Iraqi commercial banks, which helps the banks make the best decision regarding the savings to serve both individuals and banks.

The importance of the study lies at the economic and social levels. To the best of knowledge, this study has not been addressed before by researchers in Iraq. Some researchers in Arab countries have addressed similar topics. However, these studies did not cover all the factors addressed in this study; these studies addressed part of the factors. Moreover, this study is critical because it will enable and value Iraqi commercial banks to benefit from the output of this study.

Contribution of the Study

The contribution of this study is to select factors impacting the growth of commercial bank deposits in Iraq for the period 2014-2020 by verifying the impact of each of the inflation rate, interest rates, the bank's reputation, and fame, banking awareness, average per capita income, and the quality and independence of the auditor's report on the growth of Bank deposits and their importance. The study focuses on covering the period 2014-2020. Also, the contribution of this study is that previous studies focused on factors impacting the financial market in general.

Proposed Methodology

The descriptive approach is followed to describe the study variables in terms of arithmetic means and standard deviations and use the analytical method to test the study's hypotheses using (SPSS) programs.

Resources

To achieve the objectives of the study and test its hypotheses, data is collected in the following ways:

- Data related to the study variables and the financial and economic reports is collected by the Central Bank of Iraq.
- Questionnaire is conducted with the target population of study bank clients (both individuals).

- Interview with the bank's managers.
- Books and publications related to the subject of the study in question are used to determine the study's theoretical framework.

Table 1

Literature Review

#	Study subject	Method Used	Most Important Results and Recommendation
1	The study of Al-Dioh Ji (2003): Quality and customer satisfaction and their impact on defining marketing strategies for banking service	It used the method of analyzing data from a sample of commercial banks	-One of the essential conclusions was all of the technological progress, communications revolution, and banking services derivatives have made the quality of service in constant change. - Customers are always interested in what is new and suitable for their current needs, particularly in the banking service. - The study recommended the Jordanian bank's consolidation to provide the necessary capabilities for developing the Jordanian market.
2	Mubarak's Study (1997): Development and industry of banking services	The researcher in the study of descriptive and analytical approach to answer the questions the study, its hypotheses.	- The most important finding is the strength of the relationship between all internal and external variables and the development and industry of banking services. - Banks will increase their ability to face future risks by using modern technology and recent developments in this field.
3	Yavas et al (1997) : Quality of service in the banking sector of the growing economy	This study relied on a general survey of bank customers	This study finds out that the final success of any program related to the quality of banking services implemented by any bank that is linked and contingent on maintaining customers who were able to gain their satisfaction and the importance of the role of personal communication with the customer achieve these goals. And banks do not ignore the unique needs of internal customers, communication between customers and bank employees, or pay attention to issues related to the internal marketing of banking services. Besides, banks must have one foot in the kingdom of the customer and the other foot in the reality of communication between customers and employees.
4	Bank Austria Study (2001): The impact of the quality of banking services on the customer	The study was theoretical, so the researcher used commercial bank data to achieve the research hypothesis	One of the most important findings of this study is that customers believe that a bank is an ideal exchange to meet their needs in this region because the bank relies on an investment strategy that leads to the growth and prosperity of customer accounts. Also, the bank can build and achieve the vision that customers aspire to increase the development of their investments.

Table Continued

5	Akil's Study (2005): Interest rate risk management strategy in Jordanian commercial banks using derivatives in managing assets and liabilities	The simple and multiple linear regression method was used to analyze the data and test the hypotheses	The most important results of the study were that there is a strong relationship among first, the structure of assets and liabilities that are sensitive to interest and interest rate risks. Second, the interest rate risk size depends on the amount and type of gap between interest-sensitive assets and liabilities. Third, the amount and direction of the interest rate change.
6	Al-Rubaie's Study (2007): Measuring the impact of the interest rate on deposits and credit in Iraqi banks	The method used by researcher was the simple linear regression equation	The study results were determined based on the simple linear regression equation to express the relationship between the interest rate and bank deposits on the one hand and the relationship between bank deposits and direct cash credit on the other hand.
7	Study Fauziah Hanim Tafri & al (2009): The Impact of Financial Risks on Profitability of Malaysian Commercial Banks	This study employs panel data regression analysis of Generalized Least Squares of fixed effects and random effects models.	This study concluded a weak relationship between interest rate risks and the return on equity, and this relationship was statistically significant in return on assets
8	Al Noweran Study (2019): Measuring the effect of changes in interest rates on deposits and loans in the Jordanian commercial banks price (Case study Bank of Cairo - Amman)	The researcher in the study of descriptive and analytical approach to answer the questions the study, its hypotheses.	It was concluded from the study that there is a statistically significant relationship between a change in the interest rate and the volume of deposits of all kinds, as well as a positive and statistically significant relationship between changes in the volume of deposits and the increase in the volume of loans.
9	Tony Study (2020): The Effect of Bank Capacity and Loan to Deposit Ratio on Profitability and Credit Risk	This research used quantitative research approach. According to Sugiyono (2016) Quantitative research can be defined as research method that used to examine particular population or sample	The researcher concluded from the study that the ability of banks to make a positive and significant impact on the profitability of banking companies. The study concluded that credit risk could not reduce the effect of the bank's ability on the profitability of banking companies.
10	Al Lami Study (2016): The effect of deposits on net income A study on the Iraqi Middle East Bank for investment	The research adopted the standard quantitative approach to prove the research hypotheses	One of the most important conclusions of the study is that fixed deposits and savings deposits are of great importance to achieve a high degree of contribution to the bank's net income. In contrast, current deposits have no contribution to achieving net income.

Table Continued

11	Henan Study (2013): The impact of the quality of accounting information system outputs on customers satisfaction in Jordanian commercial banks	To achieve the objective of the study, the descriptive approach was followed in presenting the data, and the analytical approach in analyzing the results of the study.	The researcher concludes that the results of this study may contribute in the future to achieve some critical matters, such as raising the level of the accounting information system for banks in a way that makes it more efficient to attain speed and accuracy by identifying the uses that have the most impact on customer satisfaction and developing them in an appropriate manner.
12	Studying for Alemat (2003): Factors affecting the ratio of demand for currency traded to Current deposits in Jordan	The study used the descriptive analytical method	The study concluded a direct relationship between individual income and current deposits, a direct relationship between interest rates and current deposits, and no relationship between inflation and current deposits.
13	Al Obidi Study (2004): THE INFLATION IMPACT ON THE DEPOSITS	The researcher used an analytical approach in order to obtain information in order to achieve the research hypothesis	The study concluded that if there are cash assets in the bank when the price level rises, this cash represents losses for monetary elements, so the bank should reduce such assets as much as possible under inflation conditions. While if there are cash liabilities in the bank when the price level rises, this cash represents profits for monetary elements, so the bank should, as much as possible, increase these liabilities under conditions of inflation. The most important results of the study: first: there is a strong positive relationship with statistical significance between the volume of bank deposits and the physical and personal characteristics of the Palestinian national commercial banks and the location. Second: there is a strong positive relationship with statistical significance between the volume of bank deposits and the main policies, such as policies related to loans, investments, and other activities and the strength of the bank's financial position, and good liquidity sound financial reputation. Third: there is a statistically significant relationship between the volume of bank deposits and the level of economic activity. Fourth: there is a statistically significant relationship between the volume of bank deposits and the payment of higher interest rates on deposits
14	Study (Abu Samra), (2007) Developing bank deposits policy according to the liability management theory	The researcher used the quantitative analysis method in analyzing the data, where they collected data through a questionnaire form on bank employees by taking a random sample.	
15	Study (Abu Touq), (2006): Factors affecting the growth of bank deposits in Jordan	Descriptive method was followed The study was conducted on a sample of 18 banks and a sample of clients of these banks.	The study concluded a statistically significant effect between interest rates and the volume of bank deposits. Also, there is a significant effect between the bank's reputation and the volume of bank deposits. There is a statistically significant effect between the location of the bank and the volume of bank deposits. Finally, there is a statistically significant effect

Table Continued

16	Carlos D. Ramirez Study (2011): The effect of banking crises on deposit growth	The study used a newly constructed database of US bank failures and used a dynamic regression model	The study results indicated that banking failure reduced the percentage of government deposits by about 0.04% in the short term and nearly 1% in the long term in eight states that adopted deposit insurance systems in 1910. There is evidence indicating that banking crises affected the growth of deposits. It also concluded that deposit insurance had reduced the effects of instability on bank deposit growth.
17	Gemedu, Wubitu study (2012): Factors Determining Commercial Bank Deposit	used the descriptive analytical method	The study resulted in a positive relationship between the increase in bank branches and the volume of bank deposits, a positive relationship between the interest rate and the volume of bank deposits, and a negative relationship between the inflation rate and the volume of bank deposits

This study differs from previous studies in the following ways:

1. It is considered the first study to address this subject in Iraq, differing from other studies in terms of the location of application, given Iraq's unique economic and political conditions.
2. It is also the first study to examine the impact of these variables on bank deposits, specifically highlighting the effect of external auditing as one of the independent variables. In addition, this study considers the variable of banking awareness, as well as the bank's reputation, and their impact on bank deposits.

Most previous studies show a positive relationship between banking awareness, bank size, interest rates, per capita income, bank liquidity, investment policies, gross domestic product, and bank deposits. They also demonstrate an inverse relationship between inflation rates, political crises, and the volume of bank deposits. However, some other studies have found no relationship between interest rates and the volume of bank deposits.

CHAPTER 1. WHAT IS THE BANK SERVICE AND DEPOSITS OF BANK

1.1. Bank Services

1.1.1. The Concept of Banking Service and its Importance

A service is defined as the sum of the common benefits that exist in the minds of potential buyers who are hoping to purchase the service. It also refers to operations that do not impose any obligation on the bank, but rather are services provided by the bank to its customers. The bank receives a commission or collects deposits from savers and reinvests them with an interest rate higher than the one it pays to depositors (Ebenezer, 2017, p. 25). The essence of banking services lies in the service content that banks provide to their customers, representing the set of benefits that customers seek to obtain. These benefits include withdrawal, deposit, fund transfers, and payment for purchases (Ezz El-Din, 2008, p. 16).

Therefore, the banking service is any activity or benefit the bank can provide to another party. It must necessarily be intangible and not lead to ownership of anything, such as depositing money (Kotler & Armstrong, 2004, p. 16).

The concept of the service has two main dimensions: (Najim, 2017, p. 3)

- The utilitarian dimension: is the set of benefits that the customer seeks to achieve from banking services.
- The characteristic dimension: It is represented by the set of characteristics that characterize banking services.

Thus, the importance of the banking service was represented in converting individuals' savings into investments in machinery, equipment, buildings, infrastructure, goods, and services, which helped the national economy grow. Thus, improving the population's standard of living is the supreme goal of any economic policy. Therefore, banking systems are considered one of the most important innovations of modern societies due to their role in mediating between the surplus and financial deficit segment in the national economy, facilitating payment operations, and storing the purchasing value of money in the form of different assets. Thus, commercial banks, through their multiple services to

the national economy, have achieved many benefits and advantages in other areas, the most important of which are:

- Providing payment services to the national economy to facilitate the exchange of goods and services.
- Giving credit to maintain the level of national spending.
- Protection from risks for institutions and individuals through future protection tools such as options and long-term operations.
- Work on the success of government policies aimed at promoting economic growth, reducing unemployment, and combating inflation.

1.1.2. Advantages of Banking Service Analysis

The banking service analysis helps administrations to identify essential aspects related to the provision of that service and the means of its development, as these elements differ according to the type and nature of the banking service, and the analysis of the banking service would achieve many advantages for the management, including: (Salih,2007, p. 16-17)

- Determining the bank's competitive strength by knowing the strengths and weaknesses compared to the competitors.
- The process of analyzing the elements of the banking service helps in identifying the main motives that lie behind the customer's purchase of the service, and this helps in dividing customers based on their needs and desires.
- The process of analyzing the service elements and determining the characteristics that the customer seeks helps reveal the deficiencies in the performance of the service. It refers in particular to the areas of development.

1.1.3. Advantages of the Banking Service

The benefits of the banking service are represented by the following (Hanafi & Abu Qahaf, 2003, p. 332).

- The complexity and diversity of the fields of banking service and their connection with all economic and social activities.

- The demand for banking services is a function of the degree of economic progress of the state since banking services are a productive activity linked to the bars of economic development.
- The demand for many banking services is characterized by repetition. These services are an industry where all requirements and elements of any productive activity are met.

1.1.4. Concept and Importance of Developing Banking Services

The goal of survival and continuity targeted by any bank imposes the interest in developing its services or inventing new ones. It can raise these service products to the level of consumer needs and desires that achieve a high degree of development.

1.1.4.1. Concept of Developing Banking Services

It isn't easy to define a specific concept for the development of banking services, and researchers differ in setting a unified definition. Some defined it:

Therefore, adding new features to the existing banking services in line with the customers' needs increases the demand for these services and strengthens the bank's competitive position in the banking market (Akoun 2006, p. 25).

And: It means adding new features to those services so that these advantages lead to an increase in the demand for these services (Al-Sumaida'i & Youssef, 2005, p. 251).

It is also defined as The process of providing new banking services, whether that is by making improvements or modifications to the characteristics and benefits of the current service, adding new features and benefits to it, or adding an entirely new banking service (Saidani, 2012 ,p. 135).

The development of banking services can be defined as adding services through which they can be distinguished from competitors to attract new customers and keep them in a highly competitive environment.

1.1.4.2. The Importance of Developing Banking Services

Developing banking services is important because the bank operates in a changing environment, and customers' desires constantly change. The bank has to follow these developments to maintain its market share and continue in light of competition. This importance is represented in the following: (Ahmed, 2010, p. 73)

- Helping to adapt to developments and changes that occur in the needs and desires of customers contributes to maintaining them and attracting many of them.
- Contribute to increasing the volume of dealing and sales in the current market through:
- Owning a network of branches and a balance of regular customers who visit these branches.
- Seeking to develop banking services to convince competing bank customers to transfer their accounts to other banks.
- Developing banking products and offering them for sale to competing bank customers, independently of the account's core.
- Reducing the cost of providing similar banking services that other competing banks offer.

1.1.5. Objectives of Developing Banking Services

The development of the banking service emerges through the objectives that the bank seeks to achieve, and those objectives can be summarized as follows:(Mahmod,2018, p. 11)

- Meeting the needs and desires of the target customers by providing them with the necessary service, as all marketing capabilities should be linked to the general objective of the bank.
- Providing services consistent with the bank's capabilities, strengthening its strengths and enhancing its material and human capacity.
- Adherence to social responsibility must be taken care of when developing and working to avoid services that adversely affect society.
- Achieving growth in sales in the bank.

Attracting individuals dealing with banks to the banking market is based mainly on several factors related to flexibility in selling, and the awareness individuals have towards banking services and the environment and its variables, which have become a mainstay in the volatility of banking operations.

Increasing service sales in the existing market can be achieved by increasing the volume of the sales sector in the bank; for example, the central bank is followed by a group of branches.

1.1.6. Requirements for Developing of Banking Services in Commercial Banks

As a result of the rapid developments in the banking business environment, which is characterized by intense competition and unprecedented challenges in obtaining the new marketing spot and the spread of electronic payment techniques and gaining more customers and dealers through the development and improvement of services and improving their marketing characteristics and training employees to provide them, banks have faced various difficulties in meeting these challenges are what prompted banks to search for options and alternatives to respond to the mentioned developments and to be creative in providing banking services with the required quality. Therefore, it was necessary to adopt financial technologies in providing banking services and products (Al Ali, 2002, p. 64).

1.1.7. Justifications for Developing Banking Services

- Competition of financial institutions that started to provide financial services that compete with the services offered by the bank, as these companies compete with banks directly, providing an integrated set of services that are similar to what banks offer, including deposits and the current account.
- The bank's desire to stay and maintain the affiliation and loyalty of the existing customers dealing with the bank drives it to innovate and develop the banking services it provides to them at a level that overcomes its competitors.
- Decrease in revenues achieved by banks specialized in some banking operations.
- Existence of new markets that bring additional profits to the bank.
- The diversity of customers' financial and affiliation needs and desires prompt the bank to research to develop banking services.
- Diversification of banking services is the distribution of risks associated with providing banking services (Union Of Arab Banks).

1.1.8. Quality of The Bank Services

The quality of service is a measure of the degree to which the level of service meets the expectations of customers, and the quality that the customer perceives of the service is the difference between the customer's expectations for the dimensions of service quality and the actual performance that reflects the availability of these dimensions (Hindi ,1999, p. 34).

1.1.9. Characteristics of the Quality of Banking Services

The main characteristics of the quality of banking services are divided into the following two types: (Isak, 2016, p. 20)

- Technical quality: This quality requires reliance on bank employees with different experiences and knowledge of banking services and procedures. This type is suitable for complex banking services such as retirement and pension plans, where technical knowledge is a clear main requirement.
- Functional quality: This type focuses on how the service is provided, and it requires psychological interaction between the bank and its customers; the bank management must seek to enhance the quality of its banking services by setting a strategic goal for the quality of banking service, following up on the needs and expectations of customers, measuring quality and customer satisfaction, and then Reorganizing the bank around the customer, defining the new roles for bank managers and supervisors, achieving the benefits of banking productivity, measuring and reducing banking service costs, and building a solid base to gain customer loyalty. So, the quality of the banking service has two fundamental characteristics in terms of technical quality, which means the experiences and skills of the bank's employees and service providers. On the other hand, these are functional quality, which is how the service is provided, which requires the existence of correlation and interaction between the bank and its customers.

1.2. Deposits of Bank

A commercial bank to be the successful in the stages of production of financial goods, it starts from the ability to attract savings and deposits from the external public, as it is the first stage in the production of economic goods since deposits represent the most significant part of the resources in which the bank exercises its activities, and the capital

and reserves are support for these resources, as the size depends on The bank's overall ability to attract the most significant possible number of depositors, as well as maximizing the total deposits, and of course, when banks accept deposits, they perform an essential service for the economy in general, because this facilitates the payment processes resulting from trade exchange and encourages saving and the use of funds in all economic fields. Banks develop their deposits by developing banking and administrative awareness, expanding the opening of more banking units, and simplifying dealing procedures.

To manage deposits in the best way, the bank must consider two main points: (Kenan, et al ,2016, p. 26)

- Which method will use to attract deposits at the lowest cost?
- How do we maintain a sufficient number of warranties to cover the needs of lenders and other financial services to sustain their lending activities?

One of the most significant sources of bank financing is deposits (Ebenezer,. et al , 2017, p. 29).

- Deposit are vital arteries that supplies the bank with various investment funds and is the primary source for developing financial resources. There are many strategies for growing banks' financial resources. Still, commercial banks have their logical and economic justifications for accepting deposits over others in developing these resources, most notably: Deposits are much lower than the cost of capital and retained earnings. The cost of borrowing exceeds the cost of deposits because lenders usually take more significant risks. Investors would have obtained it if they had invested in alternative forms of investment involving the same degree of risk. (Al fetlawi et.al., 2010, p. 138).
- Deposits are those amounts that are declared in any currency, deposited with the bank, and payable on demand, after notice, or on particular maturity date. (Khalil, 2006, p. 481)

1.2.1. Importance of Bank Deposits

It is one of the most important primary resources of the bank, as it is used for several purposes, such as investment and the lending process. It is also valuable for facilitating banking operations and in several points, including (Roy & D, 2003, p. 53).

- Directive funds and savings to investment channels that enhance production and increase capital, thus reviving the country's economy
- Deposits benefit banks much more than reserves and capital because they cannot be invested in profitable projects
- Deposits help reduce consumption, which leads to monetary stability at the state level due to reducing the rate of inflation, which in turn leads to economic development.
- The deposit process itself is a service provided to individuals
- Deposits are helpful in the equitable and thoughtful distribution of financial resources to the projects in which they are invested and the diversity of projects financed by banks. This leads to the allocation and reduction of risks.
- Facilitates the payment process between people through rapid transfer, especially outside the borders of the state; You can pay, and you are in your country to any other country in exchange for a specific service or product that you purchased
- Deposits provide an excellent return for depositors, which will achieve financial stability for them

1.2.2. Types of Deposits

With the economic development, deposit structures have recently undergone other rapid changes to keep pace with economic developments, as banks were forced to free themselves from restrictions in many countries of the world, and the increasing demand in the markets for deposits with interest led to drastic changes in the structure of deposits, and these changes led to an increase in their sensitivity to prices Interest, its volatility, and its high cost, and the depositor can obtain several types of deposits, which differ from the country to another country as below: (Kenan et al., 2016, p. 29)

1.2.2.1. Deposits According to Their Maturity

a. Current deposits: Current deposits are among the oldest services provided by banks. They can be withdrawn from the bank without prior notice; it is one of the most used types of accounts, as it is done by carrying out current transactions because it uses a means of payment in making payments. Checks were used to transfer the ownership of these deposits from one owner to another. And no explicit interest is paid on these deposits.

Still, the depositor used to bear part of the cost of the deposit services, such as demanding the purchase of a checkbook or paying a fee for the drawn checks if their number exceeded a specific number. Still, in many developed countries, an account is opened electronically. Electronic payments or transfers from one account to another are carried out without cost if the account is on the same bank or simple amounts such as the transfer commission.

b. Savings deposits: This type of deposit is usually deposited for long periods to aggregate it in the form of savings, which is similar to term deposits to some extent. It is impossible to withdraw from it except after notifying the bank of a specific period. Also, banks can require a particular ceiling or a certain percentage of the amount allowed to withdraw. The bank may impose a maximum limit on the total sums that the depositor may deposit in his account in the form of saving deposits from this deposit. The bank also pays interest on this type of deposit. Books in which deposit and withdrawal payments are recorded (Alamar, 2004, p. 201).

c. Term deposits: In this type of deposit, the commercial bank is not obligated to pay these deposits to depositors except at a specific date or after notifying the bank of a date to be agreed upon in advance. Usually, individuals keep this type of deposit in commercial banks to save money or accumulate them to direct them towards investment in the future. The bank pays interest on these deposits due to the availability of a greater possibility for it to invest in them (Habash, 2006, p. 30).

d. Deposit certificates: The certificate of deposit is defined as a negotiable investment document because it is for the holder or includes the permission condition issued by the bank and certifies that a sum of money has been deposited with it for a specific term, which it undertakes to return it on the due date of this term with interest accrued on it (Habash, 2006, p. 31).

1.2.2.2. Deposits, According to Their Size or According To Depositors

a. Retail deposits: It is the deposits received from depositors in the family sector and small and medium-sized enterprises that are close to the size of small enterprises and take the form of current deposits, savings deposits, and various types of certificates of deposit.

b. Wholesale deposit: Wholesale deposits are classified into the following main categories: (shaimaa, 2006, p. 465-466)

- **Commercial and industrial deposits:** These deposits, as a sum, constitute the highest percentage of deposits of contemporary banks and include deposits of public sector establishments. The second important source of wholesale deposits is commercial and industrial establishments purchasing circulating certificates of deposit.
- **Deposits of government agencies:** These deposits are divided into two groups: the central government on the one hand and local and municipal governments on the other.

1.2.3. Banking Deposits Classification

Banks reclassify their deposits according to precise criteria and in a manner that achieves the bank's benefits. This classification can bring the following benefits to the bank:

- Determining the obligations incurred by the bank on the one hand and those owned by depositors on the other hand.
- Identifying the average cost of funds derived from deposits is an essential starting point for reinvesting these funds with a return that covers at least this cost.
- Determining the appropriate level of liquidity significantly since the need to maintain liquidity may vary according to different types
- Setting expectations for the movement of withdrawals from deposits, and thus the possibility of investing funds in proportion to that.

1.2.3.1. Deposit Classification Standards

Banks reclassify their deposits according to precise criteria and in a manner that achieves benefits for the bank itself and helps it make a rational decision.

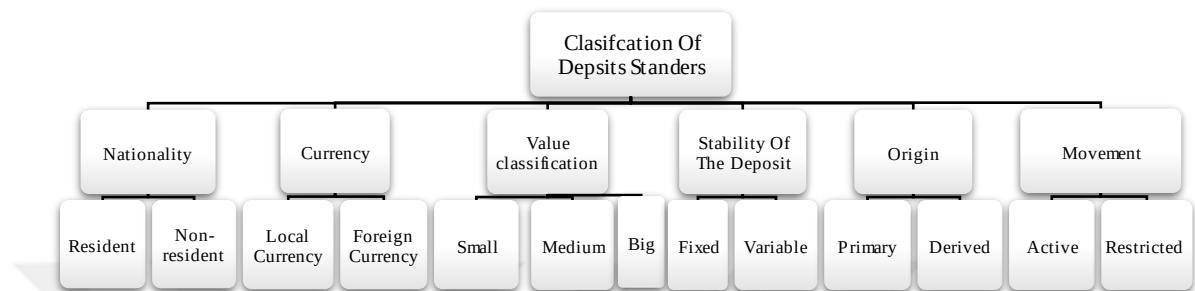
The classification of deposits has many benefits for the bank as follows: (Alhinedi, 2005, p. 75-78)

- Determining the obligations owed by the bank and the depositors themselves.
- Determining the cost of deposits received from depositors makes the bank decide to reinvest these funds to at least cover these costs of reinvesting them.

- It facilitates the process of anticipating withdrawals on deposits when classifying these deposits, as expectations about the necessary liquidity in the bank are closer to reality.

Figure 2

Classification of Deposits Standards



Source: Module (1-1) by researcher

The classification is as follows:

a. Nationality: Banks classify their deposits according to nationality into resident deposits and non-resident deposits. Some classify them here as foreign deposits representing Corresponding Banks, non-resident deposits with the bank, and local deposits representing public and private sector deposits.

The importance of this classification is as follows:

- The conditions for opening the account and the type of currency deposited vary according to nationality (resident - non-resident).
- Conditions for transferring funds outside the country vary according to nationality (resident - non-resident).
- It determines the relevant aspects of employment for each type of these deposits.

b. Currency type classification: Banks classify their deposits according to the type of currency into deposits in local currency and deposits in foreign currency. Whereas its importance lies in the fact that:

- Deposits in local currency are subject to the legal interest rate. In contrast, interests in deposits in foreign currencies are subject to the demand and supply conditions prevailing in the global money markets.
- Determine the appropriate aspects of employment for each type of these deposits.

- Determining who bears the risks of exchange rate changes, as the depositor bears these risks about the deposits in foreign currency, and the bank bears the risks of exchange rate changes for the amounts of foreign exchange he has employed.

c. Deposit classes: Banks classify their deposits according to the categories of deposits into small value deposits, medium value deposits, large value deposits,

- This classification is of particular importance as it can:
- Determining the necessary liquidity to meet the withdrawal possibilities that vary according to the different categories of deposits, thus the chance of avoiding the problem of forced liquidation of the stock portfolio.
- Employing deposits in line with the behavior of the owners of these deposits.
- One of the bank's policies to increase small deposits is usually characterized by relative stability and excellent growth prospects.
- Building an interest rate structure by increasing the interest rate by increasing the value of the deposit.

d. Classification by degree of stability: Banks classify their deposits according to the stability criterion into fixed and variable deposits.

It is essential to formulate the policy of investing the accumulated funds at the bank, where fixed deposits can be employed in long-term investments while variable deposits can be Employed in short-term investments and variable deposits require maintaining a higher liquidity ratio.

e. Origin: Banks classify their deposits according to the criterion of origin into Primary Deposits arising from depositing cash or checks drawn from other banks with the same bank and Derived Deposits, which represent fictitious deposits created by banks by granting loans (the so-called money creation process). The bank does not usually lend its money but instead gives the borrower the right to draw checks on it, and therefore the borrower here will have a deposit with the bank for the amount of the agreed-upon loan. This means that the bank's deposits will increase simultaneously with the customers' loans. When the borrower pays his obligations by drawing on this loan, this matter will increase the deposits of the bank's creditors, and thus the real deposits will not decrease anything.

The importance of this division is that it is helpful for the bank in formulating its policies related to market share, and here we can consider the primary deposits more critical than the derivative deposits.

f. Classify by movement: Banks classify their deposits according to the movement criterion into Active Deposits, which are deposits on which many withdrawals and deposits are made. Therefore the balance of these deposits is unstable and restricted. Deposits, which represent deposits on which few withdrawals and deposits are made, are often of a savings nature, and therefore the balance is relatively stable.

The importance of this classification lies in the fact that banks can take advantage of this division in terms of formulating their investment policies, as fixed deposits can be invested with long-term investments, and unstable deposits can be invested with short-term investments.

1.2.4. Basic Strategies for Attracting Deposits

As mentioned previously, deposits are considered one of the most important sources of financing for commercial banks, so banks are keen to develop them by developing banking and savings awareness by expanding the opening of more banking units, simplifying dealing procedures in terms of withdrawal and deposit, and raising the efficiency of savings vessels.

The process of attracting deposits is, in fact, nothing but obtaining money from the surplus units of the lenders and spending it on the deficit units of the borrowers (Al-Omar, 2007, p. 8).

Attracting deposits is “striving to attract the largest number of deposits by using a large number of tools and elements that attract savers, including the interest rate, the return on deposits” (Mustafa, 2008, p. 6).

1.2.4.1. Price Competition Strategy

According to this strategy, higher interest rates should be paid to depositors. despite the importance of this strategy in most areas of economic activity, some banking legislation does not allow the payment of interest on current deposits, which reduces the role of this strategy in attracting deposits, which cannot be the price strategy is considered an essential strategy to attract deposits, due to the presence of legal determinants The most important reasons for not accepting pay interest on current deposits are as follows:

a. Decreasing high monetary costs: Managing the current account needs some expenses, including collection fees and other costs as incentive services to attract customers. High risks that may eventually threaten the future of the bank, and therefore non-payment of interest on current deposits reduces the cost of funds (Hundi, 1999, p. 111).

b. Decreasing bank competition :If interest is allowed to be paid on current deposits, it will lead to banks competing to raise interest rates to attract more customers. This also increases the cost of managing those deposits, pushing banks to invest part of their funds in more risky areas to achieve a sufficient return to finance those costs (Al-Ali, 2002, p. 143).

c. Decreasing high interests on loans: Preventing interest payments on current deposits leads to a reduction in the cost of funds, which encourages a reduction in the price of borrowing by customers. And it reflects on the rates of economic development, and if the banks are allowed to pay interest on deposits, it will lead to an increase in the interest on loans. The ban leads to a reduction in the cost of funds, which encourages a reduction in the interest rates on the loans you provide to customers, reflecting its practical impact on the rates of economic development. Also, allowing the payment of interest on current deposits may lead to an increase in the interests on the loans granted, which will result in a decrease in demand for them, and then the process of economic and social development will be affected, while the non-payment of interest on those deposits results in a reduction in the interest rates on their loans granted to customers, which It has side effects in the process of economic and social development in the country concerned (Al-Ali, 2002, p. 146-147).

d. Decreasing money immigration from small towns to big towns: Banks that operate in large cities and with diversified activities have more significant opportunities for lending and investment compared to those that work in small towns. Accordingly, if commercial banks were allowed to pay high interest on demand deposits, this would lead to banks operating in large cities being more able and willing to pay high interest on those deposits than other banks operating in small and remote towns. It is difficult for investors in those cities to obtain loans to finance their investments.

1.2.4.2. Non-Price - Price Strategy Competition

It is a strategy that is not based on paying interest on deposits but instead seeks to provide different services at competitive prices; that is, it is based on providing a range of banking services that help or contribute to attracting the customer and motivating him to deposit his money with banks.

This strategy is to provide a set of services that can be identified as follows :

a. Collecting deposits payable: The collection process is one of the most important objectives of the banking system, as the instruments are collected, and the completion of the process of settling accounts without the need for money circulation, and the collection process can be done through internal transfers and bills of exchange .The competition strategy according to this service is 1. the speed in collecting customers' dues, 2. the percentage of expenses incurred by customers. (Al-Huseni & Al Duri, 2003, p. 119). The difference between banks is in the speed of collecting the cheque and in the amount of money that customers allow for collection costs and other means of payment, the bank that is characterized by speed compared to others in the collection process and reduces the costs incurred by the customer are more than able to attract deposits

b. Repay instead of customers :It is represented in paying the value of the checks issued by the depositor for the benefit of others and paying some of his dues when the creditors present them without the need to write a review, such as telephone bills, rent installments, and some purchase bills. The bank's assumption of this responsibility reassures the customer that he will pay his dues on time, which saves him a lot of time and effort, which he must spend if he resorts to another way of payment, in addition to avoiding the delay fines that the customer may face if he does not Pay attention to the payment of obligations on time (Abo Samra, 2007, p. 137). The bank can also pay the liabilities on behalf of the customer according to a system called "direct deposit"; for example, the company can conclude an agreement with the bank by issuing a single check to pay the salaries of the employees who have a current account in that bank, provided that a list of the names of these employees is attached to it, and what the bank must only withdraw the value of the salary from the company's account and add it to the customer's account.

Among the other services in the payment of liabilities are the bank's facilities if the current account balance is insufficient to pay the checks deductions from its account

c. Competitive repayment strategies: Competition in this regard includes three areas: (hundi, 1999, p. 148)

- The extent of the commercial bank's willingness to accept the idea of paying the liabilities owed by the customer according to invoices.
- The extent of the willingness to allow the customer to write checks without balance.
- The percentage of expenses incurred by the customer for these services.

d. Creating new kinds of deposits :Banks are constantly seeking to create new deposits that the current depositors are satisfied with and attract new depositors, according to the banking legislation prevailing in the country. The new deposits must be distinguished from the available deposits to achieve the bank's goal: to preserve the existing depositors and attract new depositors (Hussein et al., p. 137).

e. Providing services that are advantageous to depositors: It is represented in giving depositors priority in borrowing, reducing interest rates, increasing the term and amount of the loan, and adopting a flexible policy in the collection of money for the collection of loan installments.

f. Expanding the provision of non-banking services: It is intended to provide advice on investments, manage funds belonging to the depositor, seek to manage his investment portfolio and activities, and manage his business. A percentage of the profits is paid according to the agreement between them.

g. Service delivery speed: Banks sought to take advantage of the technological revolution by using high-tech methods, which led to speed and economy in terms of effort and cost. Electronic computers and various transfer systems have been used, such as the electronic clearinghouse, the exchange machine, and the automated teller machine (Alweza, 2018, p. 9-10).

This chapter illustrates that banking services play a crucial role in commercial banks. They are considered the backbone of these institutions and a key pillar in developing a comprehensive bank strategy. To remain competitive in the market, banks must focus on delivering high-quality banking services to both retain their current customers and maintain their market share. It is important to view the quality of banking services from the customer's perspective. Therefore, banks should strive to understand customer desires

and needs so that management can enhance services to align with these requirements, thereby strengthening customer relationships and ensuring their loyalty.

Moreover, banks should recognize that their primary goal is to increase capital from external sources and focus on deposits from customers. By offering new and high-quality services, banks can attract depositors, as deposits are a fundamental external source of bank financing. Increasing deposits enables banks to invest more effectively and generate higher profits by lending at higher interest rates, while managing risk efficiently



CHAPTER 2. EXPLANATORY FACTORS IN THE VOLUME OF DEPOSITS IN THE BANK

Although banks do not have control over all the levels of their deposits, they can influence the volume of deposits they attract. Given that deposits play a crucial role in a bank's profitability, competition is intensifying among banks to attract more deposits. This is achieved by enhancing economic factors and leveraging the bank's intrinsic characteristics and features, which have a significant impact on the volume of deposits.

The explanatory factors affecting the volume of deposits are divided into five elements:

The explanatory variables: The most important explanatory variable is: (Sultan 1993, p. 231)

- The credit interest rate (the interest rate on bank deposits).
- Interest rates on the corresponding alternatives (alternatives to savings vessels offered by other institutions).
- Prices of commodity substitutes for banking savings vessels.
- Prices of complementary services (such as safe deposit systems and private treasury).
- The depositor's income.

The explanatory factors are the factors that the bank cannot control as external factors that deposits are affected by these factors. Each of these factors will be addressed and how it affects the attraction of deposits, as well as how the bank can deal with these factors and the use of methods and means that help the bank to increase the growth of its deposits. The explanatory factors are listed in the following points in more detail:

2.1. Credit Interest Rate (The Interest Rate on Bank Deposits)

The primary function of the banking system is to create liquidity through the issuance of liquid deposits backed by illiquid loans. And that the interaction between deposits and liquidity embodies the aspects of liquidity risk. Therefore, planning and managing the banking system in terms of liquidity, the volume of deposits, sources of choice, and their impact on banks' market share is a critical matter. Excessive competition for deposits pushes banks to increase interest rates on deposits because part of the money that attracts

at market interest rates will be at greater risk of sudden withdrawal. Where interest rates affect investment and capital flows and outflows of countries, such a phenomenon may lead to disruption of cash management in banks, in addition to other problems, including the exchange rate for changes in the local currency against the currencies of other countries, and inflation rates for the prices of similar goods and services between different countries, which leads to a weakening of confidence in the local currency, and thus weakening the incentive on saving, money loses its function as a store of value, and individuals convert their cash balances into gold or foreign currencies—and eroding the amounts and values of deposits in banks. Deposits constitute the most crucial source of banks' funds, their primary source of expenses, and the significance of their activity and their source of liquidity. The fact that deposits are cheaper and more stable than other sources of funding and it is what generates surplus cash reserves (liquidity). Which is affected by global liquidity and fluctuations. Proper asset and liability management is critical to assisting financial institutions in assessing and managing financial risks. It focuses on measuring the risks arising from factors outside the control and management of any financial institution, such as fluctuations in exchange rates, interest and inflation rates, and availability of financing (liquidity). And to reduce the financial risks included in the balance sheet to a minimum, according to the extent to which the institution accepts the risks.

Deposits represent a significant share in the financing portfolios of financial institutions, which exposes financial institutions to the changing behavior of deposits. Structural changes in the composition of the deposit portfolio pose significant challenges to financial institutions; the structure of the banking system is one of the factors affecting the policy of lending and investment and, therefore, the variance in deposits. The greater the conflict in deposits, the greater the focus on liquidity disposal of bank funds. The concept of deposit behavior can be represented in the positive or negative difference in the rates of change occurring in the values of products from different deposits in financial institutions. The result of many factors and local and global events in a year compared to the previous year.

Depositors evaluate the deposits that offer a higher rate of return by modifying their behavior to save their savings and influence the performance of deposits. Therefore, the reaction to the exchange rate is expressed as a function of the final values of the behavior

of deposits. Depositors invest in foreign currencies to avoid or protect against exchange rate risk.

Interest rates affect the personal decisions of individuals, such as consuming, saving, buying bonds, or placing money in the bank, and also affect corporate decisions such as using cash in new investments or keeping money in the bank. As the relationship between the interest rate offered by the bank to depositors and the volume of deposits is a direct relationship, meaning that an increase in the interest rate on deposits increases the volume of deposits and an incentive to deposit, and a decrease in the interest rate on deposits leads to a reduction in the importance of deposits. Based on this relationship, the individual and aggregate supply curve of deposits is similar to the standard supply curve, which tends from left to right and upward. The degree of sensitivity of the number of deposits offered to changes in the interest rate is measured through the elasticity of supply. Setting interest rates on deposits ranges from administrative interest rate policy to liberalization. (Mishkin, 2004, p. 63).

The interest rate is defined as the price paid to individuals in exchange for sacrificing current consumption, or in other words, as the rewards given to individuals for the sake of economy and saving (Sakhri, 2005, p. 165).

The interest rate is the main engine for capital investments and their transfer between stocks, bonds, and banks because it is an alternative opportunity for an investor. If the interest rate in banks is higher, the investor will prefer to put his money in it and get a return every year. With a better return, he will prefer investing in that field.

2.1.1. Factors Affecting the Interest Rate

Factors that are affecting the interest rate can be divided into two types:

The first factor is indirect, and it is tried to draw its features from several theories. In contrast, the second one is direct, related to elements that stem from the specific economic conditions for saving and investment operations. A brief definition is provided below for both types:

2.1.1.1. Indirect Factors

Through these factors, some theories have tried to explain the movements or behavior of the interest rate. These factors are: (Al-Hunaidi, 2005, p. 28)

a. Expectations Theory: This theory emphasizes the relationship between the maturity date and the interest rate, which is determined in light of the expectations of market workers. If the expectations indicate a steady rise in interest rates, the relationship between the return and the maturity date will be direct.

b. Liquidity Preference Theory: According to this theory, investors usually prefer securities that are easy to convert into cash and represent short-term “securities.” This analysis assumes the existence of a direct relationship between the return and the maturity date. It is expected that the available resources will be directed to long-term investments.

c. Market Segmentation Theory: This theory confirms no relationship between long-term and short-term securities. Each market has its investors, in which the return is determined according to the law of supply and demand, and there is no relationship between the return and the maturity date (Jessup, 1980, p. 171).

2.1.1.2. Direct Factors

This includes some policies as explained below: (Al-Suwaidi, 2002, p. 17-18)

a. Monetary policies: The supply of cash and demand deposits affect the level of economic activity, and the rate of inflation, and the monetary authority affects the size of the money supply and the speed of its circulation, as an increase in the money supply ratio leads to a decrease in the level of interest rates, meaning the possibility of a rise in the expected rate of inflation and vice versa.

b. Financial Policies: Increasing the volume of the state’s public expenditures over the revenues it achieves leads to an increase in the importance of the public debt because the difference is financed either by public debt in circulation or by direct borrowing from banks, and accordingly, the greater the volume of debt, the higher the interest rates.

c. The level of economic activity: the structure of the interest rate interacts with the level of economic activity, as the high level of economic activity leads to an increase in the demand for money and thus an increase in interest rates, especially if this is accompanied by a rise in the case of inflation and vice versa in the case of apathy.

2.1.2. Interest Rate Risk

The net interest income constitutes a significant percentage of the total working income of the bank. The high-interest rate creates risks for banks that pay higher rates on their

deposits and other liabilities in proportion to what they obtain from their revenues. Managing these risks is of great importance in the developed financial markets, especially in countries that liberalize: interest rate regimes. It came in principle (15) of the Basel Committee document related to the principles of interest rate risk control and management. Interest rate risk were defined as exposing the bank's financial condition to counter changes in the interest rate. After accepting these risks is a natural part of the banking process, and it can be an essential source of profitability and the value of shareholders' equity, but the excess of these risks can pose a threat to the profits of the bank and the base of capital. As the change in the interest rate affects the earnings of the bank, given the net change Profit from interest, as well as the level of other profits sensitive to interest and operating costs, and changes in the interest rate also affect the value of assets, liabilities and off-balance sheet instruments, as the present value of future cash flows (and in some cases the cash flows themselves) changes with the change in the interest rate, and from here it appears the importance of managing risks effectively to maintain them within the prudential levels to ensure the safety and security of banks (Nuweran, 2019, p. 10).

2.1.3. Managing the Bank Interest Rate Margin and Its Impact on Deposits

The interest rate margin is defined as the difference between the interest rate that the bank obtains and the interest rate paid by the bank to depositors in return for depositing money over their needs (Jamil, 2002, p. 200), as it is known (The interest rate margin is the difference between the lending rate minus the deposit rate). The main problem in margin management is setting a low rate of interest on deposits, which will therefore be reflected in the tendency of depositors to reduce their deposits in the bank, which negatively affects savings. On the other hand, the problem of the interest rate margin is when the interest on loans is set at a high level, which increases investment costs, pushing the investor public to search for other low-cost lending agencies (Al-Ali, 2012, p. 395). The effects of the interest rate will be reflected in the bank interest rate margin. Therefore, interest rate margin management acquires great importance through its essential and focused role in evaluating the bank's efficiency (Peter, 1999, p. 174). And external factors cause volatility in the interest margin, including economic instability and the nature of the financial and monetary policies followed by the state during periods of boom and deflation and periodic movements of savings and changes in interest rates, as well as internal factors including the quality of loans and their repayment period and the

significant variation in interest among other banks (Hempel et al., 1999, p. 576-589). The banks seek to protect the net interest rate margin in different ways. If the interest cost of the deposited funds rises more than the bank's income. In that case, the interest rate margin will decrease, and the opposite happens if the price of deposited funds drops; the bank interest rate margin will rise (Bratanovic, 2000, p. 65).

2.1.4. Method of Setting Interest Rates on deposits

There are two methods of setting interest rates on deposits: administrative interest rate policy and liberalization interest rates.

2.1.5. Administrative Interest Rate Policy

It means that it is determined fixedly by the Central Bank. The application of this policy is one of the things that hinder the growth of the financial sector because it leads to the misallocation of resources, as this determination can make the interest rate at low or negative levels, especially with its continuation for long periods. (Sultan, 2005, p. 233)

2.1.6. Liberalization of Interest Rates

It means providing the freedom to the banks to set interest on the deposit-pooling because of the shortcomings of the administrative determination of interest rates and the unfavorable effects of this system. With the increase in the forces that supports the liberalization of these prices, the problem of determining the degree of transition to a method of liberalizing interest rates in different countries arose, and this problem lies in the speed with which the transformation process takes place because speed has severe effects and issues that threaten the financial system (Mustafa & Sayera, 2009, p. 5).

Assuming that other factors remain constant, with the predominance of liberalization of interest rates and the difference in interest on deposits from one bank to another according to the time dimension, the deposits offered to each bank are directly in line with the interest rate provided by this bank.

It is essential to refer to another point that in the case of liberalizing the interest rate, each bank is free to determine it. The banks will raise the interest rate to try to attract deposits as much as possible and use it as a competition tool. Still, in the event of a rise, the interest rate on deposits will affect the other side, which is the process of borrowing money from other parties, as the interest rate on lenders will increase, and this affects the bank in

investing the deposited money and can affect negatively because, in the case of collecting large amounts of deposits with high interest, the bank will need to invest these funds in investments with a high return and to cover the interests and expenses on the interests. It is considered one of the most significant risks that the bank takes risks. On the other hand, the main objective of any institution is to achieve profits, but the general aim of establishing the bank is to develop the national economy, collect money from depositors and invest it by lending this money to other parties to sustain and achieve the growth of the national economy, but in the case of liberating interest on deposits, this goal is impossible and achieving it as it helps in collecting a large number of deposits, but it isn't easy to borrow them back to other parties. In other words, the bank's liberalization of the interest rate leads to an imbalance in the national economy.

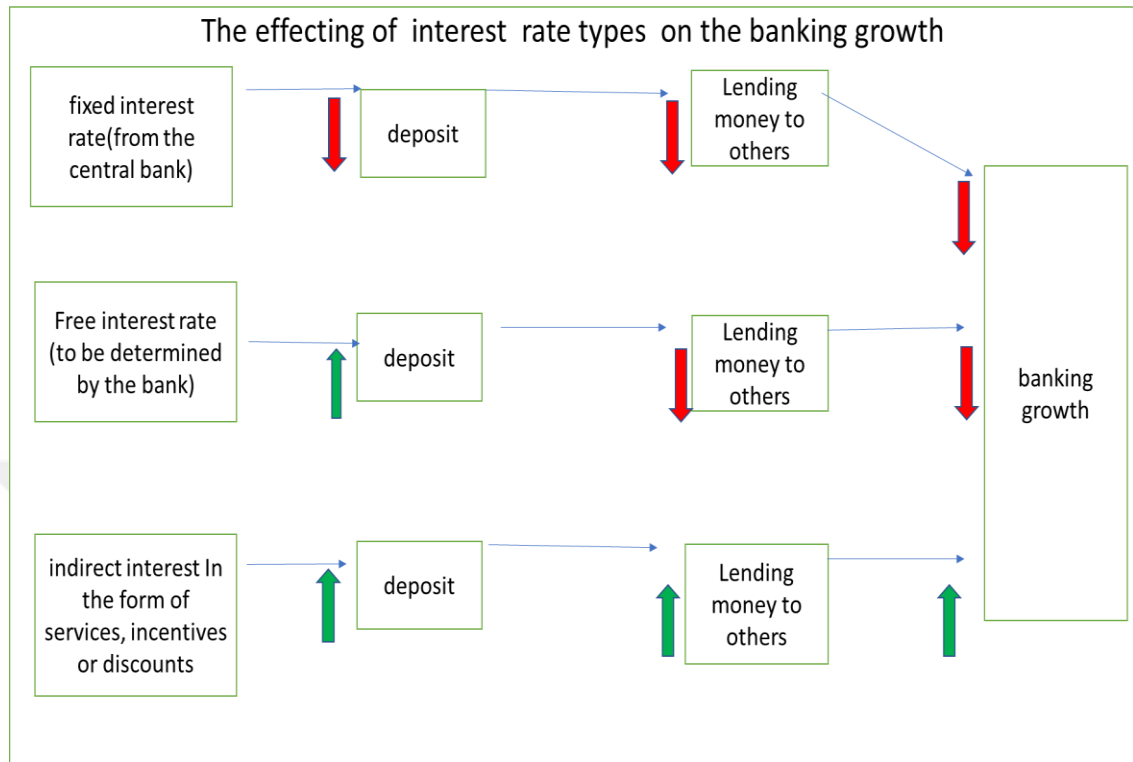
2.1.7. The Best Way For Collecting More Deposit at A Lower Cost

As previously mentioned, there are two methods for calculating interest: the fixed method, imposed by the central bank and considered non-negotiable, and the free method, which allows the bank to determine the interest rate on deposits itself. The advantages and disadvantages of each method on deposits and the borrowing process have been discussed. To attract deposits effectively, banks must explore innovative ways to enhance their appeal.

One indirect method of offering interest is to provide benefits in the form of services. For example, a bank may offer discounts to depositors who commit to depositing a certain amount monthly at a specific rate. This approach respects legal restrictions that prohibit paying interest on current deposits and aligns with social norms in Islamic societies, where such incentives are not viewed as interest and are therefore acceptable. In Iraq, which is highly religiously observant, such methods can attract more deposits at a lower cost. Additionally, this approach makes it easier for the bank to lend out money, as deposits obtained at a lower cost are likely to be retained for a longer period. Many individuals with fixed incomes, such as salaries, are reluctant to invest in high-risk options and, due to religious commitments, cannot invest in conventional savings accounts. Consequently, banks must devise new strategies to attract and retain these funds from income earners.

Figure 3

Interest Rate Types Affecting on the Banking Growth



Source: By Researcher

From the above graph, we can declare how the interest rate types affect the banking growth:

a. The fixed interest rate (from the Central Bank): This type of interest rate regulation affects the reduction of deposits from depositors because the rate set by the Central Bank is fixed for all commercial banks. In this case, there is no incentive for commercial banks to attract new depositors or retain existing ones. If depositors find better investment opportunities elsewhere, the bank risks losing these depositors, as the bank cannot adjust its interest rate due to central bank regulations.

Moreover, the lack of high deposit levels can hinder the bank's ability to provide loans, leading to reduced profits and potentially stunting the bank's growth. This situation ultimately prevents the bank from achieving its desired goals. It is important to note that these interest rates are set by the Central Bank only for savings deposits, not current deposits. While this policy might increase savings deposits, it does not incentivize income earners who prefer not to use savings accounts due to a lack of tangible benefits and cultural or religious beliefs against earning interest.

This situation also limits the bank's ability to collect cash held by individuals. Without such collections, there are no benefits at the personal or national economic level. Money saved at home loses purchasing power over time due to inflation. For example, if \$1 today has less purchasing power in a year, equivalent to 93 cents, there is a loss of 7 cents per dollar. This impacts lending and, consequently, the national economy. If banks cannot finance loans for opening or expanding production and service projects, it negatively affects economic growth.

b. Free interest rate (to be determined by the bank): As shown in the above scheme, this approach leads to an increase in fixed deposits, as the bank can attract depositors by adjusting the interest rate on these deposits. However, the limitation imposed on saving deposit holders becomes a challenge. On one hand, depositors are restricted by the terms of saving deposits; on the other hand, if the bank tries to enhance services for deposit holders, it may negatively affect the percentage of savings deposits. Many fixed deposit owners might switch to current deposits to access the offered services, or they may lose trust in the bank due to the lack of such services.

If services are provided to fixed deposit holders, the costs of maintaining these deposits become significantly higher for the bank. In either case, this negatively impacts the bank's ability to retain depositors' funds for extended periods, which, in turn, affects its investment decisions. Moreover, raising interest rates, as previously mentioned, forces the bank to increase the interest on loans to cover the costs of interest paid to depositors. This increase in loan interest affects the demand for borrowing from the bank, leading to a reduction in the lending rate. Consequently, this scenario has a negative impact on the bank's profitability, as it becomes difficult to find investments that yield a return sufficient to cover the costs of attracting deposits. Ultimately, this hinders the bank's growth.

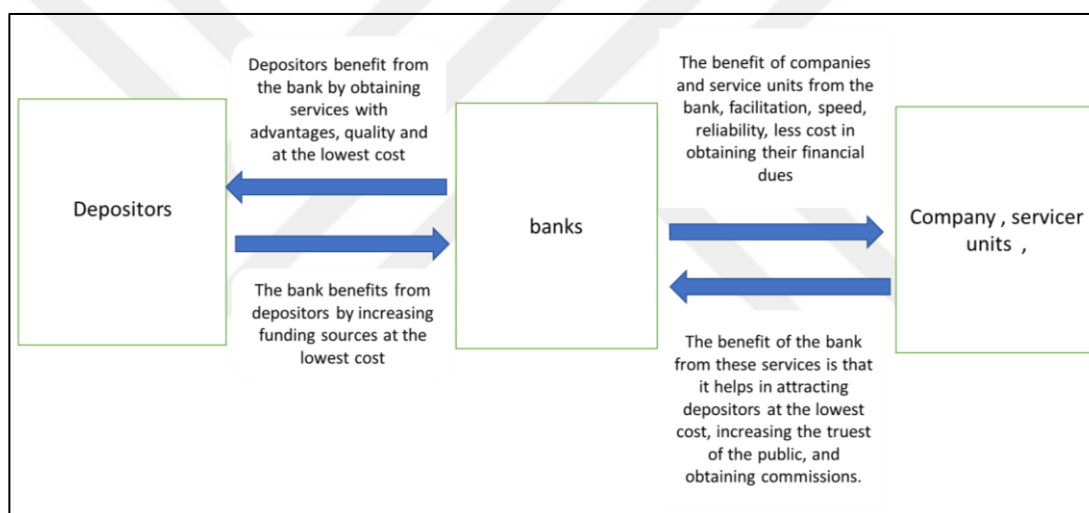
c. Indirect interest (form of services, incentives, or discounts): As shown in the above graph, the third type involves providing services or incentives to depositors instead of a fixed interest rate. In this case, both parties benefit from the arrangement. As previously mentioned, this approach allows the bank to attract more depositors by offering services and incentives, thereby increasing its resources. The depositor benefits more from these services than they would from the interest rate earned on savings deposits, while the bank becomes more efficient by providing services at a lower cost instead of paying a fixed interest rate on deposits.

For income earners who prefer not to invest in savings deposits for religious or social reasons, the availability of services and incentives encourages them to deposit their income in current accounts. This increases the bank's funding sources, as cash previously stored in safes is collected and channeled into investments. At the same time, by obtaining funds at a lower cost, the bank can invest these resources at a lower interest rate, enhancing the opportunity for further growth.

Additionally, offering services such as facilitating transactions without commission or fees helps attract depositors by simplifying processes for both parties. This strategy contributes to the bank's growth by increasing its ability to invest and retain deposits.

Figure 4

Benefiting From the Indirect Interest Rate on Deposits Type



Source: By Researcher

2.2. Interest Rates on the Corresponding Alternatives (Alternatives to Savings Vessels Offered by Other Institutions)

It means the securities (stocks, bonds, treasury bills, etc.) are considered an essential competitor in attracting individual savings when individuals are allowed to buy them. The relationship between the interest rate on securities and the amount of supply for deposits by prospective investors is studied to make an investment decision. The relationship between them is considered an inverse relationship. An increase in the interest rate on bonds, for example, leads to a decrease in the supply of deposits (Hassan & Abu Samra, 2007, p. 117).

As we mentioned, bonds and stocks are considered significant competitors in attracting savings. Still, the bank should be considerate of how it can attract investors without extra

costs despite the presence of a robust competitive environment by trying to find some points that distinguish it from others in the competition, including working to earn greater confidence from the public by working on the factors that increase the confidence of investors.

Trust is considered a bridge that connects investors with financial institutions, helping to attract more investors. Another critical aspect is understanding societal values, particularly religious and social obligations, as previously mentioned. In societies like Iraq, where a significant portion of the population is religiously observant and avoids fixed interest, banks must find alternative solutions to attract their savings. Offering reliable alternatives that align with religious and social principles, combined with additional services, can appeal to investors. In such cases, investors may prioritize trust and compatibility with their beliefs over higher returns from other options.

2.2.1. Risks Related to Investing in Securities (Stocks, Bonds, Treasury Bills)

There are two types of risks that securities are exposed to:

a. Systematic risks: They are defined as risks related to the system itself, and therefore their impact includes the returns and profits of all securities traded in the stock exchange. These risks usually occur when a significant event occurs with which the entire market is affected, such as a war or some sudden internal affairs, or a change in the political system (Lotfi, 2006, p. 16).

b. Its most important characteristics are:

- It is caused by factors affecting the market in general and not specifically.
- Its impact is not limited to a specific company or sector.
- These factors are related to political, economic, and social conditions such as general strikes, recessions, wars, or high-interest rates.
- It cannot be avoided by diversification.

c. Unsystematic risks: are the risks resulting from factors related to a particular company or sector, and are independent of the factors affecting economic activity, and these risks that may occur in a company: (Ramadan, 2002, p. 334)

- Administrative errors in that company.
- The emergence of new inventions competing with what the company produces.

- Changes in consumers' tastes for this company's goods.
- Issuance of new laws affecting that company.

We will explain the risks of each type of security in detail.

2.2.1.1. Risk Related to Stocks

The investor must know the risks associated with various types of investment. Among the risks associated with investing in stocks are market, industry, and management risks:

a. Market risk: Market risk refers to the general movement in the price of the security. These prices move together in response to external events. When the action in the market for the stock occurs, up or down, because most stocks are heading in the same direction as the market, it is difficult to predict the external events that move the price of securities. For that reason, the investor cannot do much to avoid these short-term fluctuations in stock prices accompanying these events. One of the most critical market risks is the risk resulting from investing money in the short term in the stock market. The investor is forced to sell at a loss, which means that the investor needs a more extended period not to have to deal in case the stock market deteriorates (Hanafi, 2003, p. 194).

b. Management risk: It means the most mistakes committed by managers or mismanagement in the market or the company. The mistakes of managing some companies have led to massive losses, and many of them have been exposed to bankruptcy. Sometimes unfair and illegal practices of managing a company prevent its shares from trading in the stock market. Then it appears the existence of what is known as the risks of financial failure, and common mistakes are misbehavior and inability to take appropriate measures in the circumstances. This type of administrative error is most often associated with a low management ability to manage crises (Al-Hadiry, 2000, p. 48).

c. Industry risks: All establishments operating in one or a few industries are subject to the ability to change the return due to a specific force, which does not affect the majority of establishments operating outside that industry. This force is called industry risk. These risks result from conditions particular to the industry. Difficulty in providing factory management with the raw materials needed for the industry. Continuous disputes between workers and factory management and the effects of foreign competition on the local industry and impacts related to consumer tastes (Matar & Tim, 2005, p. 42).

d. Business risk: It measures business risk to the degree of volatility or fluctuation in return on operational operations of the facility invested in its shares, which is reflected in the amount of expected return from the investment that the investor is waiting for. Business risks arise due to the nature of operational performance, which all contribute to the fluctuation of the return of operations .Business risks are derived from the sector to which the company belongs, so its degree varies from one economic sector to another. The most critical factors affecting business risks can be listed . The change in the volume of demand for the firm's products, the difference in the selling prices of the firm's products. Business risk is measured by the degree of volatility in the net profit of operations over time (Al-Husseini & Al-Douri, 2000, p. 168).

2.2.1.2. Risks Associated With Bonds

Although bonds are considered to have many advantages in investing, such as the stability of the interest rate and the degree of security provided by bonds, the investor in bonds is exposed to several risks that may lead to his loss. The most critical threats to which the investor in bonds is exposed are the following:

a. Interest rate risk: Market interest rates change according to the effect of the forces of supply and demand on different financial assets, and also according to the prevailing inflation rates, and whether the economy is characterized by recovery or deflation. The investor's risks in bonds arise because of the opposite relationship between bond prices in the market and market interest rates. The rise in market interest rates over other costs encourages bond investors to sell their bonds. This leads to an increase in the supply of these assets, and with the limited demand for them in the market, their prices fall sharply according to the relationship between supply and demand, any change in interest rates will have an impact on the costs of long-term bonds, as the investor may suffer a significant loss if he encounters a raise interest rates when they need to be sol. Interest rate risk is measured using the ratio between assets and liabilities affected by fluctuations in interest rates (Al-Zubaidi, 2001, p. 237).

b. Inflation risk: Inflation leads to a decline in purchasing power. It means the inadequacy of future returns resulting from an investment in obtaining goods and services that can be obtained at current prices. And this type of risk is great in the case of investing in insurance accounts on bonds or any investment that carries a fixed interest rate. Because of its low current value, some companies issue their bonds coupled with the

recall condition, which gives them the right to buy back those bonds from their holders when there are indications of a possible drop in interest rates in the market before the bonds reach the maturity date. Therefore, bond investors should carefully examine the issuance contract to ensure that it includes the terms of protection against the call. (Al-Husseini & Al-Douri, 2000, p. 172).

c. Maturity Date Risks: It means that the longer the bond's maturity date, the greater the difficulty in being sure about the future of its cash flows. Predicting the risks to security that matures after three years is much more challenging than predicting the risks to security that matures after thirty years. This means that the investor must get a greater return to compensate for the risk of investing in bonds that mature after a long time (Matar & Tim, 2005, p. 117).

2.3. Prices of an Alternative Commodity for Banking Savings Vessels

Commodity alternatives mean metals and jewelry with a financial value. The rise in the prices of these commodities has a relationship to the volume of deposits, as it is a fixed asset and have few risks compared to deposits or other investments, which shows the relationship between the price of these commodities and the volume of deposits is an inverse relationship, meaning that the higher the prices of these commodities, excess leads to an increase in investment in it and a decrease in investment in deposits, where it causes the rise in the prices of one of these metals to change the decisions of investors, many depositors withdraw their deposits and invest them in savings vessels by purchasing these minerals, especially when there is inflation (Sultan, 2005, p. 243).

Where commodity alternatives are among the essential investments that take an ample space in the field of collecting financial savings by societies with religious commitment, as well as profitable investments in their minds, but due to the presence of many risks when investing in these commodities (metals and jewelry) as alternatives to deposits, it is where they have the chance of retention and storage. The second risk is the fluctuation of the prices of this metal and the correlation of the value of these metals with the economies of major countries. The presence of any economic or political imbalance negatively or positively affects the prices of these commodities. Therefore, it is considered one of the commodities with significant volatility, and this is regarded as one of the considerable risks for investors. Profits from investing in these commodities need an extended period, as it is difficult to predict the profitability of investing in these

commodities in a short period. For this reason, banks should think about providing quality services in a standard period to income earners to influence their decisions to invest in deposits, as it is a safe environment for them and has more advantages than investing in alternative goods in terms of safety.

2.4. Foreign Currency Cash Alternatives

It means the main foreign currencies in demand in third-world countries' markets. Due to the scarcity of these currencies offered in these countries, they are offered in the illegal markets at constantly high prices with a great demand for them. The rise in the prices of these currencies may be at rates greater than the prevailing rate of inflation in the market, which affects the investor's decision to change their decision from investing in deposits to investing in the foreign exchange alternative. It is important to note that this rise in the price of currencies has a limited impact on deposits, and the reason is that there are a limited number of dealers in the black market due to its illegality and the high risk in it (Quriyas, 1999, p. 335).

As we have mentioned, there is an alternative, the black market for foreign currencies. Profits can be achieved more than the gains from investing in deposits. Still, it is fraught with very significant risks. It is an illegal market in the event of any defect that leads to substantial losses because no law or specific authority can protect it. Or restore the rights of the investor. In this case, banks can provide a currency investment service for deposit holders, as their current deposits can have access to incentives and free services offered by the bank, in addition to the ability of investors to buy and sell foreign currencies at the market price by providing the service to them through the bank so that He can invest in buying and selling foreign currencies and make profits while he is at home in a way that guarantees him his legal rights. The bank can also provide financial advice to investors to help them make rational decisions. In this case, it provides a safe environment from a legal point of view and, at the same time, ease of dealing with foreign currency markets, which attracts Investors to the bank. This service can help reduce the problems of national economic security, as any financial transactions are legal and can be trusted due to the presence of laws and protect the investor from any exploitation, fraud, and embezzlement.

2.5. The Depositor's Income

Income is one of the most important economic factors that significantly impact the saving motive. It is known that income equals consumption and saving - income = consumption

+ saving, and therefore savings represent what income is not spent on consumer goods and services. This formula equation applies to the individual, sectoral, or national level. In advanced capitalist societies, it has been observed that there is a strong correlation between government spending and deposits, regardless of the prevailing economic conditions. Hence, the surpluses of these incomes tend to lead to innovation in the banks, but in the phase of depression, government spending increases, and unemployment rates rise. Then individuals tend to withdraw from their deposits to cover consumption expenditures (Sultan, 2005, p. 241).

It is noted that individuals with high incomes are generally more responsive to dealing with commercial banks and are more owners of bank accounts than those with low incomes and prefer long-term deposits and investment in stocks. In contrast, individuals with medium and low incomes prefer savings deposits due to the low-income owners. They have a higher marginal propensity to consume and a lower marginal propensity to save than individuals with higher incomes (Al-Qaisi, 2017, p. 14).

The bank must answer the following question: How can the low-income owners be attracted to deposit their money in the bank, and how can the bank benefit from the investment? To answer this question, the bank must have a two-sided strategy in dealing with related parties to make low-income earners save in the bank instead of saving in personal coffers. As we have indicated, $\text{income} = \text{consumption} + \text{saving}$. Here comes the bank's role in studying first: What is the percentage of owners with limited incomes out of the total income owners in the region that covers banking services, to know the extent of the importance of attracting this category to savings in the bank. Secondly, it is necessary to study what are the basic things on which the most significant amount of their monthly income is spent to find a strategy in which the savings of income owners will be benefited, even for a short period, where it is possible to invest their money in temporary investments, which is considered the leading bodies in which the most significant part of the income owners is spent, as it is the provision of payment service through the bank and the provision of in-kind incentives and the provision of services that facilitate their work in terms of time and cost and without material consideration that attracts them to deal with the bank. In this case, the bank can benefit from These deposits in agreement with other relevant parties that their money will be transferred to their accounts after a certain period. If the short funding sources are scarce, this makes the bank can benefit from short

investments, as was mentioned previously. This achieves the bank's goal of attaining bank growth and maximizing the bank's profitability.

For a bank to effectively attract and grow deposits, it must gather essential information about income earners as a foundation. This includes understanding their attitudes towards banking, their income levels (whether the majority in the area served by the bank are low-income or high-income), their primary expenditures, and the financial services they currently lack (especially services that are crucial for facilitating their daily activities but are unavailable). Additionally, the bank should assess their level of trust in the institution, the investment alternatives they prefer, and the reasons behind those preferences.

By obtaining this vital information, the bank can develop a strategic plan to attract new depositors and retain existing ones, thereby supporting the growth of its deposit base. This targeted approach allows the bank to tailor its services to meet the specific needs of its customers, ensuring deposit growth and long-term customer loyalty.

CHAPTER 3. BANK FACTORS AFFECTING THE GROWTH OF DEPOSITS

3.1. Bank Internal Factors Affecting The Growth Of Deposits

- There are several factors within the bank itself that influence the growth of deposits, and these factors can be controlled to attract more deposits. Below is a detailed description of these factors and how they impact the attraction and growth of deposits:
- Basic features of the bank (its reputation and relative importance).
- Bank policies (deposit policies, lending, investment, and others).
- Bank's location and the place it occupies.
- Quality of Auditing

3.1.1. Basic Features of the Bank (Its Reputation and Relative Importance)

The reputation and name of the bank in the money market are one of the important things that affect the growth of deposits in general, through the dealers' sense of security and safety. The banks work to build and support this reputation through good management, speed of service performance, and operations and their development (Qurays, 1999, p. 336).

The public in general also likes to deal with employees who are characterized by the desire to complete work quickly, pay attention to their requests, and use a pleasant tone. Banks encourage their employees to participate in training programs, conferences, social affairs, and local projects to expand their network of contacts and acquaintances (Shaimaa, 2006, p. 39). Additionally, the bank's establishment of a management department for marketing and developing banking relations with new clients and its employees' visits to existing clients to strengthen their relations with the bank and increase their dealings with them helps generate more confidence in the public. This is in addition to the financial facilities that the bank provides to its customers in terms of proximity to the bank and the convenience of customers (Al-Hanawi, 2011, p. 287). There are some factors affecting the reputation and relative importance of the bank:

3.1.1.1. Quality of Bank Service

In marketing, quality is often seen as dependent on product characteristics. The service sector is evaluated as a comprehensive service (Zeithaml et al., 1996, p. 29). “Service quality” is defined as the customer’s overall impression of the strengths/weaknesses of the organization and its services (Bitner & Hubbert, 1994, p. 33) and is defined by Lewis & Booms (1983) as a measure of the level of service provided compared to customer expectations.

The quality of service has become the focus of all workers in the service sectors due to the increasing demand by customers for high quality (Clemes et al., 2007, p. 79). High quality can improve reputation and customer retention, increase sales, and attract new customers through word of mouth (James, 1998, p. 47). It creates a different competitive product and enhances the financial performance and profitability of the institution. The intense competition in all business sectors forces commercial banks to think about providing new and quality services so that it makes the customer (the depositor) feel completely comfortable and not think about switching to another bank. High-quality services help attract new depositors and encourage dealings with the bank, as high-quality and unique services increase the bank’s reputation among investors and thus increase the possibility of obtaining more resources from depositors and the demand for their services.

3.1.1.2. Customer Satisfaction with the Bank

Customer satisfaction measures the extent to which the products and services provided by the company meet the customer's expectations. In a competitive market, customer satisfaction is the most crucial factor that helps companies differentiate themselves. Customer satisfaction has become an essential component of business strategy (McDaniel & Gitman, 2000; Oliver, 1997). Customer satisfaction is defined as “the extent to which what customers want is achieved.” The customer appreciates the features of products and services and even values the products and services themselves by achieving a level of interest in their consumption.

As mentioned, customer satisfaction has a direct impact on the bank's characteristics and reputation. Customers will be satisfied with the bank when the services provided meet their needs and desires by offering services of quality appropriate to their requirements. These services must align with current developments in the business environment and

have a reasonable cost to gain customer satisfaction and thus increase the bank's reputation.

3.1.1.3. Diversity of Services Provided by the Bank

To stay in the labor market and maintain their market share, commercial banks must keep pace with the requirements of customers and provide them with various services by trying to create new ideas that serve the interests of the bank and the interests of customers, especially depositors of all kinds as they are the main external source of bank financing. Therefore, the bank should pay attention to public relations and take care of customers as they are the masters of the market according to the modern concept of marketing. The bank must also be accurate in selecting the employees who deal with customers directly, in terms of their level of education, specializations, experience, method of dealing with others, and tact in speech, where the bank should take care of training and rehabilitating its cadres to provide the best services to customers in the best way. And it is necessary to give the banks certain types of financial products, such as 24/7 automated teller machines, automated answering machines, and online banking services. Where recent developments have provided customers with third-party access to limited financial services products and also provided them with a broader range of options than before (Gonzalez & Guerrero, 2004, p. 17). A study (Gerrard & Cunningham, 2000) concluded that service products and advanced technology could attract customers by providing fast, convenient, and high-quality services. In contrast, banks that do not offer this type of multiple service product may cause the loss of their customers.

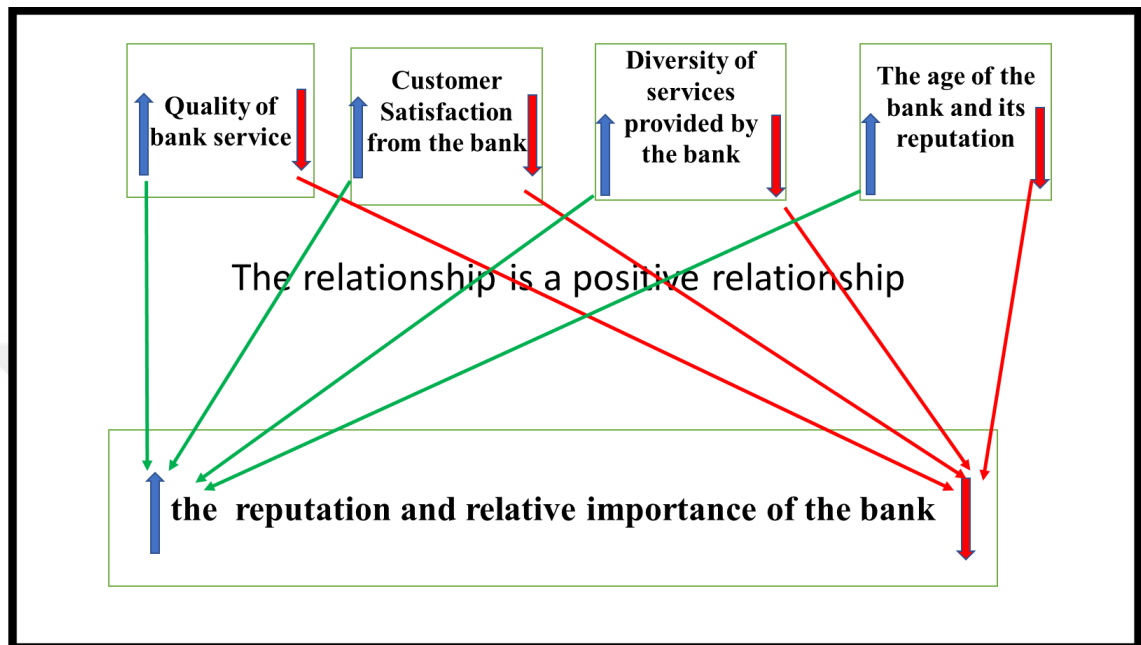
3.1.1.4. Age of the Bank and Its Reputation

The age of the bank plays a significant role in influencing its profitability. Banks with long life and a good reputation gain the public's confidence more than the new ones. And continuity, just as its departments have banking experience that qualifies them to work in the banking industry, in addition to the fact that banks consume most of their assets and establishment expenses in the early years of their inception, which makes them bear fewer expenses in the years following that. And that the old banks occupy a distinguished position over the new banks, as children often deal with the banks that their fathers deal with, and the new managers in business establishments deal with the banks that the previous managers dealt with. Thus (Al-Ali, 2002, p. 145) states that it can be said that banks that have had an expert for many years with a good reputation now lead to having

material features and therefore have a more significant impact in attracting deposits and retaining customers than new banks and for the reasons we mentioned earlier.

Figure 5

Factors Affecting the Reputation and Relative Importance of the Bank.



Source: By Researcher

As shown in the graph, there is a positive relationship between the bank's reputation and its relative importance with factors such as the quality of services provided, customer satisfaction, the diversity of services offered, and the bank's age.

3.1.2. Bank Policies (Deposit Policies, Lending, Investment, and Others)

When the policies related to loans, investments, and other activities carried out by the bank are sound and correct, this indicates the skill of management and the judgment of its efficiency. Banks that maintain liquidity during challenging times have a good reputation among the public and are a source of trust, which can attract prospective customers and increase the confidence of existing customers. The more the bank's internal systems are based on a scientific basis, the more the bank enjoys the highest degree of trust and a good reputation. Additionally, customers prefer dealing with banks that are characterized by the soundness of their financial position, as the ability of the bank to attract deposits is determined by the strength of its financial position, the extent of its control over the market, and the rate of its concentration in deposits, which can be inferred from published financial reports, from the Central Bank, and any related institutions. This directly affects the increase in deposits (Abu Samra, 2007, p. 94).

The credit policy has pillars that represent the ingredients and the framework that defines its features. This means the minimum standards must be adhered to by a good and sound credit policy, bearing in mind that there is no unified policy for banks due to the different nature of these banks and their varying objectives, size, depth of experience, and other determinants. However, the essential components of banking policies are generally consistent, with differences limited to some specific details (Harald & Hriko, 2009, p.13).

It is imperative to consider customer interests when implementing internal banking systems. Rigorous regulations and policies are essential to safeguard depositors' funds and enhance customer trust in the institution. However, these regulations must be carefully balanced; overly stringent terms should not impede borrowers, as this could adversely affect investment levels. A nuanced approach is required to optimize the allocation of resources while minimizing investment risks. Adherence to the bank's internal policies is crucial for maintaining public confidence, yet these policies must also conform to the regulations and foundational principles established by the Central Bank and the country's legal framework.

3.1.3. Bank's Location

As a result of business developments, the expansion of large cities, traffic congestion, and the difficulty of movement, therefore, the geographical location has become of great importance as an element of the physical features of the bank; the geographical location of the bank has had an impact on the ability to attract deposits, and one of the most vital attracting forces new potential depositors because the depositor may not be interested in the location of the bank as much as the closeness to it, and the availability of a car park there or close to it (Al-Ali, 2002, p. 145).

It is worth noting that the process of choosing proposed branch locations must be as comprehensive as possible, considering all factors affecting the decision-making process, regardless of their relative importance.

When considering the selection of the location of the bank, the following elements must be taken into consideration:

- Characteristics of the site: in terms of the place and its surroundings, the most important areas of population gathering, the availability of transportation and communications, and means of communication.

- Population: in terms of their number, because the number of dealers with the bank varies according to the type of the service provided, there are banking services that all customers can deal with, such as accounts current and savings. In contrast, the provision of certain services is limited to a specific category of individuals, such as services credit and letters of guarantee. Therefore, it must include an integrated characterization of the population.
- Number of bank branches:(delivery of services to most areas): Since the geographical spread of the bank, especially in densely populated areas, will increase the number of dealers with the bank, the delivery of banking services to these population centers, especially if long distances separate them, will make the banks with a widespread a target for public interaction with them to benefit from their services, especially in the field of Withdrawals, deposits, money transfers, and the increase in the number of dealers will lead to a rise in the volume of deposits, as well as the importance of facilities and the volume of bank operations, which will lead to the growth of the bank (Abu Zuaier, 2006, p. 52).

3.1.4. Audit Quality

3.1.4.1. Concept of Audit Quality from the Professional Associations of Accounting

The American Association of Accountants (A.A.A.) defines auditing as “a systematic and objective process of obtaining and evaluating evidence regarding economic facts and events, to verify the degree of conformity between those facts and established standards, and to communicate the results to users of information interested in that verification” (Helmy, 2009, p. 24).

Within the framework of the interest of professional associations and organizations in many countries of the world in the issue of the quality of professional performance in accounting and auditing, the American Society of Certified Public Accountants issued in 1974 a list of auditing standards No. (4) (which implicitly assumed that audit quality is compliance with auditing standards), and the Committee on Standards for Oversight on Quality of Performance of the American Society of Certified Public Accountants in 1979 issued a bulletin Standards No. (1) which covers the operations of accounting and auditing.

Audit quality is defined as the extent of compliance with auditing standards and performance standards for individuals within the audit facility, achieving compatibility between the expertise and skills of individuals and the nature of the task. Based on the definition above, we conclude that the quality of the audit means the extent of commitment to the professional standards and work behaviors by the audit team and the availability of personal conditions and scientific and practical qualifications in the staff of the audit office (Alshababi, 2016, p. 35).

3.1.4.2. Importance of Audit Quality

The importance of the audit profession lies in that it is a tool that serves many parties benefiting from the bank being audited because it is considered the neutral party in which the report that is prepared on the audited financial statements is an independent and impartial report that can be relied upon in making various decisions about the stakeholders, whether they are internal or external parties. As these parties depend on the financial data disclosed by the facility to make its decisions and draw its plans, the larger the size of the facility and the greater the number of users of the financial statements, the more complex the audit profession becomes due to the use of these data in making various decisions. Therefore, the role of the auditor is to add value to the information that results from the company's accounting system for the benefit of the users of this data to rationalize their judgments and decisions and thus reduce the risk of information resulting from the difficulty of direct access to information, bias by the information preparer, or the large volume of data (Ryan, 2014, p. 12).

After the massive fraud and misrepresentation in the financial statements, one of the main reasons behind these financial scandals was auditing offices and companies, which faced this profession with increasing pressure and continuous criticism in recent years and the increasing number of lawsuits filed against auditors, especially after the collapse of many American institutions despite their financial statements being subject to audit by the most significant known audit firms. The importance of audit quality stems from the following areas:

A- Confirmation of Commitment to Professional Standards

Many professional organizations and associations worldwide have been concerned with the issue of quality performance control in accounting and auditing companies and offices and work to improve the level of professional performance of these companies and raise

them to serve the public interests. Professional standards are considered guidelines for determining and applying audit procedures; these standards, especially the quality control standards, contain policies and practices to improve the performance of each auditing individual and office. Hence, it is clear that there is a reciprocal relationship between audit quality and commitment to professional standards, where adherence to professional standards leads to the performance of the audit process with high quality and the performance of the audit process at an appropriate quality level confirms the auditors' adherence to professional standards.

B- Contribute to Narrowing the Expectations Gap in Auditing

The expectations gap indicates the financial community's dissatisfaction with the auditors' work about what is expected of them, making them raise cases against them in the courts, especially in the United States of America and Britain. This gap arises when the auditor issues an opinion without reservation on the financial statements. It turns out that fundamental errors affect the accounting information and the inability of the institution to continue its work during the coming period. The community's expectations regarding the auditor and working to meet them, and the auditor's commitment to implementing the audit process by auditing standards and rules of professional ethics and collecting more evidence, which provides reasonable assurance that the financial statements are free from errors and fraud, contribute to improving the quality of auditing and enhances the confidence of other parties in financial statements (Jerboa, 2007, p. 367).

C- Enhancing the Possibility of Detecting Irregularities and Errors in the Financial Statements

This element received significant attention from professional organizations and many researchers in the eighties and nineties of the last century, especially after the failure of many major organizations, given that auditors of high quality discover errors and irregularities in financial statements better than auditors of low quality.

D- Good Competitive Tool

Providing audit services at a high level of quality is one of the primary conditions for audit firms to maintain their share in the audit profession's local market and expand towards the international market by improving their competitiveness in the face of major audit firms.

E- Contribute to Strengthening the Concept of Corporate Governance

The concept of corporate governance includes a set of principles aimed at providing effective internal control procedures, where the goal is to verify the fulfillment and implementation of requirements and obligations, as well as meeting the expectations of shareholders and stakeholders as honestly as possible, using all available means to raise the level of all-around performance. The quality of auditing is important as an important tool of corporate governance by providing assurances to shareholders about the correctness of the organization's financial reports, the efficiency and effectiveness of the internal control systems, and the disclosure of the various risks that expose the corporation's activity, which improves the means of communication and increases the degree of trust between the corporation and shareholders (Jalal, 2010, p. 39).

3.1.4.3. Factors Affecting Audit Quality

The quality of the audit process is affected by many factors, including those of the audit office and factors related to the individuals conducting the audit process, as well as factors related to legislation, laws, and instructions for the profession.

A- Factors Related to Audit Office

It means the factors related to organizational aspects within the audit office such as the extent of commitment to professional standards and the policies they use to work for clients, the process of appointing auditors and training them in tasks and modern methods of auditing, the structure of the audit office, and time constraints. We will address each factor as follows:

B- Audit Office's Commitment to Professional Standards

The auditing standards, like any standards, express the level of professional performance based on which commitment is made to judge the quality of the audit process. Therefore, professional bodies and academic studies have formulated a structure for auditing standards with a continuous assessment of their suitability to the renewed needs of users of financial statements (Ali, 2009, p. 55).

C- Degree of Efficiency of Customer Selection Procedures or the Continuation of Service Provision to Them

As a result of the competition conditions surrounding the auditing market, the audit office's acquisition of new clients while adhering to ethics and behavior has become

problematic compared to continuing to provide services to old clients. Despite this, these offices must be keen on selecting new clients and continuing with old clients, as the lack of selection may have adverse effects on the quality of the audit process and consequently lead to a failure to meet the expectations of users of the financial statements (Ali, 2009, p. 56).

D- How Efficient are the Procedures for Selecting Auditors in the Audit Office

Due to the completion of the audit process through the work team, and as a result of the audit office bearing the responsibility resulting from the failure of one of the team members, the selection of auditors to work in the audit office is a requirement for ensuring the quality of the performance of the audit process. As a result of the importance of the efficiency of procedures for appointing auditors to work in the audit facility, professional organizations have paid great attention to appointing auditors (Qamar El-Din, 2014, p. 118).

E- How Efficiently are Individuals Assigned to Tasks

The efficiency of allocating personnel in the audit office to the tasks of the audit process is a necessary condition for the quality of the audit process, in addition to being considered a pillar of the first criterion of a set of fieldwork standards. Assigning individuals to tasks leads to a higher quality of the audit process and a lower probability of its failure.

F- Degree of Structuring the Audit Process

The concept of structuring the audit process focuses on considering that auditing is a process that can be formulated in the form of programs instead of entirely relying on the personal judgments and estimates of the auditor. Several factors have helped to adopt this concept, including the desire of audit offices to standardize practical practices to increase users' confidence in the profession. No doubt structuring the audit process has a positive impact on the efficiency of the audit, as structuring the audit process raises the quality of the profession's performance as it provides the auditor with more time to address problems that require assessment or personal technical judgment due to the presence of many repeated routine steps and the exclusion of unnecessary steps (al-Ahdal, 2018, p. 28).

G- Time Restrictions

One of the essential pressures auditors face in auditing offices is time constraints and the need to complete the audit process within a specific time. Undoubtedly, these restrictions may affect the auditor's performance, representing the cornerstone of achieving quality. Indeed, these restrictions are considered natural in large audit firms due to the nature of the competition conditions that these offices face. As a result, they resort to setting a time plan to ensure the efficiency and effectiveness of performance and contribute to reducing the cost of auditing (Fearnley et al., 2005, p. 40).

3.1.4.4. Factors Related to the Audit Team and Those Conducting the Audit Process

There are factors related to the personal characteristics of the human element and the people conducting the audit process that affect the quality of the audit. These factors are:

A- Auditor Independence

The main feature that distinguishes the audit profession from other professions is the concept of auditor independence. This independence is fundamental to the confidence in the information contained in the financial statements. Auditor independence includes the right to supervise a team at work and direct their activities without interference from the audited party. It also entails complete freedom in choosing examination procedures and methods, as well as the freedom to express opinions in the audit report without fear of adverse consequences (Al-Zoghbi, 2004, p. 115).

(Fearnley et al.) believes that the lack of independence of the auditor is one of the reasons for the failure of the audit because the auditor may discover the material error and the shadowed financial statements but fail to report or correct them, meaning that the auditor lacks integrity (lack of independence) (Fearnley et al., 2005, p. 40).

One of the researchers concluded that the quality gap represents one of the main components of the expectations gap in auditing and that the auditor's independence gap is one of the basic pillars of the quality gap (Al-Zoghbi 2004, p. 148).

B- Audit Team Experience

The personal qualities of the audit team depend on the efficiency and effectiveness of the performance of the audit process in a fundamental way, and among those qualities that have a significant impact on the process of personal assessment and making judgments

in auditing is the professional experience of the team. (Such as the number of years of practice or performance), but it needs more than one measure. The experience is the product of many factors: training or seniority, education, knowledge, and an outstanding ability to make high-quality judgments. and the importance of this factor, many studies have dealt with the relationship of professional experience of the audit team with audit quality, and most studies have concluded that there is a positive relationship between them and that professional expertise is one of the characteristics of audit quality (Fouda, 1998, p. 364).

C- Supervising the Audit Team

The follow-up and supervision of the audit team members are one of the most critical factors affecting the efficiency of the audit process. One of the researchers defined supervision in the audit field as that activity practiced by a member of the audit team at the highest administrative level to direct a group of individuals at the level below to achieve common goals at a specific time in a particular manner.

Another researcher added that supervision is to direct the efforts of the assistants responsible for implementing and achieving the purposes of the audit, with determining the extent of implementing and fulfilling these purposes, and supervising the audit work includes the following elements: issuing instructions to the assistants, continuously identifying fundamental problems, checking the percentage of work performance, and addressing Differences in opinions between audit firm personnel. Several studies have dealt with the relationship of supervision of the audit team with audit quality, “including the study of the Cohen Committee that one of the most critical factors for the failure of the audit process is the lack of follow-up and supervision of the work of the assistants, and this usually happens due to work pressures, which makes it impossible to audit the work papers to follow up on the work of the audit team (Ali & shehate, 2009, p. 65).

D- Good communication with clients and within the audit team is essential for a successful audit.

Communication is a bilateral relationship whereby ideas and information are transferred between individuals. The audit service depends on this bilateral relationship between the members of the audit office on the one hand and with clients on the other hand . Attention to customers is the essence of this interactive relationship because the auditor interviews with the responsible client managers. The audit team communicates with the client’s

financial management director constantly and informs the board of directors of the institution on all audit results. One of the most important factors for the success of the mission is that the more flexible and transparent it is, and when cooperation and integration prevail, it will reflect positively on the quality of the external audit. The auditor's success in creating a language of dialogue, cooperation, and awareness on the part of the institution increases the quality of the external audit because good communication between the audit team bridges the gaps and inconsistencies in the procedures of the audit process. The auditor's communication with the client helps to obtain information and essential evidence that helps to understand the nature of the activity, supports audit procedures, and contributes to increasing the reliability of the data that has been audited, and disclaiming audit responsibility towards any subjective work (Hilwani, 2015, p. 382). One of the researchers identified personal qualities that the auditor must have to understand the client's activities and deal with them to complete the audit process with high quality, such as tact and quality of communication with others (Al-Ahdal, 2018, p. 33). Several studies have found that good communication between the client and the auditor is one of the characteristics that indicate the achievement of audit quality. The study by Lampe and Sutton and Carcello et al. found that frequent communication between the audit team and the institution's management under audit is one of the top ten characteristics of audit quality, which **received** the highest average by analyzing the opinions of the parties interested in the audit process (Lipnicki, 2013, p. 36).

3.1.4.5. Factors Related to Governmental Legislation, Laws, and Professional Bodies of the Country Affecting the Quality of Auditing

Fieldwork standards issued by professional organizations and bodies in auditing and accounting are considered laws and instructions for auditors at the international level. These standards ensure the central government agency's verification of the quality of audit work and adherence to professional standards. Additionally, state standards must be issued for auditors to work according to criteria that guarantee their rights and duties. However, these standards and instructions should not conflict with the standards and laws of international professional bodies.

There are general factors that affect the quality of auditing, particularly in countries experiencing political and economic crises, where widespread financial and administrative corruption leads to a gap between expected and actual auditing practices.

Iraq is an example of a country that has faced numerous political and economic crises affecting all aspects of life, including accounting and auditing. The profession of accounting and auditing has been significantly impacted by these crises in Iraq.

There are many reasons behind non-compliance with international auditing standards, and these reasons are:

- Disconnection from the outside world and the collapse of the financial and economic sector, leading to a lack of interest in and failure of the audit profession.
- emergence of financial corruption due to state collapse, leading to deliberate neglect of the profession to avoid discovering fraud and embezzlement.
- Lack of development in the profession to meet current economic and technological requirements, due to the migration of experienced auditors seeking safety and work abroad.
- Issuance or updating of laws and instructions that negatively affect the profession because they were formulated to suit personal goals and specific times.
- Non-compliance with laws, instructions, and professional standards by auditors due to political instability, affecting the quality of audit work and diminishing reliability, impacting investment decisions.
- State intervention in determining audit fees at low amounts, leading to reduced audit quality.
- Lack of independence of professional auditing and accounting bodies, resulting in a loss of public trust.
- Government's lack of interest in the profession and failure to provide development opportunities for competent individuals, leading to a shortage of experienced staff..

3.1.5. Adoption of Standards for Quality Control of Audits and Other Means

The audit quality control standards are represented in a set of procedures and policies adopted by auditing agencies and offices to provide reasonable assurance that audit tasks are accomplished according to basic principles. Regarding these standards, it was found that there are four primary sources of quality problems in auditing: procedures, assistants, communication, and independence. Problems arise from not relying on auditing standards

or from inappropriate selection and application. Inappropriate allocation of the audit office's workforce to audit tasks and improper communication lead to timing gaps in preparing the audit report, planning gaps, and efficiency gaps. In contrast, insufficient independence results in a loss of audit quality. To overcome these problems and achieve the desired quality, specific standards must be established and adhered to by auditing agencies and offices (Ahmed, 2009, p. 58-59).

The existence of standards for controlling the quality of audit leads to achieving the objectives of the profession in terms of improving the level of its performance and its continuity, thus increasing confidence in its performance, and this is because it helps to: (Lotfy, 2007, p. 420)

- Document audit office policies and procedures,
- Achieve reasonable assurance of the quality of office work,
- Provide an excellent way to market the business and services of audit firms,
- Warn of potential problems and errors,
- Increase the professional competence of practitioners,
- Motivate assistants and raise their morale,
- Increase objectivity and credibility,
- Fulfill the requirements of the auditing profession's supervisory bodies.

Bank management is complex due to economic developments and the increasing preference for electronic payments through bank accounts. Banks must focus on maximizing profits through various investments while attracting depositors to increase their funding sources at the lowest cost. Effective management of internal factors is crucial for building trust and securing deposits. These factors include the quality and innovation of services, the competence and tact of employees—especially those in direct contact with customers—effective marketing strategies, and the facilitation of customer transactions through accessible banking facilities. Additionally, providing widespread access to automatic withdrawal services and continuously developing banking staff both scientifically and practically are essential. Another critical aspect is dealing with external auditing firms known for their high-quality work and good reputation. For both current and prospective investors, the auditor's report is a key element in decision-making, as it must be independent, neutral, and of high quality to build public confidence. Given the scarcity of high-quality local audit firms, banks may need to engage international auditing companies, which can increase costs and administrative expenses. Despite these added

costs, banks must carefully evaluate the cost-benefit ratio of each activity or initiative they undertake.

3.2. Factors Affecting The Volume Of Deposits At The National Level

Banking sector is considered one of the most affected sectors due to several general factors at the national level. These factors include:

- The level of economic activity.
- General economic policies.
- Political, economic, and legislative stability.
- Extent of the spread of banking awareness and the habit of saving.

As these factors have a significant impact on banking activity in general and on the movement of deposits, where each aspect has a unique effect and a specific reflection on the growth of deposits, each element will be explained in detail during this chapter and how deposits are affected by these factors.

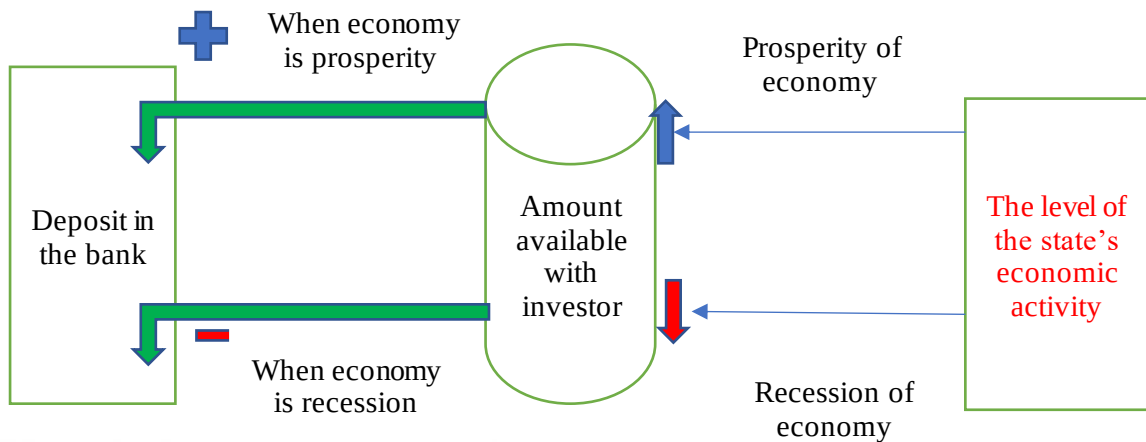
3.2.1. The Level of Economic Activity

The relationship between deposits and the level of the state's economic activity is direct. As the state's economic activity grows during a period of prosperity, it leads to increased competition between banks, higher sales, and consequently, an increase in deposits. The rise in demand for certain goods is offset by the increase in prices, resulting in higher deposits if the law of supply and demand permits it (Jabr, 2010, p. 204). Conversely, during an economic recession, there is a decrease in the money available for saving and investment, which leads to a reduction in bank deposits due to a slowdown in economic activity and a decrease in public funds..

For example, when tourism flourishes in countries with extensive tourism activities, it leads to the prosperity of the national economy and, consequently, an increase in bank deposits, which fosters growth in the banking sector. Conversely, when the state's economic activities stagnate, available cash decreases, negatively affecting bank deposits and reducing them significantly due to the recession or economic stagnation.

Figure 6

Shows the Relationship Between Deposits and The State's Economic Activity Level



Source: By Researcher

Figure 6 shows that in a state of prosperity, economic activity increases the money available to individuals, leading to an increase in bank deposits due to the surplus cash from basic needs. However, during an economic recession, income only covers basic needs, leaving no surplus amounts for investment or savings in the bank as deposits. An important point to mention is that if the recession is severe and prolonged, depositors may consider withdrawing their bank deposits to cover basic expenses. This situation dramatically affects the bank: first, by reducing new deposits; and second, by prompting depositors to withdraw their existing deposits.

3.2.2. General Economic Policies

The policies pursued by the state to achieve its goals are the factors that affect the volume of deposit growth in banks, whether positively or negatively.

- **Increase in Bank Deposits:** (Nashoor et al, 2021, ,p 5-6)
 - **Increased Public Spending:** When the government increases public spending, such as investing in infrastructure or public projects, new money is injected into the economy. This results in higher personal income, leading to an increase in bank deposits as individuals and businesses deposit money into banks.
 - **Increased Taxes:** Although higher taxes may reduce the surplus available for savings, they can lead to increased bank deposits if government revenues are directed toward investments or programs that indirectly increase individual income.

- **Reduction in Savings:**

- **Increased Taxes:** Higher taxes reduce the amount of disposable income available to individuals and businesses, limiting their ability to save. This effect is particularly noticeable when taxes are significantly high.
- **Rising Prices of Goods and Services:** Indirect taxes, such as value-added tax (VAT), can lead to increased prices of goods and services. This rise in living costs may pressure individuals to reduce savings in favor of covering basic expenses.

The following will explain in detail the state policies that affect deposits:

3.2.2.1. Fiscal Policy

It is defined as a policy that links government spending and revenue and has been established to counter economic fluctuations. This aims to reduce or eliminate unemployment and inflation rates, in addition to achieving sustainable and controllable economic growth. Governments stimulate the economy in cases of recession by increasing the money supply. In contrast, during periods of economic expansion, the government limits accelerated economic growth through the imposition of taxes to achieve a budget surplus, ensuring that revenues exceed expenditures. This allows for operation independently of monetary policy, which attempts to achieve the same goals by controlling the money supply (Kimberly, n.d.).

Public spending is a crucial financial policy of the state that directly impacts the growth of bank deposits. When public spending increases, it leads to several outcomes (Leslie, n.d.):

- The emergence of new categories of individuals with additional funds deposited as bank deposits.
- Increased spending on public projects raises the income of beneficiary groups involved with these projects, consequently leading to the growth of bank deposits.

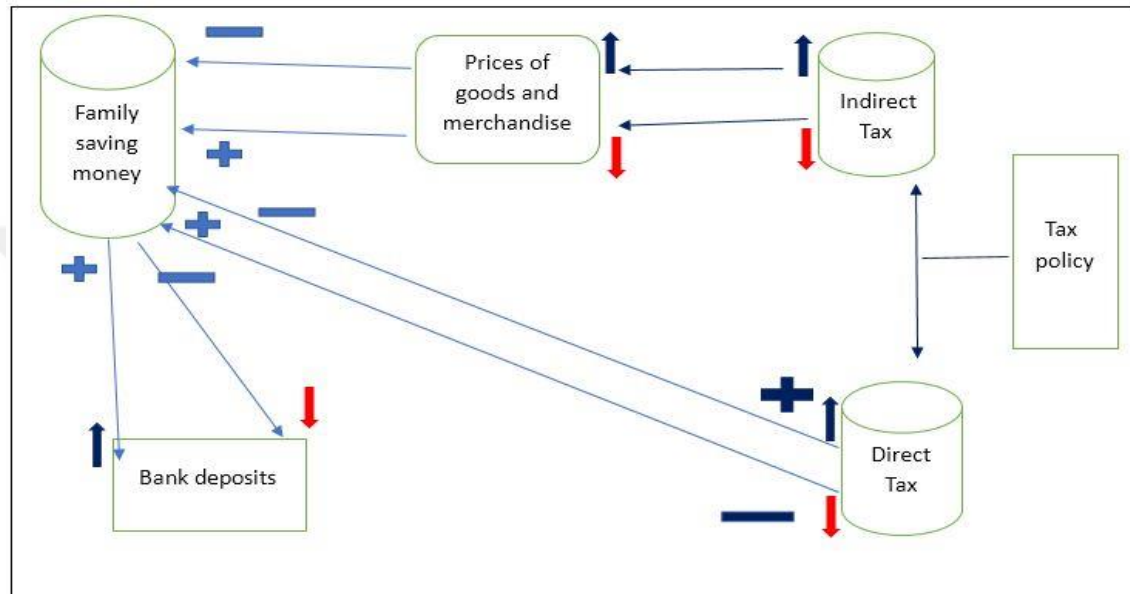
3.2.2.2. Tax Policy

Tax policies have a significant impact on the growth of bank deposits; taxes, whether direct or indirect, affect the volume of deposits as follows: raising or lowering direct taxes has a direct impact on family savings as increasing the proportion of direct taxes leads to

a reduction in family savings, and this negatively affects the growth of deposits, and the indirect taxes lead to an increase in the prices of essential consumer goods and merchandise, as the family's income only covers basic needs, and thus affects savings, which involves bank deposits (Anwar & Mohamed, 2005, p. 39).

Figure 7

The Tax Policy Effect on The Bank Deposits



Source: By Researcher

3.2.2.3. The State's Public Loan Policy

The state's lending or borrowing policy has implications for bank deposits, as if the state pumps money into the market, whether in the form of public projects as we mentioned or in the form of government subsidies and support for groups with limited income, this will help to increase funds among the groups of society due to the recovery of the economic movement of the state and thus positively affects the growth of bank deposits more as a result of the existence of a surplus.

And in case the state withdraws money from the market by using the policy of borrowing from the community to bridge the fiscal deficit, by issuing bonds, in this case, the bank deposits will drop very significantly for two main reasons:

1. Because of the lack of surplus funds due to the economic recession, as we mentioned earlier.
2. The main reason is that the state bonds have more security, meaning that the risk in them is shallow and more secure than deposits in commercial banks, especially

at a time of economic stagnation for the state, even if the profits or interests that come from bonds are the same as the interests or profits from deposits. Still, an element remains Confidence and security are the essential aspects for investors.

3.2.2.4. Monetary policy

- Monetary Policy Concept And Importance

The importance of monetary policy as a tool of economic policy in any country enables the interest to increase with the exacerbation of financial crises and economic instability that the world witnessed. The development of the monetary policy philosophy has also been linked to the development of modern economic ideas and theories, especially monetary ones, after the middle of the last century and its economic importance (Finger & Hesse, 2009, p. 14).

Monetary policy is defined as the intervention of monetary authorities to influence the money supply and direct credit using specific financial means to achieve the application of some economic goals. The most important monetary policy factors that affect the growth of bank deposits: (Diaa, 2004, p. 33)

A- The policy of monetary issuance: the policy of issuing money leads to an increase in the cash circulating in the country, and this leads to a rise in deposits and thus leads to the growth of bank deposits, but banks must deal with this situation with precision because it is not only the goal to increase the number of deposits, but it is essential banks have a firm policy in investing these deposits to cover the interests paid to depositors in addition to making a profit, because, in the case of the issuance of cash and the increase of cash circulating in the country, an intense competition environment will be created for the investment of the received deposits.

A. The policy of withdrawing part of the cash from the market through the central bank: when the financial instability or inflation, the central bank sells government securities and thus withdraws the surplus cash from the market to control the economic instability and avoid the inflation. This policy will affect bank deposits when money is removed from the market; a percentage of the money in circulation decreases. This directly impacts the decline in bank deposits in commercial banks.

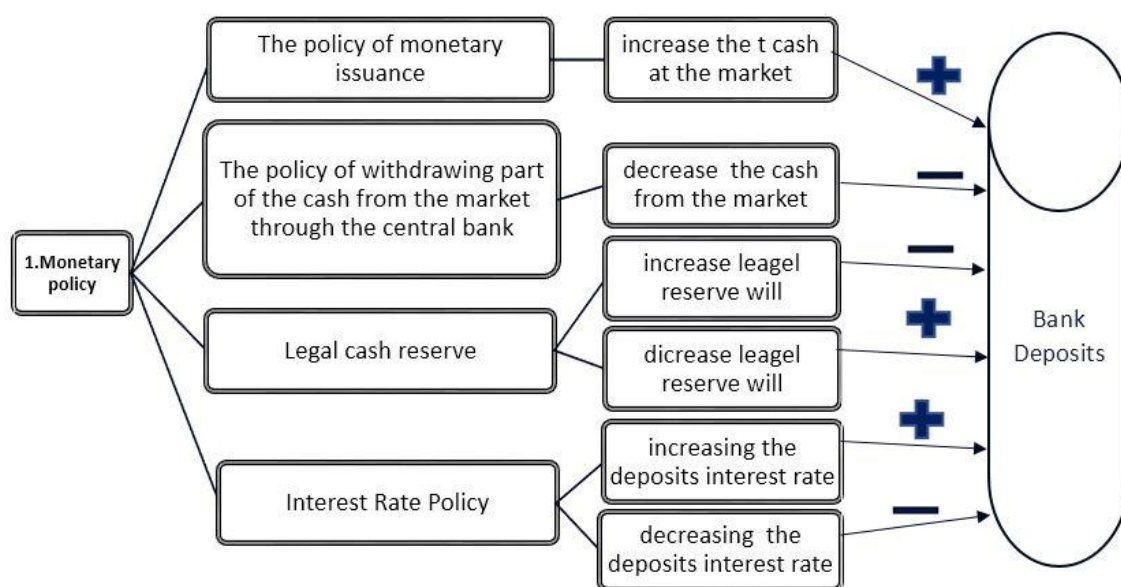
B. Legal cash reserve: The cash reserve ratio is one of the tools used on credit that affects the money supply. Where the commercial banks deposit a certain percentage of their

customers' deposits in the vaults of the Central Bank, the commercial banks freeze part of their deposits in the form of liquid reserves with the Central Bank, which leads to raising the reserve ratio and the liquidity ratio when the credit limit aims not to expand the process creating money and thus limiting its supply (Mustafa, 2000, p. 3). Whenever the legal reserve ratio was raised, it led to a reduction in deposits in commercial banks because when the legal reserve ratio was increased, this ratio would be frozen. Commercial banks could not deal with it in the investment business, and this forced them to invest in the remaining percentage of the deposited funds at a high-interest rate to be able to cover interest paid on total deposits as well as make a profit, and this in itself is considered one of the obstacles to banks because of their competitors in other areas. It is considered very difficult to invest in projects with a high profit or interest rate, or to obtain deposits with a low-interest rate or low cost is a great difficulty. When the central bank raises the legal reserve, it is considered the main obstacle to the growth of bank deposits.

C. Interest Rate Policy: Whenever the central bank raises the credit interest, it increases deposits with commercial banks, leading to a rise in the bank's growth through the growth of deposits. But in the case of the Central Bank, following the increase in the debt interest, it will affect the commercial banks as it limits the lending operations and thus affects the creation of deposits with the commercial banks, which negatively affects the growth of deposits.

Figure 8

The Monetary Policy and Its Effect on Bank Deposits



Source: By Researcher

3.2.3. Political, Economic, and Legislative Stability

At the global level, we find it is scarce that there is no political society devoid of the phenomenon of (political instability), and this concept is one of the most complex and ambiguous political concepts. This phenomenon is characterized by relativism, as it is more severe in developing countries than in developed countries. On the other hand, it can be said that it has a normative characteristic. What may cause the instability of a country may not, at the same time, affect the stability of another country at all. (Al-Moussawi et al., 2017, p. 5). Several factors contribute to the alimentionation of political instability in a country and come at the forefront: successive wars, severing diplomatic relations with several countries, increasing governmental crises within the political structure, escalating demonstrations and anti-government protests, and increasing access to conflicts. To power, increasing general strikes, successive ministerial changes...etc.

3.2.3.1. Side Effects of the Phenomenon Political Instability

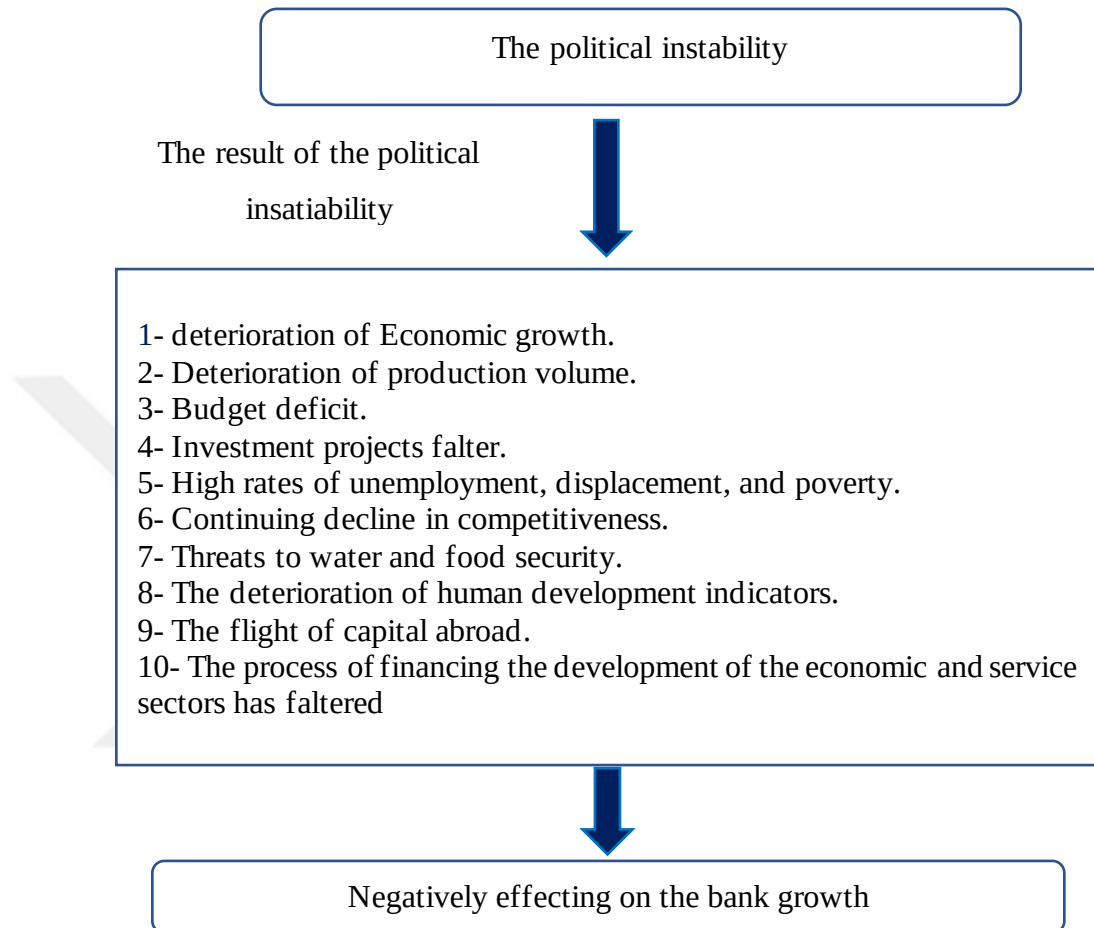
At the social and economic levels, if political instability emerges in a country, and perhaps at the forefront of those effects is the waste that the economic surplus is exposed to at the hands of the existing or successive governments in power. This surplus is exposed to waste and loss, which it may be caused either by directing part of it to feed the ambitions of some elements centered in power and in which financial and administrative corruption is rampant, especially those that lead important institutions in the state and on which their basic joints are based, or the waste may be caused by the wrong or deliberate allocation of these spending points. Resources in a way that does not serve the development goals in the country because of improvised or unstudied economic trends or are inappropriate for the economic environment. Economic resources may be allocated to strengthen the pillars of the existing authority or to finance the internal or external wars that it leads, or direct those resources towards spending on the prevailing internal security systems and procedures to strengthen its pillars and ensure its sustainability in light of the evil that repels it. However, in all cases, this waste and squandering are at the expense of focusing on development projects that reduce the severity of social and economic disparity in the country or those projects that aim to achieve economic diversification in it, especially in unilateral economies or projects that are concerned with alleviating economic diversification—the severity of the macroeconomic problems on the problem of unemployment.... etc.

3.2.3.2. Impact of Political Instability on Banking Sectors

The aggravation of political problems and turmoil (as a manifestation of political instability), negatively affects economic growth rates in general and the growth of the banking sector in particular, banking sector is one of the most important sectors that must have a stable security and political environment and stability in legal legislation that to grow this sector, and the reason is that investors in the banking sector are the most interested investors in the element of safety and stability, this is also due to the sense that they can easily invest in stable environments as a result of technological development and the presence of quality services in other countries characterized by security and economic stability and the presence of laws to protect their investments from any political crises or security, on the one hand, on the other hand, it is difficult for banks in an unstable environment to invest the deposits received in projects where the chance of lending these deposits to other parties is slim, and this makes the banks to escape from stimulus to obtain deposits as a result of the lack of a suitable environment for investing these funds By banks in order to cover the costs of deposits and make a profit as well.

Figure 9

The Impact of Political Instability on The Economy of The State in General and on the Bank The Banking Sector Especially



Source: By Researcher

From the previous graph, we can explain that the critical factor for stability and growing the bank's deposits is the state's political stability; it is the first required factor in the state to develop and grow the financial sectors in general, especially the banking sectors.

3.2.4. Banking Awareness

3.2.4.1. Concept of Banking Awareness

Individuals' senses can be moved towards some stimuli if it is exposed to certain stimuli so that they become part of their thinking if they are repeated in front of them. Or, if there are no stimuli, it will remain unaware of what surrounds him (Al-Mahaweli, 2005, p. 4). Banking awareness is defined

- **Banking Awareness:** Also known as **banking habit**, it refers to the awareness of individuals and economic sectors regarding the importance of banking services and their level of utilization. This includes their understanding of how these services are provided by service providers according to recognized quality standards. (Hassan et al., 2020, p. 136).
- Banking awareness is defined as the habit of individuals and economic sectors to deposit their cash balances in banks and their dependence on bank checks in their economic transactions. The demand for bank deposits is positively related to the spread of banking awareness. The opposite leads to hoarding (Abdul-Latif, 2006, p. 83).

3.2.4.2. Importance of Spreading Banking Awareness

The most crucial essential feature of banking work is to save money from any potential risks, and because the process of stagnant conservation will lead to a decrease in the value of the saved and unused funds, hence the idea of using them and depositing them in savings and investment products that benefit them from the wind and preserve the primary capital, and at the same time it also contributes to providing sources of financing for the implementation of projects, whether companies or individuals, and project financing is considered the most concentrated obstacle in any society and any economic entity, the banking sector in its services is a fluid movement between the source of funds with the idea of preservation and maximizing it, and transferring them as other sources of financing other ideas and projects that produce money that must be saved and reinvested. Therefore, any funding for any successful project will re-use the profits of this project again as a source of financing for other projects (Al-Omari, 2011, p. 36).

Banking awareness leads to applying the theory idea that every citizen or institution, private or public, must have an account in a bank so that this bank is the bank that has been selected from among the list of other banks based on accurate and practical studies that compare it with other banks, and on every owner, an account to be informed and aware of all matters that may affect the scope of dealings and budget, whether positively or negatively, and not neglecting any regulations or clauses in the concluded contracts. Many do not wish to open accounts or even deal permanently with the banking sector. The reasons vary from religious to specific ideas, such as refusing the financial liquidity policy and relying on the movement of funds by purchase and in-kind ownership. Or the unwillingness to deal out of the way of increasing obligations and expanding the doors of

expenditures through services provided by banks attractively and encouragingly (Al-Omari, 2011, p. 36).

3.2.4.3. Obstacles to Spreading Banking Awareness

Spreading banking awareness faces the following several obstacles (Al-Khoury, 2006, p. 22):

- The lack of experience and competence of bank employees and their lack of initiative and diligence is due to fear of accountability, considering the banking administration's view of the citizen as needy in his dealings with the bank and not as a customer that must be sought to satisfy.

Lack of an environment for privileged banking investments negatively affected citizens and banking departments alike, which caused both parties to have many confusions and complications and prompted the citizen to search for safer outlets for their savings by converting them into gold coins or buying hard currency. Individuals may opt to invest their funds in ventures that are highly profitable but carry significant risk, particularly when the bank does not offer alternative investment options. (Golec, & Kolb, 2004. P. 66-74).

- Lack of interest in advertising banking services and the low level of awareness of various banking services in an attempt to save such costs can create a high return for such operations due to the absence of the bank's creative investment outlook.
- Legitimate obstacles are still one of the most prominent obstacles that stand in the way between people and various banking transactions, and the failure to provide an alternative from banks that agrees with people's religious and legal beliefs.

3.2.4.4. Reasons For the Lack of Banking Awareness

It is considered the reason for the lack of banking awareness from all the relevant parties, as there are reasons for the bankruptcy considered by the bank, and there are some reasons that the people believe to be borne it; the following will explain the reasons in more detail:

A. Reasons behind the banking system

- The banking administrative system has for many years been overburdened with a job burden and has not cared about the importance of advertising that attracts

customers, as old policies are applied, as it does not fit with the current time, despite the technology and the importance of advertising for the banking sector. Still, there is no interest from the bank's management in this aspect.

- Lack of employees with the skills of the art of dealing, especially in the departments of direct marketing with customers.
- The bank's management and employees are convinced of the limitations of the banker's goals, and this is considered a significant deficiency because when they are confident of the limited purposes, it will be challenging to develop and provide better services and hurt attracting deposits and thus on the bank's growth.
- The absence of a motivating and attractive advertisement for the public does not constitute any incentive in people's interest in dealing with the bank.
- Failure to provide comfort to customers in a way that suits the customer and makes them attractive to dealing with the bank.
- Not paying attention to customer complaints (Al-Mahaweli, 2005, p. 7).

B. Reasons Considered by the Public:

- Lack of awareness about banking services. Some people believe that the bank is a usurious institution, and therefore they find dealing with it a taboo. This belief is the reason for the reluctance of many to deposit their money in the bank.
- Relationships between some customers and banks are limited to narrow angles, such as receiving salaries and organizing State-certified instruments and transactions, opening savings and current accounts, and fixed deposits.
- The way the employee deals with the customer may cause dissatisfaction with the customer, so they try to avoid it. Otherwise, repeat the review.
- As mentioned above, awareness about dealing with banks is one of the essential points that should be considered when banks are planning to develop and grow. And mostly, it should be about how they can make awareness for people; the lack of understanding regarding results that people don't accept to deal with the bank will affect the bank's growth. (Al-hedad, 2013, p. 45)

CHAPTER 4. METHODOLOGY

4.1. Research Design

The study employs a quantitative research design to analyze the relationships between economic indicators and banking metrics within Iraqi commercial banks. The data spans from January 1, 2014, to December 31, 2020, focusing on variables such as inflation rates, interest rates, deposits, and per capita income. The data was sourced from the Central Bank of Iraq and WorldData.info, ensuring comprehensive coverage of relevant financial and economic metrics.

Data Collection Methodology:

- Questionnaire Distribution: The distribution was supported by a letter from the Iraqi Central Bank.
- Sampling: Banks and customers were selected randomly to ensure representativeness.
- Data Collection Tools: Descriptive statistics were used to summarize data, while a one-sample T-test was applied to analyze the relationship between independent variables (bank awareness, bank traits, bank reputation and fame, and bank services) and the dependent variable (bank deposits).

Visual Representations: Illustrates the monthly percentage changes in interest rates and inflation rates from 2014 to 2020.

Analysis Tool: SPSS: Used for conducting statistical analysis, including the one-sample T-test to explore relationships between variables.

4.1.1. Data Source

Table 2

Data Sources

#	Variables	Data source	Date of data
1	Inflation rate	WorldData.info, Inflation Rate in Iraq	From 1-1-2014 to 31-12-2020
2	Interest rate	Iraqi Central Bank	From 1-1-2014 to 31-12-2020

<i>Table Continued</i>			
3	Deposits	Central Bank of Iraq	From 1-1-2014 to 31-12-2020
4	Per Capita Income	WorldData.info, Inflation Rate in Iraq	From 1-1-2014 to 31-12-2020

Source: By Researcher

4.1.2. Descriptive Statistic

Table 3

Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Deposits	84	69996748	6906072.2	61534905	84924168
inflation	84	.007	.012	-.016	.04
Interest	84	.038	.001	.033	.04
Ln-deposits	84	18.059	.097	17.935	18.257

Source: By Researcher

Table 4

Descriptive Statistics of Changes in Total Deposits According to the Years of Study

date	Mean	Max	Min	skewness
2014	68.32719	74.07334	64.15198	0.48765369
2015	66.76779	70.82678	64.34406	0.584001176
2016	62.73328	63.96794	61.53491	0.13287558
2017	63.37001	67.04863	62.25908	2.21397171
2018	70.35537	77.17989	65.69313	0.41814148
2019	78.80754	82.2454	73.17539	-0.443869296
2020	79.61605	84.92417	76.50747	0.740442102

Source: By Researcher

The dataset from 2014 to 2020 reveals significant trends in mean values, maximum and minimum values, and skewness. There is a noticeable increase in the mean value over the years, beginning at 68.33 in 2014 and rising to 79.62 by 2020. This upward trend indicates an overall increase in the central values of the dataset, reflecting a positive shift in the measured variable. Concurrently, the maximum values also demonstrate an upward trend,

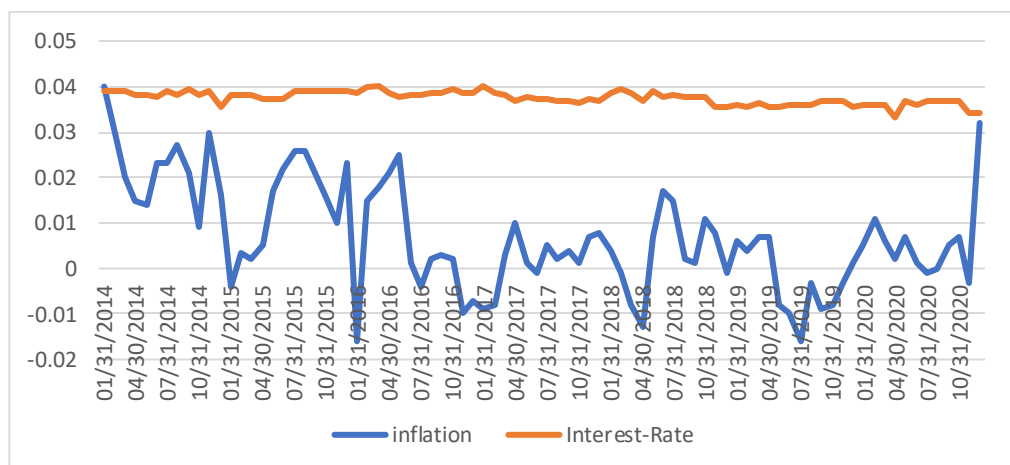
increasing from 74.07 in 2014 to 84.92 in 2020, which signifies higher peaks over time. In contrast, the minimum values, ranging from 64.15 in 2014 to 76.51 in 2020, show a more modest increase with less variation compared to the maximum values.

The skewness of the dataset reveals fluctuations in the distribution's shape across the years. From 2014 to 2015, the dataset exhibits positive skewness, with values of 0.49 and 0.58, respectively, suggesting right-skewed distributions with concentrations of higher-value outliers. In 2016, the skewness decreases to 0.13, indicating a nearly symmetrical distribution with minimal skew. However, 2017 sees a dramatic increase in skewness to 2.21, reflecting a strong right skew with a significant presence of higher-value outliers or an extended right tail. This is followed by a moderation in 2018, with skewness at 0.42, showing a slight rightward tail but less extreme than in 2017. In 2019, the skewness shifts to negative at -0.44, suggesting a leftward tail or an increase in low-value outliers. Finally, in 2020, the skewness returns to positive at 0.74, indicating a right-skewed distribution once again.

Overall, the data illustrates a general rise in central values, with varying degrees of skewness reflecting changes in the distribution's shape over the years, highlighting periods of higher-value outliers and shifts towards more balanced or left-skewed distributions.

Figure 10

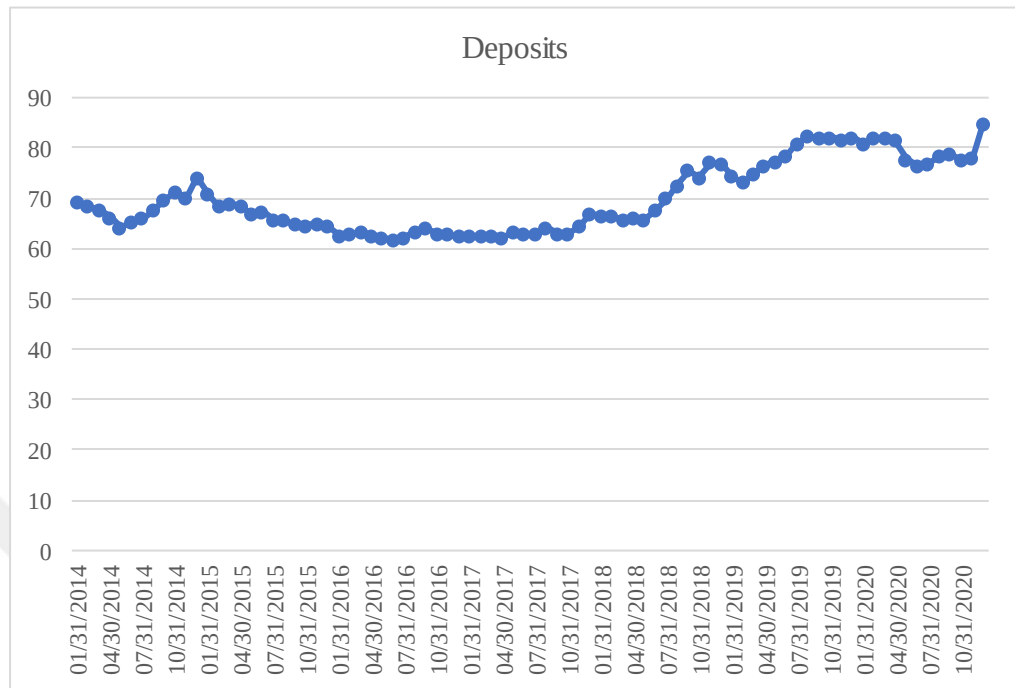
Monthly Percentage Of (Interest Rate And Inflation Rate) For The Years 2014 To 2020



Source: By Researcher

Figure 11

Changes in Total Deposits According to the Years of Study (Trillion IQD)



Source: By Researcher

4.1.3. Survey

4.1.3.1. Population Sample

Data Collection Overview

Objective: To test a hypothesis by gathering data from customers of Iraqi commercial banks with multiple branches.

1- Questionnaire Distribution:

- Distributed randomly to customers of commercial banks.
- Facilitated by a letter from the Iraqi Central Bank to support distribution.

2- Sampling:

- Banks were chosen randomly.
- Customers were selected randomly within these banks.

With a total of 1050 questionnaires distributed and 1003 responses received.

Table 5*Showing the Number of Questionnaire Distributed and Received*

Questionnaires Distributed		Questionnaires Received
Number of Questionnaire	1050	1003
Percentage		%95.5

Source: By Researcher**Table 6***General Information for the Study Target Population*

		Number	Percentage
Gender	Male	554	55%
	Female	449	45%
	Total	1003	100%
Age group	18-29	412	41%
	30-40	432	43%
	41-60	141	14%
	61- or bigger	18	2%
	Total	1003	100%
Educational level	Secondary or less	211	21%
	University	583	58%
	Master's degree or higher	209	21%
	Total	1003	100%
Income range	Less than 400000 IQD	0	0%
	Between 400000 and 1000000 IQD	343	34%
	Between 1001000 and 2000000 IQD	351	35%
	Between 2001000 and 3000000 IQD	248	25%
	More than 3000000IQD	61	6%
	Total	1003	100%
Range of dealing with the bank	4 years or less	458	46%
	Between 5 and 10 years	16	2%
	Between 11 and 15 years	79	8%
	More than 15 years	450	45%
	Total	1003	100%

Source: By Researcher**4.1.3.2. Study Survey Analyzing Methodology**

Our study was a cross-sectional descriptive study. The study population consists of the Iraqi commercial banking sector, with the sample comprising private banks. Questionnaires were distributed to bank customers using an irregular random sampling method.

In the study, individuals who met the inclusion criteria were selected using a random sampling method. The minimum sample size was calculated to be 384 using the sampling

formula ($n = t^2 * p * q / d^2$) with a 95% confidence interval ($d = 0.05$), $t = 1.96$, $p = 0.5$, and $q = 0.5$. During the data collection process, responses from participants were accepted for inclusion in the data analysis according to the eligibility criteria, and the research was completed with 1003 participants. A post hoc power analysis performed with the G*Power 3.1 statistical package, based on the results from these 1003 participants, showed that the power of our study was 99% with a medium effect size at a 95% confidence level (Cohen, 1992).

In our study, the survey items were created through a literature review process

(Hasan, & Al-Mukhtar, 2023, P 397-400), (Nadour, 201, P. 199- 202), (Abu Fouz, 2015, P. 48-50), (Abu Samra, 2007. P. 160-175).

CHAPTER 5. ANALYSIS AND FINDINGS

5.1. Brief History of the Iraqi Banking Sector

A general section for the current status and historical developments for Iraqi an banking system is important. Also give some statistics from various reliable information sources for penetration of banking services, deposit holding rate, credit/deposit rate etc. 1965 and 2015 (Islamic banking law) are important turning points. Show me the market concentration for branches, deposit volume and total assets.

The Ottoman Bank was the first to begin operations in Iraq, starting in 1890. This was followed by the East Bank, which opened its initial branch in Baghdad in 1912, and the Iranian Bank, which established its presence in 1918. These were the only banks operating in Iraq until 1935, when the Iraqi government founded the Agricultural Bank. In 1941, the Alrafidain Bank was launched as Iraq's first retail bank. However, in 1964, the Iraqi government nationalized the banks, leading to the end of private and international banking institutions in the country. (Al-Hassani, 2022, p. 12)

In 1988, the Iraqi government set up a new institution known as Al-Rasheed Bank. It wasn't until 1999 that the first private bank was permitted. Today, Iraq has seven state-owned banks, 53 private banks, 12 branches of foreign banks, and 2 branches of foreign Islamic banks. Additionally, there are 16 companies offering mobile payment services, issuing debit cards, and supplying IT infrastructure for online transactions. (Al-Hassani, 2022, p. 12)

5.1.1. Citizen Distrust in Banks in 1990

Iraq experienced international sanctions imposed by the United Nations Security Council, leading many countries to cut off financial and trade ties with Iraq. This had a severe impact on the Iraqi economy, prompting many citizens to withdraw their funds from banks. (Al-Hassani, 2022, p. 12)

o prevent bankruptcy, the Central Bank of Iraq directed banks to stop allowing money withdrawals. This action eroded public trust in the entire banking system, particularly towards private banks, a sentiment that persists today, with only 22% of Iraqis holding bank accounts. (Al-Hassani, 2022, p. 12)

Corruption, along with instability in the banking system, security concerns, and political unrest, has damaged the reputation of banks, especially private ones. As a result, Iraqis have grown wary of both private and state-owned banks. Transparency International has ranked Iraq 157th on its corruption index. (Al-Hassani, 2022, p. 12)

5.1.2. Deposit to GDP Rate

Currently, over 40 trillion IQD is deposited in Iraqi banks, which amounts to 17% of Iraq's GDP. This is significantly lower than the global average of 65%, indicating that banks have thus far had a limited impact on economic development.

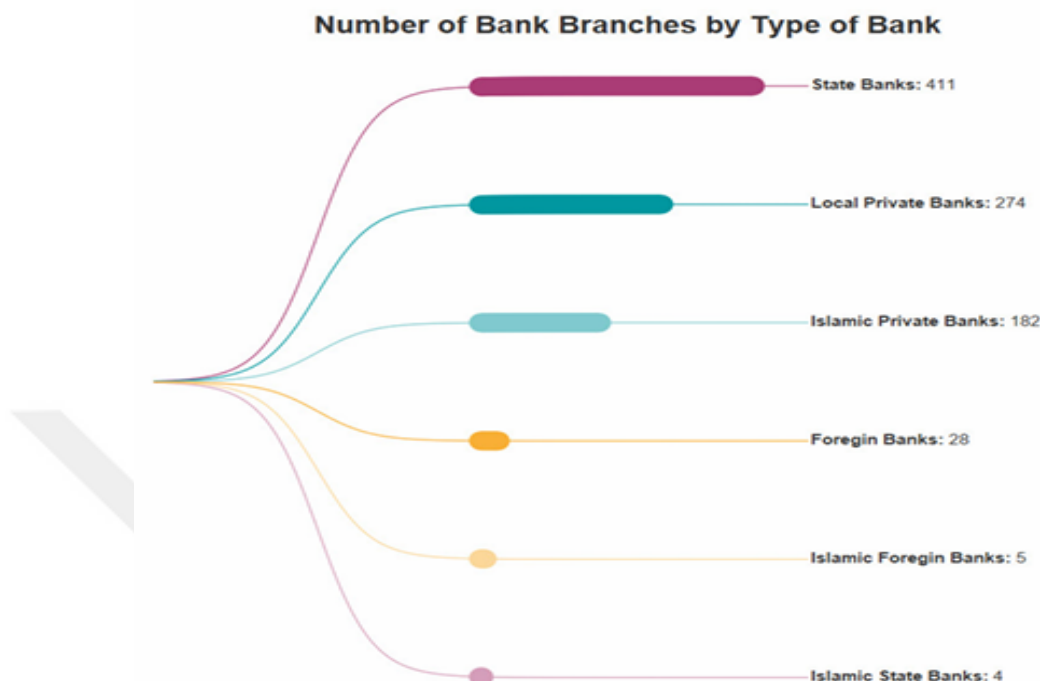
The Current State of Iraqi Banks

Iraq's economy remains largely reliant on cash. According to the World Bank (2017), only 23% of adults in Iraq have a bank account, which is notably lower than neighboring countries: 72% in Saudi Arabia, 88% in the UAE, 69% in Turkey, and 94% in Iran (World Bank, 2017). This low rate is attributed to a lack of confidence in the banking sector and widespread financial illiteracy, with only 27% of Iraqi adults being financially literate (GFLEC, 2021). Despite the critical role banks play globally in providing credit and facilitating payment systems, cash remains predominant in Iraq (IRIS, 2022).

Iraq has 904 bank branches across the country, but most are concentrated in Baghdad and Basra, with 37.1% and 9.3% of branches located in these two cities, respectively (CBI, 2021a).

Figure 12

Number of Bank Branches by Type of Bank

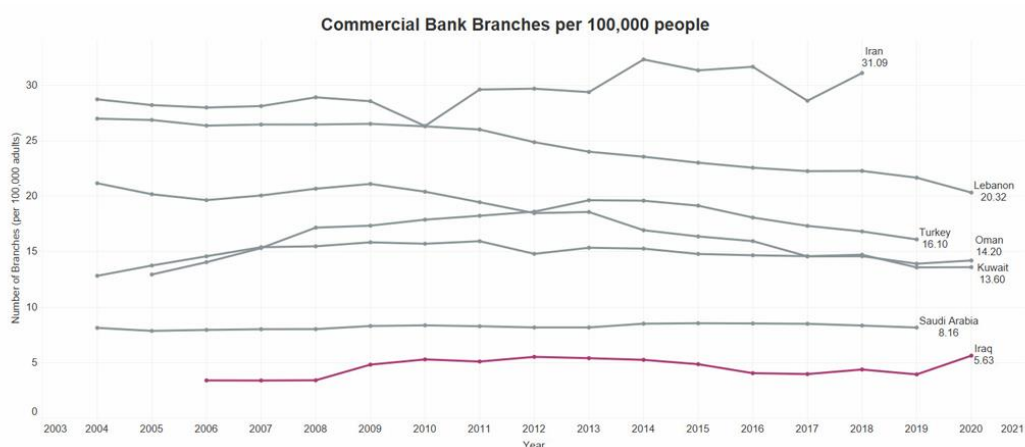


Source :Annual Statistical Bulletin Central bank of Iraq (2021)

The World Bank reports that in 2020, there were 5.63 commercial bank branches per 100,000 adults in Iraq. This number is considerably lower than in neighboring countries, where the figures are much higher: 16.1 in Turkey, 31.1 in Iran, and 13.6 in Kuwait.

Figure 13

Commercial Bank Branches per 100,000 people



Source: World Bank, 2022. Copyright: KAPITA Business Hub, (2022)

Iraqi banks are considered relatively underdeveloped as their services do not meet international banking standards. This issue partly stems from the pre-2003 era when the

regime maintained an oligopoly over the banking sector through six state-owned banks. Each of these banks had a specific function and was primarily used to carry out government initiatives, relying heavily on government support. This structure stifled development due to the lack of competition and incentives to improve services. Additionally, the financial isolation caused by the sanctions imposed on Iraq in 1990 further diminished demand and opportunities for growth (KAPITA, 2021a).

5.2. Study Data Analysis of the Commercial Bank's Annual Financial Statements

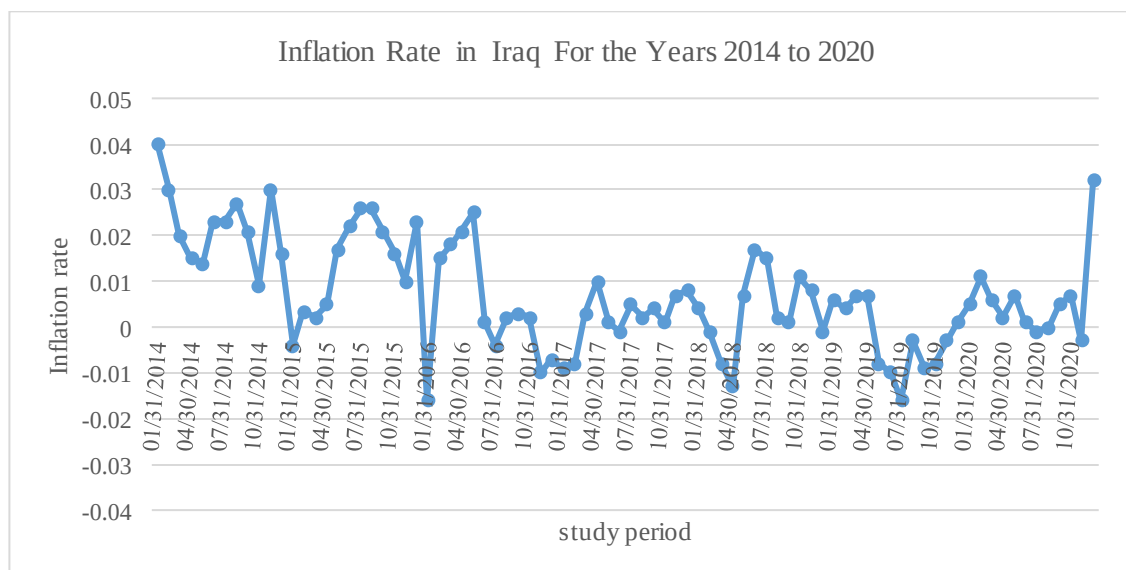
5.2.1. Statistical Methods Used in the Research

The data of the banks from central bank reports were dumped into the Excel program, and many appropriate equations were made for the study indicators, then these indicators were converted into a statistical analysis program (Statistical Package for the Social Sciences) (SPSS) The following statistical tools were used

1. Regression Coefficients the statistical
2. Perform mathematical calculations to obtain study indicators. (Didactive statistic
3. Simple linear regression test

Figure 14

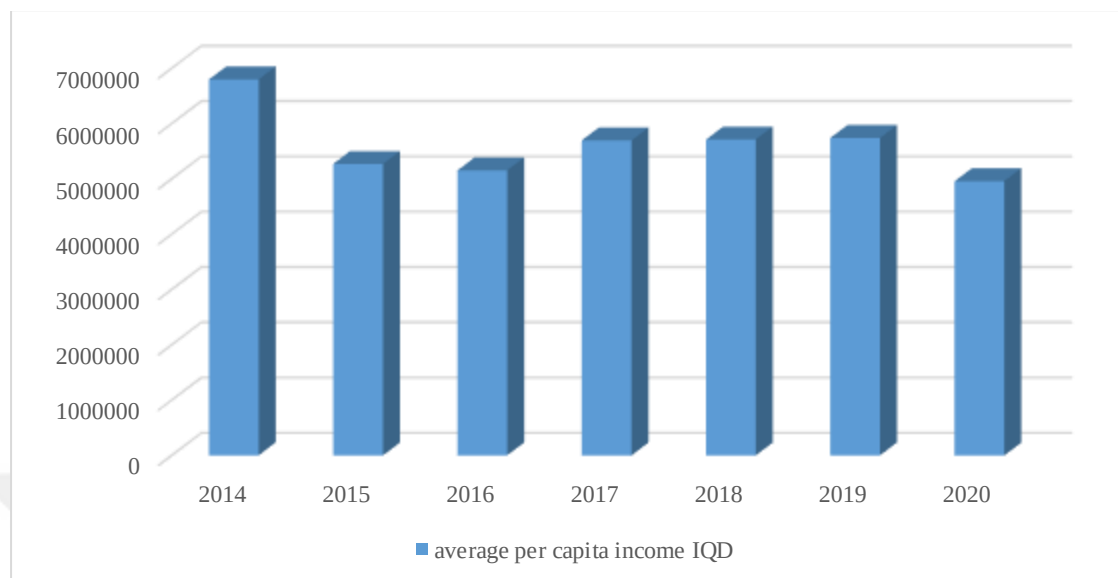
The Inflation Rate in Iraq For the Years 2014 to 2020



Source: WorldData.info, Inflation Rate in Iraq

Figure 15

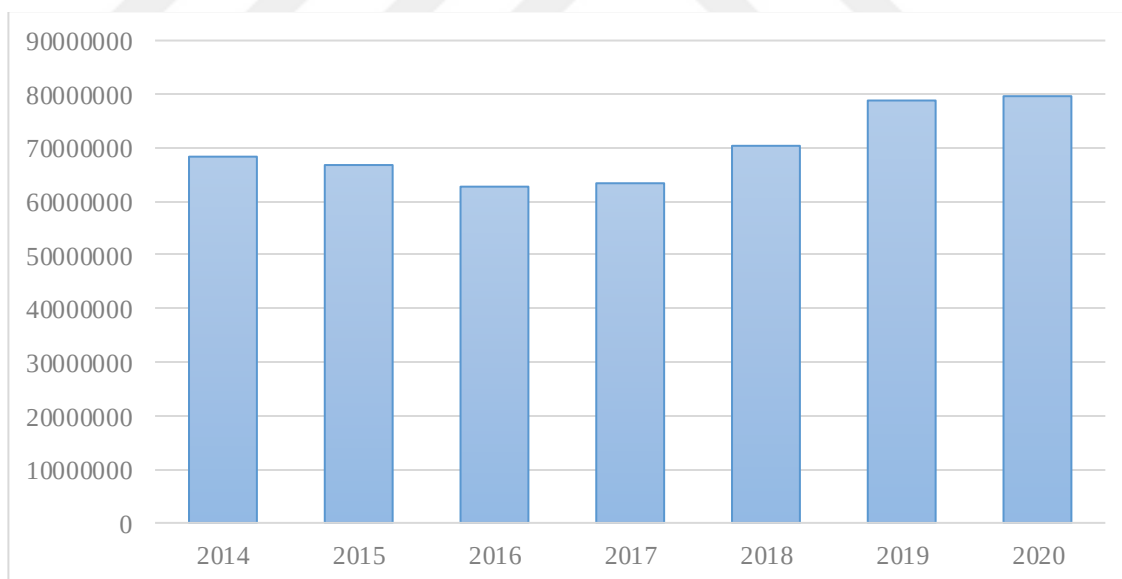
Per Capita Income (PCI) in IQD for the Period 2014 to 2020



Source: WorldData.info, Inflation Rate in Iraq

Figure 16

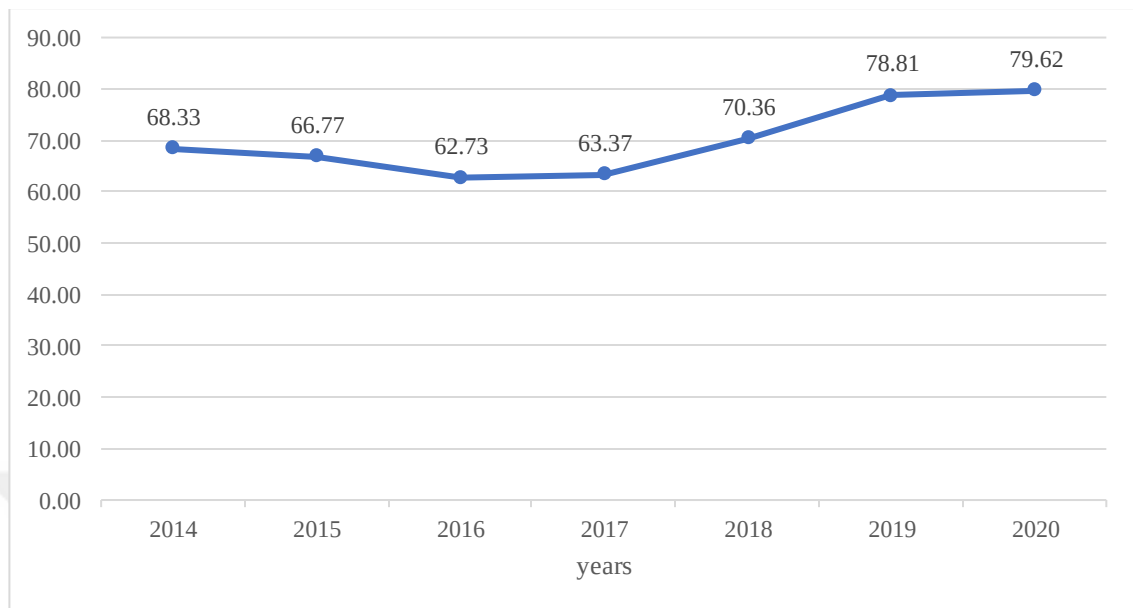
Total Deposits According to the Years of Study (Trillion IQD)



Source: Central Bank of Iraq

Figure 17

Total Deposits According to the Years of Study (Trillion IQD)



Source: Central Bank of Iraq

5.2.2. Hypotheses Test

5.2.2.1. Regression Coefficients For Interest

H1: There is no statistically significant effect between the interest rate and the volume of bank deposits.

The test was conducted to find the relationship between the dependent variable, the size of bank deposits, and the independent interest rate during the study period, and the results were the following:

Table 7

Regression Analyzing for Interest Rate with Deposits

Deposits	Coef.	St. Err.	t-value	p-value	[95% Conf	Interval]	Sig
Interest	-47.88	5.319	-9.00	0	-58.461	-37.299	***
Constant	19.855	.2	99.45	0	19.458	20.252	***
Mean dependent var		18.059	SD dependent var		0.097		
R-squared		0.497	Number of boss		84		
F-test		81.035	Prob > F		0.000		
Akaike crit. (AIC)		-209.065	Bayesian crit. (BIC)		-204.204		

*** $p < .01$, ** $p < .05$, * $p < .1$

Source: By Researcher

The coefficient for the "interest" variable in the regression equation is -47.88. This value indicates that, for every one-unit increase in the "interest" variable, the predicted value of the dependent variable decreases by 47.88 units, assuming that all other variables in the model remain constant. This negative coefficient suggests an inverse relationship between "interest" and the dependent variable, meaning that as "interest" rises, the outcome being measured tends to decline significantly.

The standard error (St. Err.) for the coefficient is 5.319. This measure reflects the accuracy of the coefficient estimate; a lower standard error signifies a more precise estimate. In this context, the standard error quantifies the variability or dispersion of the coefficient estimate, helping to assess the reliability of the coefficient in representing the relationship between the "interest" variable and the dependent variable.

The t-value of -9.00 is derived by dividing the coefficient by its standard error. This statistic measures how many standard deviations the coefficient estimate is away from zero. A t-value of -9.00 suggests that the coefficient is significantly different from zero, indicating strong statistical significance. This high t-value supports the notion that the relationship between the "interest" variable and the dependent variable is not due to random chance.

The p-value of 0 associated with the t-value tests the null hypothesis that the coefficient is equal to zero, implying no relationship between the "interest" variable and the dependent variable. A p-value of 0 provides strong evidence against the null hypothesis, indicating that "interest" is a statistically significant predictor of the dependent variable. This result underscores the robustness of the relationship between the variables in the model.

The 95% confidence interval for the coefficient of the "interest" variable ranges from -58.461 to -37.299. This interval suggests that we can be 95% confident that the true effect of "interest" on the dependent variable falls within this range. In other words, this interval estimates where the actual impact of "interest" on the dependent variable is likely to be, reinforcing the significance and strength of the observed relationship.

The coefficient of -47.88 indicates a negative relationship between "interest" and the dependent variable. This means that for each unit increase in "interest," the dependent variable is expected to decrease by 47.88 units. The coefficient's statistical significance is confirmed by the p-value of 0, suggesting that this relationship is not likely due to

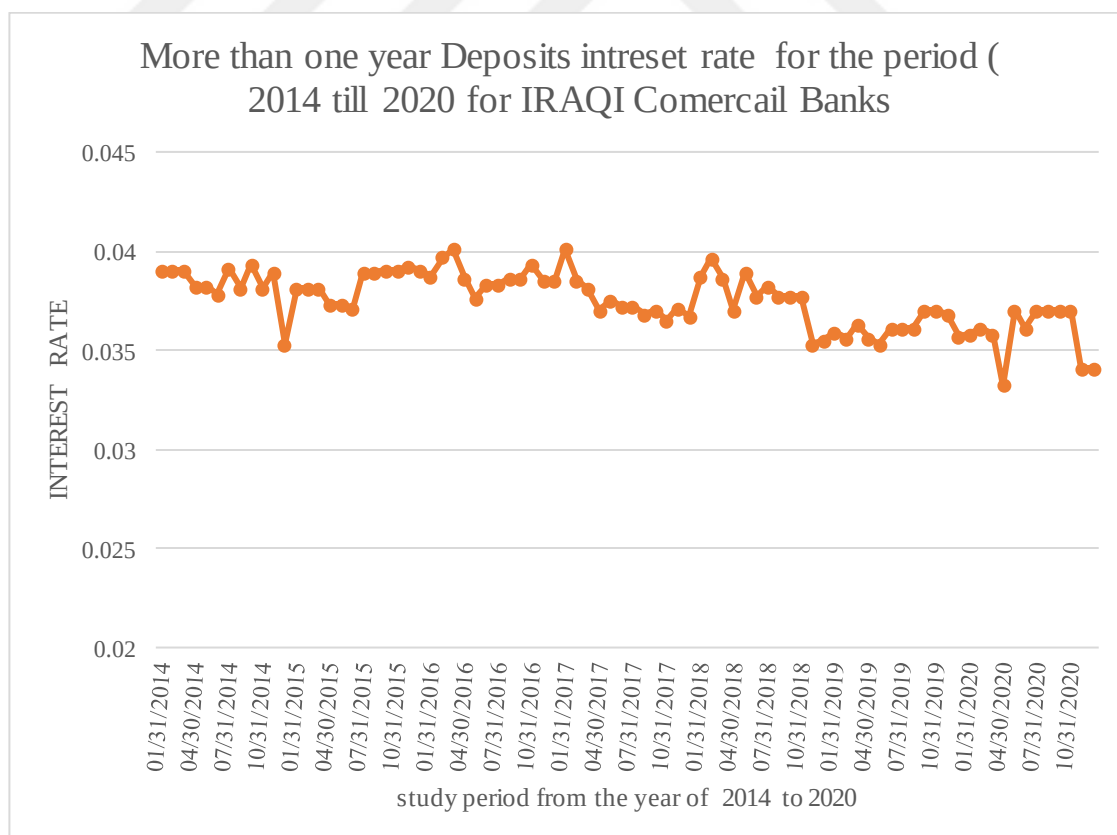
random chance. Additionally, the 95% confidence interval of $[-58.461, -37.299]$ offers a range of plausible values for the true effect of "interest," reinforcing the reliability and robustness of the observed effect.

This analysis demonstrates that "interest" has a significant and negative impact on the dependent variable in regression model, providing valuable insights into how changes in interest rates affect the outcome variable.

The negative coefficient for interest indicates a strong negative relationship with deposits, meaning that higher interest rates are associated with lower deposit levels. The model explains a significant portion of the variation in deposits, as reflected by the R-squared value of 0.497, underscoring the importance of interest rates in determining deposit amounts. To enhance the model's predictive accuracy or robustness, further analysis could investigate additional variables or potential nonlinear relationships.

Figure 18

The Commercial Banks' More Than One Year Deposits Interest Rates For The Period 2014 to 2020



Source: WorldData.info, Inflation Rate in Iraq

5.2.2.2. Regression Coefficients for Inflation

H2: There is no statistically significant effect between the inflation rate and the volume of bank deposits.

Table 8

Regression Analyzing for Inflation Rate with Deposits

Deposits	Coef.	St. Err.	t-value	p-value	[95% Conf	Interval]	Sig
Inflation	-1.258	.888	-1.42	.16	-3.024	.507	
Constant	18.068	.012	1482.28	0	18.044	18.092	***
Mean dependent var		18.059	SD dependent var		0.097		
R-squared		0.024	Number of jobs		84		
F-test		2.009	Prob > F		0.160		
Akaike crit. (AIC)		-153.370	Bayesian crit. (BIC)		-148.508		

*** $p < .01$, ** $p < .05$, * $p < .1$

Source: By Researcher

The coefficient of -1.258 for "inflation" indicates that, for every one-unit increase in inflation, the predicted value of the dependent variable decreases by 1.258 units, while keeping all other variables constant. This suggests a negative relationship between inflation and the dependent variable, meaning that higher inflation is associated with a decrease in the dependent variable's value.

The standard error of 0.888 measures the accuracy of the coefficient estimate for "inflation." A lower standard error reflects a more precise estimate of the coefficient. This means that the coefficient of -1.258 is estimated with a reasonable degree of accuracy, although precision should always be considered in the context of the model's overall performance and the standard error of other coefficients.

The t-value of -1.42 is obtained by dividing the coefficient of -1.258 by its standard error of 0.888. This value measures how many standard deviations the coefficient is from zero. A t-value of -1.42 suggests that the coefficient for "inflation" is not statistically significant, indicating that the effect of inflation on the dependent variable may not be different from zero. This implies that the impact of inflation might not be substantial in explaining the variation in the dependent variable.

The p-value of 0.16 tests the null hypothesis that the coefficient for "inflation" is zero, meaning no relationship exists between inflation and the dependent variable. Since this p-value is greater than the conventional significance level of 0.05, we fail to reject the

null hypothesis. This suggests that "inflation" is not a significant predictor of the dependent variable in this model.

The 95% confidence interval for the coefficient of "inflation" ranges from -3.024 to 0.507. Since this interval includes zero, it reinforces the conclusion that the coefficient is not statistically significant. This range indicates that the true effect of "inflation" on the dependent variable could be zero or may vary in either direction, further suggesting that "inflation" may not have a substantial impact on the dependent variable.

The analysis indicates that while inflation has a negative relationship with deposits, this relationship is not statistically significant given the p-value of 0.16. The high t-value for the constant term, coupled with its significant p-value, suggests that inflation may not be a substantial predictor of deposit levels. This implies that other factors not accounted for in the model might have a more significant impact on deposit variations. Further investigation into additional variables or refined model specifications could provide a clearer understanding of the determinants affecting deposits.

5.2.2.3. Regression Coefficients for Per Capita Income

H3: There is no statistically significant effect between the Average per capita income and the volume of bank deposits.

Table 9

Regression Analyzing for Per Capita Income with Deposits

Deposits	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
Average per capita income	1.071	6.485	0.17	.875	-15.598	17.74	***
Constant	67098569	36610408	1.83	.126	-27011481	1.612e+08	
Mean dependent var	73112754.429		SD dependent var		8794595.087		
R-squared	0.005		Number of obs		7		
F-test	0.027		Prob > F		0.875		
Akaike crit. (AIC)	246.603		Bayesian crit. (BIC)		246.495		

*** $p < .01$, ** $p < .05$, * $p < .1$

Source: By Researcher

The above table show the regression aims to examine the relationship between average per capita income (independent variable) and deposits (dependent variable)

The coefficient of 1.071 suggests that, theoretically, for every one-unit increase in average per capita income, deposits increase by 1.071 units. However, this effect is not statistically significant, as indicated by the p-value and other factors discussed below.

p-value: 0.875 means that the probability of observing the relationship between per capita income and deposits due to random chance is 87.5%, which is much higher than any conventional significance levels ($p < 0.01$, 0.05, or 0.10),

The 95% confidence interval for the coefficient of per capita income ranges from -15.598 to 17.74. This wide interval includes zero, reinforcing the conclusion that the effect of per capita income on deposits is not significant.

A confidence interval that includes zero means we cannot confidently say whether the true effect is positive or negative, further supporting the lack of statistical significance.

The intercept indicates the estimated value of deposits when per capita income is zero. Here, the constant is 67,098,569, suggesting that even without accounting for per capita income, the model predicts this as the base level of deposits.

Statistical Significance of Constant ($p = 0.126$): The intercept is also not statistically significant, with a p-value of 0.126, indicating some uncertainty in predicting deposits even without the influence of per capita income.

The R-squared value is 0.005, meaning that only 0.5% of the variance in deposits is explained by per capita income.

The relationship is insignificant since, But it is a direct relationship t is a positive relationship between the independent variable (Average per capita income) and the dependent variable (the total deposits).

5.3. Part 2 Field Study

To fulfill the study's objectives and test its hypotheses, a well-structured questionnaire was developed, encompassing various questions related to the research hypotheses and study goals. Additionally, the questionnaire included items addressing the characteristics of the study sample. The key areas explored in the questionnaire are banking awareness, bank traits, the reputation and fame of the bank, and bank services.

The researcher utilized a five-point Likert scale to gauge respondents' opinions, a widely accepted method for measuring individuals' attitudes and perceptions. The scale ranged

from "Strongly Disagree" to "Strongly Agree," providing a spectrum for respondents to express varying degrees of agreement or disagreement with each statement. To analyze the data collected from the questionnaire, a one-sample T-test was employed. This statistical test assesses whether the mean of the sample significantly deviates from a hypothesized value, in this case, the neutral midpoint of the Likert scale. By comparing the average responses to this central value, the one-sample T-test enables a comprehensive evaluation of the findings, helping to determine if the respondents' views are significantly different from a neutral or expected benchmark. The alternatives to answers on the Likert scale were as follows:

Table 10

Scale Alternatives For Answers of The Questionnaire

C	Strong Agree	Agree	Neither agree nor disagree	Disagree	Strong Disagree
Degree	5	4	3	2	1

Source: By Researcher

The relative weight is calculated to determine the direction of the variable through the average and the degree of quantitative measurement /5/, so the trend is positive when the relative weight is higher than 60%, negative when the relative weight is less than 60%, and neutral when the relative weight is 60%.

a. The reliability of the study tool: The sincerity of the questionnaire means that it measures what it was set to measure.

b. The veracity of the arbitrators: The researcher presented the questionnaire to a group of arbitrators specialized in (finance, accounting, and statistics). The researcher responded to the arbitrators' opinions and made the necessary deletion and modifications according to the proposals submitted. In reliability assessments, it is typically indicated that a Cronbach's Alpha value should be at least 0.70, and a value of 0.90 or higher is considered excellent (Kline, 2011).

Table 11*Summary of Cronbach Alpha Test Results*

Pillar (variables)	Number of Variables	Alpha factors
Banking Awareness	14	0.711
traits of bank	9	0.91
The reputation and fame of the bank	9	0.919
Bank Services	9	0.914
Total		0.966

Source: By Researcher

As shown in the table above, the value of the Cronbach alpha factor was excellent and high, and it was between (0.711- 0.966); therefore, the researcher confirmed the reliability of the questionnaire.

5.3.1. The Statistical Tools Used For Analyzing the Questionnaire

Calculate the frequencies and percentages to identify the study vocabulary's characteristics and determine its members' responses to the questionnaire questions.

Table 12*Statistical Mean, and Answers of the Questionnaires*

#	Banking Awareness:	Answers					
		Mean	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	The bank's customers can adapt to the new, advanced, modern services.	4.399	18	76	397	51	0
2	The bank is interested in providing the best services to customers by continuously evaluating the extent of customer satisfaction with the existing services.	4.174	27	103	525	34	4
3	The financial statements that bank issues are characterized by compliance with accounting standards and the application of all regulations issued by the stock market regarding the disclosure of information in the financial statements.	4.143	37	125	479	35	5
4	The published information on loans and facilities is clear, accurate, and easily understandable.	4.082	37	150	452	34	17
5	Customers are aware of credit risks, as the bank continuously analyzes credit risks.	4.036	50	133	479	32	18
6	The bank is interested in increasing customer confidence by developing it through credibility in the bank and providing more efficient services.	4.032	39	142	486	31	21
7	The bank has ongoing media campaigns about its services to customers to educate them.	4.05	40	133	479	32	22
8	The daily transaction of the Banks is transparent and clear for users.	4.083	42	134	466	34	15

<i>Table Continued</i>							
9	Bank employees have the ability and competence to increase banking awareness by introducing the available services with efficiency and merit.	4.116	42	107	483	35 5	16
10	The culture of the environment in which you live impacts banking awareness.	4.098	40	122	461	36 0	20
11	It is preferable to keep cash or invest in gold and real estate instead of investing in the bank.	3.962	65	152	430	32 8	28
12	Do you have confidence in the bank to deposit and invest in it?	4.031	50	121	452	34 8	32
13	You know account types and bank deposits.	4.363	31	94	338	53 5	5
14	You know the nature of non-traditional services in banks.	4.18	47	141	379	43 1	5
15	The bank has logistical services such as car parking for clients.	4.231	8	43	105	400	447
16	The bank has a suitable and designated place to wait for customers.	4.141	4	37	120	495	347
17	It is easy to reach the offices and branches of the bank because there are branches in several places.	4.136	8	40	120	475	360
18	The bank is heading to increase departments and branches.	4.106	11	27	145	482	338
19	The bank uses ATM units to provide comprehensive coverage of the bank's market.	4.054	15	34	146	495	313
20	The bank cares about the convenience of customers by providing the best services with ease and speed of delivery.	4.056	20	45	130	472	336
21	The presence of external branches of the bank is one of the essential things for you to facilitate your financial affairs.	4.093	23	32	110	502	336
22	You have full knowledge and interest in following up on the bank's financial statements.	4.015	18	52	145	470	318
23	The appearance of the employees and the way they deal with customers are essential matters.	4.126	24	33	107	468	371
24	The bank has sufficient skills in providing services.	4.279	8	23	94	434	444
25	There is an orientation explaining the service, clarifying it, and how to obtain its advantages.	4.105	6	38	124	512	323
26	The bank is working on continuously coordinating its relations with the target audience.	4.106	8	38	132	487	338
27	Bank employees have a decent appearance and elegance.	4.124	12	28	141	466	355
28	The bank seeks to shorten the waiting period for getting services.	4.146	11	48	115	439	390
29	The workers have sufficient knowledge and high efficiency in responding to customer inquiries.	4.082	22	47	144	403	386
30	The bank provides services quickly, accurately, and on time.	4.045	29	42	134	448	350
31	The bank has sufficient experience in providing services.	4.074	22	40	126	469	346
32	Seeing the bank logo gives me a great deal of security and confidence.	4.077	28	36	117	472	350
33	The bank's services are considered less expensive than other alternatives and of high quality.	4.259	7	29	117	394	456
34	The bank provides services according to modern technological developments in line with current requirements.	4.151	7	30	123	508	335
35	The bank is trying to provide better and more accessible services to attract customers.	4.073	12	47	130	481	333
36	The bank has many methods for retaining customers through alluring banking facilities.	4.023	15	47	133	514	293
37	The services provided by the bank are considered new and valuable in the area.	4.072	13	57	126	456	351

Table Continued

38	The services the bank provides reduce wasted time and at a lower cost compared to traditional methods.	4.071	14	49	135	459	346
39	The bank has a balanced spread of ATMs.	4.019	25	60	137	430	351
40	The bank's incentives are attractive and lead to keeping its customers with it.	4.029	25	51	133	455	339
41	The bank has technical equipment and sophisticated technological equipment.	3.978	43	45	130	458	327

Source: By Researcher

Table 13

Banking Awareness Statistical Mean, Std Deviation T-test, and Relative Index Significance

	Banking Awareness:	Mean	Std. Deviation	T Test	Relative Index (RII)	Signification
1	The bank's customers can adapt to the new, advanced, modern services.	4.399	0.7067	197.118	87.98	0
2	The bank is interested in providing the best services to customers by continuously evaluating the extent of customer satisfaction with the existing services.	4.174	0.7479	176.771	83.48	0
3	The financial statements that bank issues are characterized by compliance with accounting standards and the application of all regulations issued by the stock market regarding the disclosure of information in the financial statements.	4.143	0.8083	162.316	82.86	0
4	The published information on loans and facilities is clear, accurate, and easily understandable.	4.082	0.8774	147.34	81.64	0
5	Customers are aware of credit risks, as the bank continuously analyzes credit risks.	4.036	0.9028	141.576	80.72	0
6	The bank is interested in increasing customer confidence by developing it through credibility in the bank and providing more efficient services.	4.032	0.8941	142.818	80.64	0
7	The bank has ongoing media campaigns about its services to customers to educate them.	4.05	0.9033	141.996	81	0
8	The daily transaction of the Banks is transparent and clear for users.	4.083	0.8801	146.916	81.66	0
9	Bank employees have the ability and competence to increase banking awareness by introducing the available services with efficiency and merit.	4.116	0.8712	149.606	82.32	0
10	The culture of the environment in which you live impacts banking awareness.	4.098	0.9004	144.123	81.96	0
11	It is preferable to keep cash or invest in gold and real estate instead of investing in the bank.	3.962	0.9943	126.203	79.24	0
12	Do you have confidence in the bank to deposit and invest in it?	4.031	0.9768	130.692	80.62	0
13	You know account types and bank deposits.	4.363	0.8152	169.495	87.26	0
14	You know the nature of non-traditional services in banks.	4.18	0.8779	150.801	83.6	0

Source: By Researcher

From the above table, it is shown that the opinion of the study sample in the previous paragraphs is positive, with average responses ranging between 4.39 and 3.96 since, for each section, it was found that the calculated value of t is greater than the tabular value

of t, which is equal to 3.54. The significance level is less than 0.005, and each paragraph's relative weight is greater than the weight. The close neutral is 60%, meaning that the study sample agrees that (Bank customers enjoy the required adaptation to new services. The bank issues financial statements are characterized by compliance with accounting standards. The published information on loans and facilities shall be clear, accurate, and easily understood. Customers know credit risks, and that is because the bank constantly analyzes credit risks. The bank is interested in increasing customer confidence by developing it through credibility in the bank and providing more efficient services. The bank has ongoing media campaigns about the services it offers to customers to educate them. The daily transactions of the bank are characterized by transparency and clarity; the bank employees have the ability and efficiency to increase banking awareness by defining the services available efficiently and well; the culture of the environment in which you live has an impact on banking awareness, it is preferable to keep cash in the house or invest in gold and real estate instead of investment In the bank, do you have confidence in the bank so that you can deposit and invest in it? Must know the types of accounts and deposits with banks and the nature of non-traditional services with banks). With a relative index between (%87.98 - %79.24) and averages tending towards approval with a standard deviation smaller than one (there is no dispersion in the data), which generally means that the respondents believe that the variables related to banking awareness are essential because they are a factor affecting the volume of bank deposits.

Table 14

Traits of Bank Statistical Mean, Std Deviation T-test, Relative Index and Significance

#	Traits of Bank	Mean	Std. Deviation	T	Relative Index	Signification
1	The bank has logistical services such as car parking for clients.	4.231	0.8607	155.689	84.62	0.00
2	The bank has a suitable and designated place to wait for customers.	4.141	0.7937	165.223	82.82	0.000
3	It is easy to reach the offices and branches of the bank because there are branches in several places.	4.136	0.832	157.427	82.72	0.000
4	The bank is heading to increase departments and branches.	4.106	0.8231	157.979	82.12	0.000
5	The bank uses ATM units to provide comprehensive coverage of the bank's market.	4.054	0.8518	150.715	81.08	0.000
6	The bank cares about the convenience of customers by providing the best services with ease and speed of delivery.	4.056	0.9062	141.742	81.12	0.000
7	The presence of external branches of the bank is one of the essential things	4.093	0.878	147.632	81.86	0.000

<i>Table Continued</i>						
	for you to facilitate your financial affairs.					
8	You have full knowledge and interest in following up on the bank's financial statements.	4.015	0.9117	139.476	80.3	0.000
9	The appearance of the employees and the way they deal with customers are essential matters.	4.126	0.8992	145.307	82.52	0.000

Source: By Researcher

From the above table, it is shown that the opinion of the study sample in the previous paragraphs is positive, with average responses ranging between 4.23 and 4.05 since, for each section, it was found that the calculated value of t is greater than the tabular value of T, which is equal to 3.54. The significance level is less than 0.005, and each paragraph's relative weight is greater than the weight. The close neutral is 60%, meaning that the study sample agrees that It is important for the customers the logistical services such as car parking for clients and suitable and designated places to wait for customers; customers need to reach the offices and branches of the bank quickly, and customers want banks to have their branches in several areas, the bank must be heading to increase departments and branches. Banks must use ATM units to provide comprehensive coverage of the bank's market. The banks must care about customers' convenience by providing the best services with ease and speed of delivery. The presence of external bank branches is one of the essential things to facilitate financial affairs. The banks share complete knowledge and interest in following up on the bank's financial statements with the customers. Employees' appearance and how they deal with customers are essential matters for the customers.) With a relative index between (%84.62 - %80.3) and averages tending towards approval with a standard deviation smaller than one (there is no dispersion in the data), which generally means that the respondents believe that the variables related to Traits of the banks are essential because they are a factor affecting the volume of bank deposits.

Table 15

The Reputation and Fame of the Bank Statistical Mean, Std Deviation T-test, Relative Index and Signification

#	The reputation and fame of the bank	Mean	Std. Deviation	t	Relative Index	Signification
1	The bank has sufficient skills in providing services.	4.279	.7890	171.755	85.583	0.00
2	There is an orientation explaining the service, clarifying it, and how to obtain its advantages.	4.105	.8005	162.403	82.094	0.000

Table Continued

3	The bank is working on continuously coordinating its relations with the target audience.	4.106	.8255	157.516	82.114	0.000
4	Bank employees have a decent appearance and elegance.	4.124	.8386	155.730	82.473	0.000
5	The bank seeks to shorten the waiting period for getting services.	4.146	.8793	149.310	82.911	0.000
6	The workers have sufficient knowledge and high efficiency in responding to customer inquiries.	4.082	.9526	135.700	81.635	0.000
7	The bank provides services quickly, accurately, and on time.	4.045	.9535	134.349	80.897	0.000
8	The bank has sufficient experience in providing services.	4.074	.9071	142.225	81.476	0.000
9	Seeing the bank logo gives me a great deal of security and confidence.	4.077	.9249	139.601	81.535	0.000

Source: By Researcher

It is shown in the above table that the opinion of the study sample in the previous paragraphs is positive, with average responses ranging between 4.279 and 4.045 since, for each section, it was found that the calculated value of t is greater than the tabular value of T , which is equal to 3.54. The significance level is less than 0.005, and each paragraph's relative weight is greater than the weight. The close neutral is 60%, meaning that the study sample agrees (that It is important for the customers that the banks have sufficient skills to provide services. And it is so beneficial for the customers that banks have an orientation explaining the service, clarifying it, and how to obtain its advantages; the bank must work on continuously coordinating its relations with the target audience.

Should the Bank employees have a decent appearance and elegance, the bank must seek to shorten the waiting period for getting services. Must the workers have sufficient knowledge and high efficiency in responding to customer inquiries, the bank must provide services quickly, accurately, and on time. Must the banks have adequate experience in providing services, and needs bank work on how Seeing the bank logo gives customers excellent security and confidence.) With a relative index between (%85.58 - %80.89) and averages tending towards approval with a standard deviation smaller than one (there is no dispersion in the data), which generally means that the respondents believe that the variables related to Traits of the banks are essential because they are a factor affecting the volume of bank deposits.

Table 16

The Banks Services Statistical Mean, Std Deviation T-test, Relative Index, and Signification

#	Bank Services	Mean	Std. Deviation	t	Relative Index	Signification
1	The bank's services are considered less expensive than other alternatives and of high quality.	4.259	.8266	163.191	85.184	0.00
2	The bank provides services according to modern technological developments in line with current requirements.	4.151	.7597	173.032	83.011	0.000
3	The bank is trying to provide better and more accessible services to attract customers.	4.073	.8673	148.724	81.456	0.000
4	The bank has many methods for retaining customers through alluring banking facilities.	4.023	.8666	147.022	80.459	0.000
5	The services provided by the bank are considered new and valuable in the area.	4.072	.9029	142.825	81.436	0.000
6	The services the bank provides reduce wasted time and at a lower cost compared to traditional methods.	4.071	.8924	144.467	81.416	0.000
7	The bank has a balanced spread of ATMs.	4.019	.9751	130.536	80.379	0.000
8	The bank's incentives are attractive and lead to keeping its customers with it.	4.029	.9478	134.621	80.578	0.000
9	The bank has technical equipment and sophisticated technological equipment.	3.978	1.0107	124.655	79.561	0.000

Source: By Researcher

The above table shows that the opinion of the study sample in the previous paragraphs is positive, with average responses ranging between 4.259 and 3.978 since, for each section, it was found that the calculated value of t is greater than the tabular value of T, which is equal to 3.54. The significance level is less than 0. 005, and each paragraph's relative weight is greater than the weight. The close neutral is 60%, meaning that the study sample agrees (The bank must care about services it be less expensive than other alternatives and of high quality; it is essential to bank provides services according to modern technological developments in line with current requirements.

Must the bank try to provide better and more accessible services to attract customers, need the bank to use many methods for retaining customers through alluring banking facilities, must the services offered by the bank be new and valuable in the area. Must the bank consider the services that it provides to reduce wasted time and at a lower cost compared to traditional methods? Must The bank has a balanced spread of ATMs; the bank's incentives must be attractive and lead to keeping its customers with it; it must the banks have the technical and sophisticated technological equipment.) With a relative index between (%85.184 - %79.156) and averages tending towards approval with a standard deviation smaller than one (there is no dispersion in the data), which generally means that the respondents believe that the variables related to Traits of the banks are essential because they are a factor affecting the volume of bank deposits.

H4- There is no statistically significant relationship between banking awareness and the size of bank deposits

Table 17

Statistical Indicator of the Relationship of Banking Awareness and the Volume of Bank Deposits

Model	R	R Square	F	Sig.
1	.580 ^a	.336	2.498	.006 ^b

*Banking Awareness

**Dependent Variable: volume of Bank Deposits

Source: By Researcher

The above table has an acceptable correlation coefficient of 58%. a measure of the interpretation (identification) coefficient, was a value of 33.6%, so the independent variable (banking awareness) in this model has an effect of 33.6 % on the dependent variable (the size of bank deposits), which means that the variable The independent was able to explain 33.6% of the changes in the dependent (the volume of bank deposits), and this effect has a positive direction. The rest is attributed to other factors, and the table shows the explanatory power of the linear regression model from a statistical point of view, that is, the whole model has a significant significance, and we accept the hypothesis that there is an effect no statistically significant in bank deposits.

Accordingly, there is statistically relationship between banking awareness and the size of bank deposits.

That is, the demand for deposits is positively associated with the spread of banking awareness in society, and in the event of its absence, it leads to a shift to other forms of savings, as an increase in awareness among individuals increases the demand for deposits.

H5- There is no statistically significant relationship between the Traits of the banks and the size of bank deposits

Table 18

Statistical Indicator of the Relationship Between Traits of Bank and the Volume of Bank Deposits

Model	R	R Square	F	Sig.
1	.553 ^a	.306	3.624	.001 ^b

*Predictors: (Constant) Traits of Bank

**Dependent Variable: Bank Deposits

Source: By Researcher

Have an acceptable correlation coefficient of 55.3%. We have a measure of the interpretation (identification) coefficient, whose value is 30.6%, so the independent variable (traits of the bank) in this model has an effect of 30.6 % on the dependent variable (the size of bank deposits), which means that the variable The independent was able to explain 30.6 % of the changes in the dependent (the volume of bank deposits), and this effect has a positive direction. The rest is attributed to other factors, and the table shows the explanatory power of the linear regression model from a statistical point of view; that is, the whole model has a significant significance, and we accept the alternative hypothesis that there is an effect Statistically significant in bank deposits.

Accordingly, there is a statistically significant relationship between traits and the size of bank deposits.

As individuals are affected by the location of the bank and the way it deals, as it is logical to go to the banks with the same interests, The location close to housing or work and has important facilities for customers, but on the contrary, it leads to a tendency to save their money in other areas.

H6-There is no statistically significant relationship between the reputation and fame of the bank of the banks and the size of bank deposits

Table 19

Statistical Indicator of the Relationship Between the Reputation and Fame of the Bank and the Volume of Bank Deposits

Model	R	R Square	F	Sig.
1	.550 ^a	.302	3.563	.001 ^b

*Predictors: (Constant): The reputation and fame of the bank

Source: By Researcher

According to the analysis, the acceptable correlation coefficient of 55%.and have a measure of the interpretation (identification) coefficient, value is 30.2%, so the independent variable (The reputation and fame of the bank) in this model has an effect of 30.2 % on the dependent variable (the size of the bank deposits), which means that the independent variable was able to explain 30.2 % of the changes in the dependent (the volume of bank deposits), and this effect has a positive direction. The rest is attributed to other factors, and the table shows the explanatory power of the linear regression model from a statistical point of view; that is, the whole model has a significant significance, and we accept the alternative hypothesis that there is an effect Statistically significant in bank deposits.

Accordingly, there is a statistically significant relationship between the reputation and fame of the bank and the size of bank deposits.

H7-There is no statistically significant relationship between the banking service and the size of bank deposits

Table 20

Statistical Indicator of the Relationship Between the Banking Service and the Volume of Bank Deposits

Model	R	R Square	F	Sig.
1	.931 ^a	.866	8.893	.001 ^b

*Predictors: (Constant): Banking Service

**Dependent Variable: Bank Deposits

Source: By Researcher

According to the analysis, the acceptable correlation coefficient of 93% and have a measure of the interpretation (identification) coefficient, value is 86.6%, so the independent variable (banking service) in this model has an effect of 86.6 % on the dependent variable (the size of the bank deposits), which means that the independent variable was able to explain 86.6 % of the changes in the dependent (the volume of bank

deposits), and this effect has a positive direction. The rest is attributed to other factors, and the table shows the explanatory power of the linear regression model from a statistical point of view; that is, the whole model has a significant significance, and we accept the alternative hypothesis that there is an effect Statistically significant in bank deposits.

Accordingly, there is a statistically significant relationship between the banking service and the size of bank deposits.

5.4. Part 3: ANOVA One-Way And LSD Analysis On Gender, Age, Education, Income, Dealing Of Bank With, Bank Awareness, Traits Of Banks, Reputation, Fame Of Bank, And Bank Services.

To perform ANOVA One-Way and LSD (Least Significant Difference) analyses on the relationships between variables like Age, Education, Income, and Dealing with the Bank with outcomes such as Bank Awareness, Traits of Banks, Reputation, Fame of Bank, and Bank Services, as below table summary of the relationships.

Table 21

Summary Of ANOVA One-Way Analysis On Age, Education, Income, Dealing Of Bank With, Bank Awareness, Traits Of Banks, Reputation, Fame Of Bank, And Bank Services

Aspect	Key Findings
Age Group and Bank Awareness	No significant differences in banking services, transparency, employee competence, or awareness of risks across age groups.
Educational Level and Bank Awareness	Higher education correlates with greater understanding of advanced banking services, customer satisfaction, compliance, and risk analysis.
Income Range and Bank Awareness	Income level affects awareness of modern services, compliance, and account types. No significant impact on published info or credit risk awareness.
Range of Dealing with the Bank and Bank Awareness	Significant impact on modern services, transparency, customer awareness, and confidence. Less impact on media campaigns and environmental culture.
Gender with Traits of Banks	Significant gender differences in customer service ease and speed. No significant differences in logistical services, branch accessibility, or ATM coverage.
Age Group with Traits of Banks	No significant differences in perceptions of most bank traits across age groups.
Educational Level with Traits of Banks	Education significantly affects perceptions of logistical services, waiting areas, branch expansion, and employee appearance.

Table Continued

Income Range with Traits of Banks	Significant differences in perceptions of car parking, waiting areas, and branch expansion. No significant differences in branch accessibility or ATM coverage.
Range of Dealing with the Bank and Traits of Banks	Significant relationships with logistical services, customer waiting areas, branch accessibility, and ATM coverage.
Gender with Reputation and Fame of Banks	Gender does not significantly influence perceptions of service skills, clarity, or overall experience. Slight differences in service speed and accuracy.
Age Group with Reputation and Fame of Banks	No significant differences in perceptions of bank reputation and fame. Some trends in service skills.
Educational Level with Reputation and Fame of Banks	Significant differences in perceptions of service skills, waiting times, and employee appearance.
Income Range with Reputation and Fame of Banks	No significant impact on perceptions of most aspects of bank reputation and fame. Near-significant trends in service skills and service speed.
Range of Dealing with the Bank and Reputation and Fame of Banks	Strong relationships with service competence, orientation, and efficiency. Weaker relationships with security and confidence perception.
Gender and Bank Services	Significant gender differences in customer retention strategies. No significant differences in most other aspects like cost and quality.
Age Group and Bank Services	Age does not significantly impact perceptions of cost, technological alignment, or service attraction.
Educational Level and Bank Services	Significant differences in cost, technological advancements, service accessibility, customer retention, and technical equipment.
Income Range and Bank Services	Significant differences in technological advancements and service accessibility. No significant variation in cost reduction, ATM availability, or incentives.
Range of Dealing with the Bank and Bank Services	Strong relationships with service accessibility, customer retention, technological advancements, and ATM distribution. Moderate impact on cost and quality, technical equipment.

Source: By Researcher

Table 22

Summary Of LSD Analysis On Age, Education, Income, Dealing Of Bank With, Bank Awareness, Traits Of Banks, Reputation, Fame Of Bank, And Bank Services.

Factor	Key Findings	Implications
Age Group and Bank Awareness	No significant differences in overall awareness or perceptions of bank services across age groups.	Implement universal improvements rather than focusing on age-specific adjustments.
Education Level and Bank Awareness	Higher educational levels are associated with better awareness and comprehension of banking services.	Tailor communication and educational materials to match educational backgrounds, providing advanced content for higher education groups.
Income Range and Bank Awareness	Higher-income individuals exhibit greater awareness and confidence in modern and non-traditional banking services; lower-income individuals perceive better compliance and transparency.	Enhance service quality and personalization for higher-income groups, and address transparency and compliance concerns for lower-income groups.
Range of Dealing with the Bank and Bank Awareness	Customers with moderate experience (5-10 years) generally exhibit better adaptation to modern services compared to newer (4 years or less) and long-term customers (more than 15 years).	Focus on improving modern service adoption for newer customers and leverage the adaptability of moderately experienced customers.
Age Group and Traits of the Bank	Significant differences in logistical services (e.g., car parking) between 18-29 and 41-60 age groups; other traits show no significant differences.	Improve logistical services like car parking for older age groups while maintaining consistent service quality across all age groups.
Education Level and Traits of the Bank	Individuals with higher education levels have greater expectations for bank services.	Address higher expectations from more educated customers with enhanced service quality and tailored communication strategies.

Table Continued

Income Range and Traits of the Bank	Higher-income groups rate logistical services, waiting areas, and branch accessibility higher, appreciating expansion and staff professionalism.	Invest in improvements for logistical services, waiting areas, and staff professionalism to meet the expectations of higher-income customers while maintaining consistent service levels for all income groups.
Range of Dealing with the Bank and Traits of the Bank	Significant differences in perceptions based on relationship length, with newer customers having different expectations compared to long-term customers.	Customize strategies for different tenure groups, improve onboarding for newer customers, and maintain engagement for long-term clients.
Age Group and Bank Reputation/Fame	No significant differences in perceptions of bank reputation and fame across age groups.	Apply uniform strategies for reputation and fame across all age groups.
Educational Level and Bank Reputation/Fame	Higher educational levels are associated with more positive perceptions in aspects like service skills, orientation, coordination, employee appearance, and waiting time.	Develop targeted communication and service strategies to cater to different educational backgrounds.
Income Range and Bank Reputation/Fame	1. Service Skills: Clients with an income range of 400,000-1,000,000 IQD rate the bank's service skills significantly lower than those in the 2,001,000-3,000,000 IQD range ($p = 0.012$). 2. Knowledge and Efficiency of Employees: Clients in the 400,000-1,000,000 IQD range perceive bank employees as less knowledgeable and efficient compared to those in the 1,001,000-2,000,000 IQD and 2,001,000-3,000,000 IQD ranges ($p = 0.022$ and $p = 0.041$, respectively).	1. Service Quality Perception: Banks should focus on improving service quality, employee competence, and service timeliness specifically for lower-income clients to enhance overall satisfaction and perception.

Table Continued

	3. Service Speed, Accuracy, and Timeliness: The 400,000-1,000,000 IQD income group rates service speed, accuracy, and timeliness lower than the 1,001,000-2,000,000 IQD group ($p = 0.014$).	
	4. Non-Significant Findings: No significant differences were observed in coordination with the target audience, employee appearance, service provision experience, or security and confidence from the bank's logo.	
Range of Dealing with the Bank and Bank Reputation/Fame	1. Service Skills: Customers with 5–10 years of dealings rate service skills significantly lower than those with less than 4 years or more than 15 years.	1. Customer Satisfaction Dynamics: Banks should address potential dissatisfaction during the 5–10-year period by improving engagement strategies, service quality, and communication to enhance long-term loyalty and reputation.
	2. Service Orientation: Customers in the 5–10 years range rate service orientation lower compared	
	to those with shorter or longer relationships.	
	3. Relationship Coordination: Lower satisfaction with relationship coordination is observed among customers with 5–10 years of experience.	
	4. Employee Appearance: The 5–10-year group rates employee appearance lower than customers in other duration categories.	
	5. Waiting Time: The 5–10-year group perceives waiting times less favorably compared to other durations.	

Table Continued

	6. Worker Knowledge and Efficiency: This group rates worker knowledge and efficiency significantly lower than other groups. 7. Service Speed and Accuracy: The 5–10-year group reports significantly lower satisfaction with service speed and accuracy. 8. Experience in Providing Services: The 5–10-year group rates the bank's service provision experiences lower than those with 11–15 years of experience. 9. Security and Confidence in Logo: The 5–10-year group perceives the bank's logo as providing less security and confidence compared to those with less than 4 years.	
Age Group and Bank Service	1. Technological Alignment: The 41-60 age group views the bank's technology less favorably compared to the 30-40 age group. 2. Customer Retention: The 18-29 age group has a more positive view of retention methods than the 41-60 group.	Improve technology perceptions among older customers and enhance customer retention strategies across all age groups.
Educational Level and Bank Service	1. Cost and Quality: Lower education levels perceive bank services as more cost-effective and higher quality. 2. Technological Advancements: Higher education levels view the bank as less technologically advanced.	Adjust marketing and service strategies to align with varying perceptions based on education, improving technological perception among higher education groups.
Income Range and Bank Service	1. Service Alignment with Technology: Higher-income groups perceive better alignment with modern technology.	Enhance technological developments and service accessibility for lower-income groups while tailoring service offerings to different income levels.

Table Continued

	2. Service Accessibility: Higher-income groups find services more accessible.	
Range of Dealing with the Bank and Bank Service	1. Service Cost and Quality: Customers with 4 years or less find services less expensive and higher quality compared to those with longer tenure.	Address declining perceptions of technology and service quality among long-term customers and maintain high satisfaction for newer customers.
	2. Technological Advancements: Newer customers perceive technology more favorably.	

Source: By Researcher

5.5. Part 4 Interviews

5.5.1. The Quality of the External Audit Report and its Impact on Deposits of the Banks

In an effort to understand the impact of audit quality and auditor independence on banking deposit growth, a qualitative study was conducted involving interviews with seven external auditors, each possessing over a decade of experience in auditing financial institutions. These experienced professionals were interviewed using seven open-ended questions designed to explore the nuances of audit practices and their potential effects on the financial stability and growth of banking deposits. The open-ended questions were crafted to elicit detailed responses on several key aspects:

1. In your opinion, does the content of external auditing in Iraq comply with the needs of commercial banks, and how?
2. How does the external audit provide consistent accounting information to the entities that use it? And how it affects the growth of banking.
3. Is the information provided in the financial statements, which are audited by the external auditor, the information that reflects the proper position of the bank? And how reliable?
4. Are banks seeking to apply more external auditing, and why and how does it impact the growth of deposits?
5. Does the auditors' commitment to work standards lead to an improvement in the banking sector at the general level, and how?

6. Do external auditors in the banking sector maintain their independence? And how?
7. In your opinion, are the criteria and conditions for appointing auditors applied when selecting an external auditor in Iraqi commercial banks, and what is their impact on the quality of accounting information?

5.5.2. Auditors Answers

Question1: In your opinion, does the content of external auditing in Iraq comply with the needs of commercial banks, and how?

Auditor 1: The content of the external audit is consistent with the needs of commercial banks. Still, there is poor application of policies, a lack of serious follow-up by the concerned units, and the lack of an independent and efficient external audit.

Auditor 2: Yes, it is compatible with instructions and controls, but there is no application in the field due to mismanagement and poor follow-up.

Auditor 3: The external audit in Iraq, in terms of theory and laws, is compatible with the requirements of international auditing standards. Still, the problem comes in the failure to apply these standards in reality, and the reason comes in the presence of gaps in the application of laws and the possibility of evading them.

Auditor 4: The content of the external audit is consistent with the standards of international auditing, so there is no problem with the standards of external auditing, but the difficulty in applying these standards is a result of underestimating the importance of auditing and not taking into account the importance.

Auditor 5: Iraq is one of the countries with a long history and an integrated civilization. From this standpoint, regarding laws, accounting standards, and auditing, Iraq is considered one of the first to have an integrated financial system compatible with commercial banks' requirements. Local auditing standards cover all aspects of professionalism, which can be derived from international auditing standards.

Auditor 6: The content of auditing in Iraq does not differ from the rest of the countries in terms of laws and standards for auditing, but the difference comes in the application, as in Iraq, the auditing profession has local auditing standards, as well as it is possible to rely on international auditing standards in carrying out auditing work in all commercial

fields, the auditor can He does his work according to specific criteria, and these standards are comprehensive. He can carry out the audit process in its entirety.

Auditor 7: If we are talking about the application of external auditing in Iraq, it can be said that it is incompatible with the needs of commercial banks because the bank owners need to learn its importance. The rules and standards for auditing in Iraq are compatible with commercial banks' requirements because the auditing standards in Iraq do not Contradict international auditing standards.

Question2: How does the external audit provide consistent accounting information to the entities that use it? And how it affects the growth of banking.

Auditor 1: This can be done by forcing banks to strictly adhere to the instructions precisely and providing strict and independent external control and auditing so that banks fear manipulation or failure to display their accounting or financial information correctly. This, in turn, reduces confidence between the investor and the bank and thus affects the loss of deposits, constituting the main factor that helps the bank to grow.

Auditor 2: This can be done by imposing instructions and controls in a controlled manner and strict follow-up by external auditors in a neutral way. The bank is required to publish the information transparently and independently. This would first create trust between banks and regulators by imposing controls and instructions equally on all banks and building trust among citizens towards banks because banks transparently publish their financial statements.

Auditor 3: In fact, the quality of auditing in Iraqi commercial banks is considered one of the most critical factors in the growth of deposits, as Iraq is one of the countries that went through many political and economic conditions that led to a significant deterioration of the banking sector, which led to a loss of confidence in this sector, especially after the events that took place in The year 2003 and the year 2014 in some regions of the country, which led to considerable losses in the banking sector, which affected the public's confidence in banks. To build a bridge of trust, banks must be transparent in disclosing their financial statements, and the external auditor has a significant role in giving users confidence in this information. Adhering to the standards of professional auditing in the financial statements of banks leads to the revival of this critical sector.

Auditor 4: It considers external auditing the main body in providing financial data with confidence and quality to the parties that use financial information in making investment

decisions. Where the external auditor plays a significant role in affecting the growth of bank deposits, as investment decisions in banks depend on several factors. The most important factor is that qualified persons audit financial information.

Auditor 5: The application of auditing standards, whether local or international, during the audit process, starting from fieldwork standards and ending with reporting standards, is considered one of the essential matters that affect the accuracy of the financial statements that are prepared by accountants, which in turn leads to an increase in the reliability of this information disclosed in the financial statements. Thus, it will directly impact the growth of banking in general and the growth of deposits in particular because when auditing is applied in a manner that provides professionalism and integrity, the audited financial information is valid to be relied upon in decision-making by the investor.

Auditor6: The external audit is considered the direct control tool for the accountant to adhere to accounting standards that help him in preparing quality financial reports, as when there is an efficient audit, it directly affects the bank's commitment to providing quality and transparent financial information and reports, and this in turn directly affects the growth of The banker and providing the necessary financial information for the decision-maker, whether to deposit money to the bank or to borrow money from the bank.

Auditor7: One of the primary objectives of the audit is to oblige the bank's management to adhere to generally accepted accounting standards, whether local or international. This, in turn, makes the bank's management provide more accurate and realistic information. The audit process adds emphasis to it by examining and verifying that the data in the financial reports are data Actual and express reality, and this, in turn, gives confidence to the public and customers in dealing with the bank, whether in lending or borrowing money, which leads to a good growth of deposits.

Question 3: Is the information provided in the financial statements, which are audited by the external auditor, the information that reflects the proper position of the bank? And how reliable?

Auditor 1: Banks do not disclose accurate data in their financial statements because they know that there is no mechanism for auditing and follow-up to detect manipulation of data, as well as administrative corruption and nepotism play a significant role in supporting banks by not publishing actual data. In this regard, relying on such information for investors and citizens is impossible.

Auditor 2: Banks mislead their financial statements and manipulate their data not to disclose the correct information. Which leads to a loss of confidence in the concerned authorities in relying on that data. The financial statements can be relied upon by imposing instructions and controls in disclosing information correctly, and the ability of the external auditor to detect any manipulation in the data of the financial statements, as well as the independence of the external auditors, plays an essential role in preventing banks from tampering with the data of the financial statements.

Auditor 3: The fact at present, many banks are trying to beautify the financial statements by permeating the financial reports for several purposes and in coordination with external auditors, which led to a decrease in confidence in the audited financial statements as a result of the lack of sufficient independence and sufficiency in the current auditors.

Auditor 4: It is unfortunate to say that many auditors help commercial entities, whether banks or commercial companies, in evading taxes, and thus they are the ones who help tax-subjected entities manipulate financial statements in the financial statements. Thus, it isn't easy to rely on these lists of clients or investors in making decisions. Considering this data, financial readings are not considered the actual reality of the economic unit.

Auditor 5: The information published in the financial statements is supposed to be accurate in a way that reflects the actual reality of the bank. Still, this information is difficult to rely on due to the lack of independence of the external auditor in Iraq and the lack of adherence to professional standards, which in turn does not help investors. In making the investment decision in the bank, whether depositing his money or borrowing from the bank.

Auditor 6: It is supposed to be actual information. Still, it is unfortunate that this information needs to be more impartiality and was prepared according to the administration's requirements due to the lack of quality in auditing.

Auditor 7: At present, it cannot be said that the information provided in the financial reports that the auditor audits is the actual data due to the loss of the audit's professional prestige and independence, and this affected the public's confidence in the auditor's report in relying on him in deciding to deal with the bank.

Question 4: Are banks seeking to apply more external auditing, and why and how does it impact the growth of deposits?

Auditor 1: Banks do not intend to apply the instructions of the external audit because this would not serve the bank in the way it manipulates the financial statements and the policy of administrative corruption existing in the bank. This affects deposits' growth due to the loss of investor confidence, especially in the long run.

Auditor 2: At the moment, there is no pursuit by banks. Of course, the presence of independent external auditors with competence, experience, and a good reputation helps investors listen to their opinions and read their reports, creating confidence among the investor towards banks and the investor sense of security.

Auditor 3: Auditing is considered the backbone of any entity, whether commercial, commercial, or service, since investors' confidence is regarded as the basis of dealing in banks. Therefore, banks must seriously consider providing auditors with professional competencies and independence in work for the bank's growth.

Auditor 4: As a result of the lack of a culture of relying on financial information in decision-making, and the existence of ignorance of the importance of financial information in the investment decision by investors, this led to the weakening of the task of external auditing and lack of consideration by economic units, which affected the independence of the external auditor and not giving importance to this profession. Commercial banks must consider and prioritize the external auditor, which significantly impacts banking growth in general and deposits in particular.

Auditor 5: Some commercial banks are trying to obtain qualified auditors to carry out the audit process in a manner that keeps pace with international auditing standards, which in turn helps to gain the confidence of customers to continue dealing with the bank as well as to attract new investors, and this, in turn, leads to the growth of bank deposits more. Still, it needs to Educate the public on how to make investment decisions, follow up with trade union bodies, and impose strict penalties on auditors who do not adhere to audit standards.

Auditor 6: If we compare Iraqi banks with foreign banks, we see that Iraqi banks are transformed from commercial banking facilities to banking agencies that distribute salaries and limited financial funds only. The reason comes from the need for more qualified staff, the absence of independent auditors, and the lack of consideration by the

owners of capital in banks. It is important to say that if Iraqi banks want to keep pace with global economic developments and they want a recovery in the banking sector, they should give more role to the audit process. To restore and increase the confidence of customers and investors in banks, to develop this sector.

Auditor 7: It is possible to say that the current developments that have taken place in the region in general and in Iraq, in particular, require commercial banks to pay attention to external auditing and highly qualified people to carry out the auditing process and help gain the trust of customers by providing an independent work environment for auditors and providing all the requirements for Increasing public confidence in data that reflect reality.

Question 5: Does the auditors' commitment to work standards lead to an improvement in the banking sector at the general level, and how?

Auditor 1: Yes, it improves because that would enhance the quality of the audit, which in turn evaluates the bank's performance and effectiveness, which prompts the bank to provide sound accounting data. In return, a transparent and independent audit helps reflect applicable financial statements to investors.

Auditor 2: The presence of auditors with competence, experience, and a good reputation enhances investor confidence in banks, and this is one of the most critical factors that will help improve the banking sector. The more transparency and independence are available in the external audit, the more banks seek to provide better services and exert more effort in improving their banking reality, and this, in turn, helps to grow and develop banking performance and increase deposits not only at the local level but also at the international level.

Auditor 3: One of the most critical auditing standards is the fieldwork standards in the auditing process, as it is professionalism, integrity, independence, and professional care in the work that is considered the basis for providing more accurate and reliable financial statements and that the banking sector in Iraq is in dire need to revitalize external auditing to keep pace with economic developments in the sector. Iraqi banker with the rest of the world.

Auditor 4: Compliance with auditing standards, in general, is the foundation of work, and fieldwork standards have a particular importance in auditing work, as applying these standards increases investors' confidence in the financial statements, which provides

integrity and independence in their work. And adherence to work standards by the auditors provides investors with accurate and reliable financial information that can be relied upon in making the necessary decisions, and this positively affects the growth of the sector in general.

Auditor 5: The auditing profession is considered the backbone in the development of the investment sector in general and the prosperity of the banking sector in particular because of its important role in imparting reliability to the financial statements of banks, as when applying auditing standards by the auditor it helps to reduce the manipulation of the financial data in the financial reports, which Helps in the growth of the banking sector significantly.

Auditor 6: The auditors' commitment to auditing standards is considered one of the basics of work in Iraq. There must be strict restrictions imposed on the auditing authorities to comply with auditing standards in general, especially the standards of fieldwork so that users of financial statements can rely on the audited financial statements characterized by confidence and accuracy.

Auditor 7: It is certain that through the banks' insistence on providing an appropriate environment and not trying to exploit the auditors for their purposes, as well as the auditor maintaining compliance with fieldwork standards, especially when auditing bank data, it will have a positive impact on the development and growth of the banking sector by attracting investors to this sector. As a result, Quality audit work.

Question 6: Do external auditors in the banking sector maintain their independence? And how?

Auditor 1: External auditors have generally lost their independence. This is done by not hiring experienced and high-quality auditors, not following auditing standards, siding with administrative authorities, and working to achieve their interests.

Auditor 2: The external auditors did not fully maintain their independence in the audit. Many parties and factors affect their freedom, and this is the result of the political and economic reality that the country went through, which led to the failure to select independent and competent groups to perform the audit process.

Auditor 3: It is unfortunate that it can be said that the majority of auditors are affected by working under management in the commercial sector in general and that it has lost its

professional independence in a way that affected the confidence of external parties in the audited reports and financial statements.

Auditor 4: Iraq is one of the countries that underwent much blame and significant political changes, affecting all areas of life. The economic sector has a larger share of the negatives affected by these circumstances. The external audit profession is one of the largest professions that was affected negatively, as the auditors lost their professional status in a way that they were not considered, which led to the loss of their professional independence to obtain job opportunities and not at the expense of their professionalism.

Auditor 5: The auditor is supposed to have complete professional independence. Still, the political conditions of Iraq and the country's instability had a significant impact on the auditor losing his prestige and professional independence, and this greatly affected the need for more audited financial information characterized by impartiality and integrity.

Auditor 6: In fact, the painful reality that Iraq went through affected all lifelines, and the profession of accounting and auditing is one of the professions that got a large share of these negative changes, as the auditing profession has become one of the professions has lost its independence and professionalism in Iraq.

Auditor 7: In the current reality and as a result of the auditing profession is losing its professional prestige, which led to the auditors losing their professional independence, which negatively affected the public's confidence in the reports issued by the auditor on the financial statements of banks and not relying on them in making their financial decisions.

Question 7: In your opinion, are the criteria and conditions for appointing auditors applied when selecting an external auditor in Iraqi commercial banks, and what is their impact on the quality of accounting information?

Auditor 1: Correct, proper, and transparent standards and conditions are not followed when appointing the external auditor, negatively affecting the provision of useful financial reports to investors. This, in turn, affects the quality of accounting information and its loss of weight and importance by its readers, as the investor does not depend on the information of the financial statements in making his decisions because this accounting information does not reflect the correct picture of the reality of banks and does not produce a result of the bank's business and absolute financial position.

Auditor 2: The application is not fully implemented due to the presence of nepotism and administrative corruption that leads to ignoring the standards and conditions for appointing auditors, which in turn affects banking performance and failure to reflect the correct information to the concerned authorities, which results in the quality of accounting information and loss of confidence in the data of the financial statements.

Auditor 3: The vacuum and the weakness of the auditors' unions and the weakness of the professional personality of some auditors in the country affected the process of appointing auditors and deducting their fees by the administration, and what is considered one of the biggest mistakes and influences on the independence of the external auditor, since the administration determines the auditor's fees, and this is considered the main factor in The auditor's non-compliance with the standard of professional independence has a direct impact on the credibility of the audited financial report.

Auditor 4: One of the most important reasons that led the auditor to lose his professional prestige in Iraq is that he was given the right to appoint and determine his fees by the management of the economic unit, which greatly affected the quality of his work and his professionalism, and in turn led to the failure of this profession to flourish in a way that provides in his work honesty and reliability.

Auditor 5: One of the main problems that affected the auditing profession in Iraq is the lack of commitment of the professional authorities to protect the auditors, as well as the lack of conditions for correctly appointing and determining the fees, and this, in turn, affected the quality of the auditor's work from a professional point of view.

Auditor 6: One of the most important reasons behind the auditor's loss of professional prestige and integrity is the lack of commitment of the proficient authorities to defend and protect the auditor from the management of companies, as well as the availability of conditions to appoint him and deduct his fees, which made him under the control of management, which led to the loss of his independence and professional impartiality.

Auditor 7: In Iraq, at present, the appointment and determination of the auditors' fees are in the hands of the administration, and this has an impact on the auditors losing the integrity and quality of their work, and that is because they are now working for the management and not as an independent party.

5.5.3. Conclusion of the Quality of the Auditing Report and How it Affects the Banking Deposits

Question 1: Compliance of External Auditing Content with Commercial Banks' Needs

Theoretical Alignment: Most auditors (3, 4, 5, 6, 7) agree that the external auditing standards in Iraq align well with international standards and should theoretically meet commercial banks' needs. Iraq's auditing framework is based on established international norms and has historical depth in financial systems.

Implementation Issues: Despite the theoretical alignment, practical application is problematic. Issues include poor implementation (Auditors 1, 2), lack of effective follow-up, and insufficient independence (Auditor 3). The application of these standards is often hindered by systemic issues such as mismanagement and inadequate enforcement (Auditors 1, 2).

Awareness: Auditor 7 highlights a lack of understanding of auditing's importance among bank owners, which further complicates the effective implementation of standards.

Question 2: Consistency of External Audit in Providing Accounting Information and Impact on Banking Growth

Role of Auditing: External auditing is seen as crucial for providing accurate accounting information and building trust. Proper adherence to auditing standards helps banks present reliable financial data, which is essential for investor confidence and banking growth (Auditors 1, 2, 3, 4, 5, 6, 7).

Impact on Banking Growth: Quality auditing fosters trust, which can lead to increased deposits and overall growth in the banking sector. Effective audits help reduce manipulation and provide transparent financial information (Auditors 1, 2, 3, 4, 5, 6).

Question 3: Reliability of Audited Financial Statements

Current Issues: Many auditors (1, 2, 3, 4, 5, 6, 7) express concerns about the reliability of audited financial statements. Factors include administrative corruption, lack of auditor independence, and insufficient adherence to auditing standards. These issues compromise the accuracy of the financial information presented to investors and other stakeholders.

Question 4: Banks' Pursuit of External Auditing and Its Impact on Deposit Growth

Current Attitudes: There is a general lack of enthusiasm among banks for robust external auditing. Banks often resist applying rigorous audit standards due to concerns about revealing unfavorable financial conditions or due to corruption (Auditors 1, 2).

Impact on Deposits: When banks prioritize high-quality auditing and transparency, it can lead to greater trust and confidence among investors, potentially resulting in increased deposits (Auditors 3, 4, 5, 6, 7).

Question 5: Auditors' Commitment to Standards and Its Impact on the Banking Sector

Positive Effects: Adherence to auditing standards is crucial for enhancing the quality and reliability of financial statements. This adherence supports investor confidence and contributes to the overall improvement and growth of the banking sector (Auditors 1, 2, 3, 4, 5, 6, 7).

Professional Integrity: Commitment to high standards fosters a more transparent and trustworthy banking environment, which is essential for sector growth and stability.

Question 6: Independence of External Auditors

Independence Issues: There is a consensus that external auditors in Iraq struggle with maintaining their independence. Political and economic instability, administrative pressures, and corruption undermine auditors' ability to perform their duties impartially (Auditors 1, 2, 3, 4, 5, 6, 7). This affects the reliability of audited financial statements and the confidence of investors.

Question 7: Application of Criteria and Conditions for Appointing Auditors

Appointment Issues: The appointment process for auditors in Iraq is flawed, with problems such as nepotism, corruption, and lack of adherence to proper standards. These issues negatively impact the quality and reliability of accounting information (Auditors 1, 2, 3, 4, 5, 6, 7). The lack of adherence to proper appointment criteria affects auditors' independence and the credibility of their work.

5.5.4. Summary of the Interviews Questions

Question 1: Compliance of External Auditing Content with Commercial Banks' Needs

General Agreement: Most auditors agree that the content of external auditing in Iraq aligns well with international standards and theoretically meets the needs of commercial banks.

Implementation Issues: Problems arise in practical application due to poor enforcement, lack of effective follow-up, and insufficient auditor independence. Mismanagement and corruption further complicate the implementation (Auditors 1, 2, 3).

Awareness: Some auditors also point out a lack of understanding among bank owners about the importance of auditing (Auditor 7).

Question 2: Consistency of External Audit in Providing Accounting Information and Its Impact on Banking Growth

Role of Auditing: Proper adherence to auditing standards is crucial for providing accurate accounting information, which builds trust among investors and stakeholders (Auditors 1, 2, 3, 4, 5, 6, 7).

Impact on Growth: Reliable audits lead to increased investor confidence and banking growth by reducing financial manipulation and enhancing transparency (Auditors 1, 2, 3, 4, 5, 6).

Question 3: Reliability of Audited Financial Statements

Current Issues: There are widespread concerns about the reliability of audited financial statements due to issues such as administrative corruption, lack of auditor independence, and insufficient adherence to auditing standards (Auditors 1, 2, 3, 4, 5, 6, 7).

Question 4: Banks' Pursuit of External Auditing and Its Impact on Deposit Growth

Current Attitudes: Banks generally show little enthusiasm for rigorous external auditing due to concerns about exposing unfavorable conditions or due to corrupt practices (Auditors 1, 2).

Impact on Deposits: When banks engage in high-quality auditing and transparency, it can build trust with investors and potentially increase deposits (Auditors 3, 4, 5, 6, 7).

Question 5: Auditors' Commitment to Standards and Its Impact on the Banking Sector

Positive Effects: Adhering to auditing standards enhances the reliability of financial statements, supports investor confidence, and contributes to the improvement and growth of the banking sector (Auditors 1, 2, 3, 4, 5, 6, 7).

Question 6: Independence of External Auditors

Independence Issues: Auditors in Iraq struggle with maintaining independence due to political and economic instability, administrative pressures, and corruption, which undermines the reliability of audited financial statements (Auditors 1, 2, 3, 4, 5, 6, 7).

Question 7: Application of Criteria and Conditions for Appointing Auditors

Appointment Issues: The appointment process for auditors often suffers from nepotism, corruption, and inadequate adherence to proper standards, negatively affecting the quality of accounting information and auditor independence (Auditors 1, 2, 3, 4, 5, 6, 7).

The auditors' responses highlight a significant discrepancy between the theoretical alignment of Iraq's external auditing standards with international norms and their practical application. While the standards are sound, issues such as mismanagement, corruption, and lack of effective enforcement undermine their implementation. This impacts the reliability of financial statements and the effectiveness of audits in fostering growth in the banking sector. Enhancing practical implementation, enforcing standards, and addressing corruption are critical for improving auditing outcomes in Iraq.

Conclusion

The analysis reveals a nuanced relationship between the quality of audit reports, auditor independence, and banking deposit growth. Despite the theoretical alignment of external auditing practices in Iraq with international standards, practical implementation is impeded by several systemic issues.

Audit Quality and Independence: The effectiveness of external audits in fostering banking deposit growth is critically dependent on the quality of the audits and the independence of auditors. High-quality audits, characterized by adherence to rigorous standards and robust enforcement mechanisms, are essential for ensuring accurate financial reporting. Auditor independence plays a pivotal role in this process, as it mitigates conflicts of interest and enhances the credibility of audit outcomes.

Impact on Deposit Growth: Reliable audit reports and independent auditing practices contribute significantly to building investor confidence and transparency. This, in turn, has a positive impact on banking deposit growth. When banks commit to high standards of auditing, they foster trust among investors, which can lead to increased deposits. Conversely, compromised audit quality and independence, driven by corruption and inadequate enforcement, undermine investor confidence and potentially inhibit deposit growth.

H8-There is no Relationship Between the Quality of the External Audit Report And the Size of Bank Deposits

After the collection of the Auditor Aides about the effect of the Quality of the Audit report on the Banks Deposits.

There is a relationship between the Quality of the External Audit Report and the Size of the Bank Deposits, as all interviewees agreed that the Quality of the Audit Report affects the Investment design by the investor. It means if the Audit Report have thre role of the investment design and it is so essential for the bank to take into consideration the Audit report and how effecting on the Deposits growth in the Bank.

CONCLUSION & RECOMMENDATIONS

According to the study sample, the relationship between the size of deposits and the interest rate is a statistical relationship and has a negative effect. As the interest rate increases, it will lead to a decrease in the volume of bank deposits (Abu Samra, 2007). When analyzing the study sample, we noticed a negative relationship between the independent variable (inflation) and the dependent variable (total deposits). It turns out that the relationship between average income and the dependent variable (total deposits) is a direct relationship between the variables, as any increase in average income leads to an increase in total deposits. According to the survey sample, the independent variable (banking awareness) in the model has an effect of 33.6% on the dependent variable (the size of bank deposits), which means that the independent was able to explain 33.6% of the changes in the dependent (the volume of bank deposits), and this effect has a positive direction. According to the survey, the independent variable (traits of the bank) in the model has an effect of 30.6% on the dependent variable (the size of bank deposits), which means that the independent variable was able to explain 30.6% of the changes in the dependent (the volume of bank deposits), and this effect has a positive direction. The rest is attributed to other factors.

According to the analysis, the acceptable correlation coefficient of 55%, and the measure of the interpretation (identification) coefficient is valued at 30.2%. So, the independent variable (the reputation and fame of the bank) in this model has an effect of 30.2% on the dependent variable (the size of the bank deposits), which means that the independent variable was able to explain 30.2% of the changes in the dependent (the volume of bank deposits), and this effect has a positive direction. The rest is attributed to other factors. According to the analysis, the acceptable correlation coefficient of 93% and the measure of the interpretation (identification) coefficient is valued at 86.6%. So, the independent variable (banking service) in this model has an effect of 86.6% on the dependent variable (the size of the bank deposits), which means that the independent variable was able to explain 86.6% of the changes in the dependent (the volume of bank deposits), and this effect has a positive direction. The rest is attributed to other factors. There is a relationship between the Quality of the External Audit Report and the Size of the Bank Deposits, as all interviewees agreed that the Quality of the Audit Report affects the Investment design by the investor. It means if the Audit Report has the role of the investment design, it is

essential for the bank to take into consideration the Audit report and how it affects the Deposits growth in the Bank.

Education Level and Banking Awareness/Services: Higher educational levels correlate with a greater understanding of advanced banking services and customer satisfaction, along with a more positive perception of logistical services, waiting areas, and technical services. This highlights the importance of educational background in shaping customer experiences with banks.

Range of Dealing with the Bank Affects Confidence and Service Perceptions: The duration or frequency of interactions with a bank significantly impacts customer confidence, awareness of modern services, and perceptions of logistical services. Customers who deal more frequently with banks tend to have better perceptions of service accessibility and overall satisfaction.

Range of Dealing with the Bank and Service Perceptions: Customers with moderate experience (5–10 years) generally exhibit lower satisfaction with service orientation, waiting times, and technological advancements compared to both newer and long-term customers. This suggests a potential gap in service engagement for mid-term customers.

Income Range and Perceptions of Service Quality: Higher-income individuals rate logistical services, waiting areas, and branch accessibility more favorably, while lower-income groups tend to focus on compliance and transparency. This suggests that income level influences the perception of different aspects of bank services.

Age Group and Technology Perception: The 41–60 age group perceives the bank's technology less favorably compared to the 30–40 age group, indicating that older customers may feel disconnected from technological advancements in banking services.

Iraqi commercial banks should study the aforementioned factors that have an impact on the growth of bank deposits in order to grow bank deposits better.

Trying to gain the trust of customers so that they invest their money in banks instead of saving or investing in other alternatives.

Working to increase banking awareness by all available means, through advertisements, seminars, and banks' participation in social activities, through which the role of banks in supporting production is demonstrated, and it also increases the banker's awareness of society.

Commercial banks must expand the scope of services by opening branches in all residential areas and providing withdrawal machines in a large way so that it is easy for the public to access these devices easily.

In order to attract investors to deposit their money in banks, they must take into consideration providing an atmosphere of comfort when they visit banks, by providing the comfort of a parking place and having the bank branch close to their places of work, as well as accelerating the completion of the customer's or visitor's work.

It is important for the employees who work in customer service to be people who are fluent in speech and also have experience and knowledge in the services available from the bank to the customer.

Commercial banks must publish their annual financial statements with full transparency and disclosure.

To enhance the relationship between audit quality, auditor independence, and banking deposit growth, it is essential to improve the practical application of auditing standards, strengthen mechanisms to ensure auditor independence, and combat corruption. Implementing these measures will contribute to more reliable financial reporting and foster a more robust banking sector, ultimately supporting sustainable deposit growth.

In conclusion, while the theoretical framework suggests a positive correlation between high-quality audits and deposit growth, practical challenges must be addressed to realize this potential fully. Effective reforms in auditing practices and enforcement are critical for enhancing the impact of audits on the banking sector's growth.

Enhance Customer Retention through Modern Services: To strengthen customer loyalty, banks should invest in technological advancements and service accessibility, especially focusing on frequent customers. This can include improvements in digital platforms, transparency in communication, and expansion of ATM networks to better serve various customer segments.

Tailor Banking Services Based on Educational Background: Banks should offer advanced services and educational materials targeted at higher-educated customers, while ensuring that customers with lower education levels have access to more simplified and clear information about essential services.

Improve Service Engagement for Mid-Term Customers: Banks need to develop targeted strategies for customers with 5–10 years of experience, such as personalized communication and improved service efficiency, to prevent dissatisfaction and enhance long-term customer retention.

Enhance Service Accessibility and Transparency for Lower-Income Groups: Banks should focus on improving transparency and compliance-related services for lower-income customers, while maintaining high standards of service quality for higher-income groups.

Improve Technological Offerings for Older Customers: Banks should introduce educational programs or personalized support to help older customers (41-60 age group) feel more comfortable and connected with the bank's technological advancements, enhancing their overall experience.

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FUTURE STUDIES

The listed below are some future studies based on the current study result:

- Investigate how changes in financial regulations, such as capital adequacy requirements and liquidity ratios, affect the growth of commercial banks in Iraq.
- Examine the effectiveness of various inflation hedging strategies employed by banks and their impact on deposit stability and growth.
- Investigate the role of digital banking awareness in enhancing deposit growth and customer retention.
- Assess the relationship between corporate governance structures and the financial performance of commercial banks in Iraq, focusing on metrics such as return on assets (ROA) and return on equity (ROE)

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APPENDICES

Annex 1. *Explains The Average Interest Rate on Deposits For Commercial Banks in Iraq For the Period Years 2014 to 2020*

Date	Interest-Rate for more than 1 Year deposit	Date	Interest-Rate for more than 1 Year deposit
01/31/2014	3.90%	07/31/2017	3.72%
02/28/2014	3.90%	08/31/2017	3.68%
03/31/2014	3.90%	09/30/2017	3.70%
04/30/2014	3.82%	10/31/2017	3.65%
05/31/2014	3.82%	11/30/2017	3.71%
06/30/2014	3.78%	12/31/2017	3.67%
07/31/2014	3.91%	01/31/2018	3.87%
08/31/2014	3.81%	02/28/2018	3.96%
09/30/2014	3.93%	03/31/2018	3.86%
10/31/2014	3.81%	04/30/2018	3.70%
11/30/2014	3.89%	05/31/2018	3.89%
12/31/2014	3.53%	06/30/2018	3.77%
01/31/2015	3.81%	07/31/2018	3.82%
02/28/2015	3.81%	08/31/2018	3.77%
03/31/2015	3.81%	09/30/2018	3.77%
04/30/2015	3.73%	10/31/2018	3.77%
05/31/2015	3.73%	11/30/2018	3.53%
06/30/2015	3.71%	12/31/2018	3.55%
07/31/2015	3.89%	01/31/2019	3.59%
08/31/2015	3.89%	02/28/2019	3.56%
09/30/2015	3.90%	03/31/2019	3.63%
10/31/2015	3.90%	04/30/2019	3.56%
11/30/2015	3.92%	05/31/2019	3.53%
12/31/2015	3.90%	06/30/2019	3.61%
01/31/2016	3.87%	07/31/2019	3.61%
02/29/2016	3.97%	08/31/2019	3.61%
03/31/2016	4.01%	09/30/2019	3.70%
04/30/2016	3.86%	10/31/2019	3.70%
05/31/2016	3.76%	11/30/2019	3.68%
06/30/2016	3.83%	12/31/2019	3.57%
07/31/2016	3.83%	01/31/2020	3.58%
08/31/2016	3.86%	02/29/2020	3.61%
09/30/2016	3.86%	03/31/2020	3.58%
10/31/2016	3.93%	04/30/2020	3.32%
11/30/2016	3.85%	05/31/2020	3.70%
12/31/2016	3.85%	06/30/2020	3.61%
01/31/2017	4.01%	07/31/2020	3.70%
02/28/2017	3.85%	08/31/2020	3.70%
03/31/2017	3.81%	09/30/2020	3.70%
04/30/2017	3.70%	10/31/2020	3.70%
05/31/2017	3.75%	11/30/2020	3.41%
06/30/2017	3.72%	12/31/2020	3.41%

Annex 2. Inflation Rate in Iraq For the Years 2014 To 2020

Date	Inflation	Date	Inflation
01/31/2014	0.04	07/31/2017	0.005
02/28/2014	0.03	08/31/2017	0.002
03/31/2014	0.02	09/30/2017	0.004
04/30/2014	0.015	10/31/2017	0.001
05/31/2014	0.014	11/30/2017	0.007
06/30/2014	0.023	12/31/2017	0.008
07/31/2014	0.023	01/31/2018	0.004
08/31/2014	0.027	02/28/2018	-0.001
09/30/2014	0.021	03/31/2018	-0.008
10/31/2014	0.009	04/30/2018	-0.013
11/30/2014	0.03	05/31/2018	0.007
12/31/2014	0.016	06/30/2018	0.017
01/31/2015	-0.004	07/31/2018	0.015
02/28/2015	0.0034	08/31/2018	0.002
03/31/2015	0.002	09/30/2018	0.001
04/30/2015	0.005	10/31/2018	0.011
05/31/2015	0.017	11/30/2018	0.008
06/30/2015	0.022	12/31/2018	-0.001
07/31/2015	0.026	01/31/2019	0.006
08/31/2015	0.026	02/28/2019	0.004
09/30/2015	0.021	03/31/2019	0.007
10/31/2015	0.016	04/30/2019	0.007
11/30/2015	0.01	05/31/2019	-0.008
12/31/2015	0.023	06/30/2019	-0.01
01/31/2016	-0.016	07/31/2019	-0.016
02/29/2016	0.015	08/31/2019	-0.003
03/31/2016	0.018	09/30/2019	-0.009
04/30/2016	0.021	10/31/2019	-0.008
05/31/2016	0.025	11/30/2019	-0.003
06/30/2016	0.001	12/31/2019	0.001
07/31/2016	-0.004	01/31/2020	0.005
08/31/2016	0.002	02/29/2020	0.011
09/30/2016	0.003	03/31/2020	0.006
10/31/2016	0.002	04/30/2020	0.002
11/30/2016	-0.01	05/31/2020	0.007
12/31/2016	-0.007	06/30/2020	0.001
01/31/2017	-0.009	07/31/2020	-0.001
02/28/2017	-0.008	08/31/2020	0
03/31/2017	0.003	09/30/2020	0.005
04/30/2017	0.01	10/31/2020	0.007
05/31/2017	0.001	11/30/2020	-0.003
06/30/2017	-0.001	12/31/2020	0.032

Source: <https://www.worlddata.info/asia/iraq/inflation-rates.php>

Annex 3. Per Capita Income (PCI) For The Years 2014 To 2020

Year	Average per capita income IQD
2014	6798200
2015	5269400
2016	5153500
2017	5695400
2018	5711700
2019	5739600
2020	4958000



Annex 4. Survey Questionnaire

#	Banking Awareness:
1	The bank's customers can adapt to the new services, especially the advanced and modern ones.
2	The bank is interested in providing the best services to customers by continuously evaluating the extent of customer satisfaction with the existing services.
3	The financial statements that the bank issues are characterized by compliance with accounting standards and the application of all regulations issued by the stock market regarding the disclosure of information in the financial statements.
4	The published information on loans and facilities is clear, accurate, and easily understandable.
5	Customers are aware of credit risks, as the bank continuously analyzes credit risks.
6	The bank is interested in increasing customer confidence by developing it through credibility in the bank and providing more efficient services.
7	The bank has ongoing media campaigns about its services to customers to educate them.
8	The daily transaction of the Banks is transparent and clear for users.
9	Bank employees have the ability and competence to increase banking awareness by introducing the available services with efficiency and merit.
10	The culture of the environment in which you live impacts banking awareness.
11	It is preferable to keep cash or invest in gold and real estate instead of investing in the bank.
12	Do you have confidence in the bank so that you can deposit and invest in it?
13	You know account types and bank deposits.
14	You know the nature of non-traditional services in banks.
#	Traits of bank
1	The bank has logistical services such as car parking for clients.
2	The bank has a suitable and designated place to wait for customers.
3	It is easy to reach the offices and branches of the bank because there are branches in several places.
4	The bank is heading to increase departments and branches.
5	The bank uses ATM units to provide comprehensive coverage of the bank's market.
6	The bank cares about the convenience of customers by providing the best services with ease and speed of delivery.
7	The presence of external branches of the bank is one of the essential things for you to facilitate your financial affairs.
8	You have full knowledge and interest in following up on the bank's financial statements.
9	The appearance of the employees and the way they deal with customers are essential matters.
#	The reputation and fame of the bank
1	The bank has sufficient skills in providing services.

2	There is an orientation explaining the service, clarifying it, and how to obtain its advantages.
3	The bank is working on continuous coordination of its relations with the target audience.
4	Bank employees have a decent appearance and elegance.
5	The bank seeks to shorten the waiting period for getting services.
6	The workers have sufficient knowledge and high efficiency in responding to customer inquiries.
7	The bank provides services quickly, accurately, and on time.
8	The bank has sufficient experience in providing services.
9	Seeing the bank logo gives me a great deal of security and confidence.
#	Bank Services
1	The services provided by the bank are considered to be less expensive than other alternatives and of high quality.
2	The bank provides services according to modern technological developments in line with current requirements.
3	The bank is trying to provide better and more accessible services to attract customers.
4	The bank has many methods for retaining customers through alluring banking facilities.
5	The services provided by the bank are considered new and valuable in the area.
6	The services provided by the bank reduce wasted time and at a lower cost compared to traditional methods.
7	The bank has a balanced spread of ATMs.
8	The incentives offered by the bank are attractive and lead to keeping its customers with it.
9	The bank has technical equipment and sophisticated technological equipment.

Annex 5. Interview Questionnaire

#	The quality of the independent external audit report and its impact on deposits (it will be interview) with Auditors)
1	In your opinion, does the content of external auditing in Iraq comply with the needs of commercial banks, and how?
2	How does the external audit provide consistent accounting information to the entities that use it? And how it affects the growth of banking.
3	Is the information provided in the financial statements, which are audited by the external auditor, the information that reflects the proper position of the bank? And how reliable?
4	Are banks seeking to apply more external auditing, and why and how does it impact the growth of deposits?
5	Does the auditors' commitment to work standards lead to an improvement in the banking sector at the general level, and how?
6	Do external auditors in the banking sector maintain their independence? And how?
7	In your opinion, are the criteria and conditions for appointing auditors applied when selecting an external auditor in Iraqi commercial banks, and what is their impact on the quality of accounting information?

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Degree of Education	Place of Study	Year of Study
Ph.D Degree	Sakarya University/Business Faculty/ Accounting and Finance	Continues
Master's Degree	Duhok University / Business Faculty/ Accounting	2012
Bachleor	Selah Eldin University / Business Faculty/ Accounting	2007

JOB EXPERIENCE

Year	Location	Mission
2011-Today	Duhok University/ Economics & Administration Faculty	Teacher
2022-Today	FinAce Center	Executive Director
2018 – 2022	ZSVP NGO	Technical Advisor
2016-2018	IRC International	Complaine Officer
2015-2017	L.W.F International	Livelihood & Food Security manager
2007-2014	VOP& family	Internal Auditor

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PUBLISHED WORKS

- Mousa, I. F., & Erkan, M. K. (2023). The quality of the accounting information system and its role in the governance of non-profit NGO: A case study in Zakho small projects local NGO in Iraq. *Vegueta, Anuario de la Facultad de Geografía e Historia*, 23(1).
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