

The Central Bank's Role in Granting Bank Credit: An Analytical Study of the Banks (Al-Rasheed, Al-Sina'i and the Middle East) for the period 2014-2018

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This research dealt with the central bank and its role in granting credit, as the central bank is responsible for the banking system and is located at the top of the pyramid. It is responsible for drawing monetary policy and its application; bank credit is a cash credit represented in the loan and pledge credit through letters of guarantee and documentary credit. The research presented a theoretical aspect of the research variables as well as the practical side that included the bank data for the research sample and its analysis. The research has attempted to answer a number of questions represented in the research problem – what is the level of banks' failure and their ability to grant credit and how can risk management and measurement be done to ensure that it does not affect bank profits, and can the central bank anticipate banking crises resulting from economic fluctuations? The aim of the research is to shed light on the indicators of credit protection and to explain the central bank's role in protecting bank credit through these indicators, as well as analysing indicators and showing their impact in the Iraqi reality through early warning of crises.

Key words: *Central Bank, Responsible, Protection, Pyramid, Indicators.*

Introduction

The research concluded a set of results, the most important of which is: Cash credit is constantly increasing during the period of the research as it started from (1550221) million dinars in 2014 and reached (5565149) million dinars in 2018 for Al-Rashid Bank and reached (61818) million dinars in 2014 and reached to (166595) million dinars in 2018 for the Industrial Bank, and it started from (63799) million dinars in 2014 and reached (208868) million dinars in 2018 for the Middle East Bank. The research also reached a set of recommendations, the most important of them are: the need to adhere to the Central Bank's instructions with regard to the amount of credit granted, the ratio of capital adequacy and the rest of the laws and regulations, because of its great importance in achieving monetary stability; increasing the Central Bank of Iraq's oversight of the business of commercial banks from the perspective of safety and security of banking assets; increasing the ability to predict banking crises before they occur; and increasing the ability of commercial banks to grant cash and pledge credit and emphasise the provision of the necessary capital and trying to reduce bad debts during the development of laws to ensure this).

Research Methodology

First: The Research Problem.

The research problem can be explained in the following points:

- 1- What is the level of banks defaulting and their ability to grant credit?
- 2- How can risks be managed and measured to ensure that they do not affect banks' profits?
- 3- Can the central bank predict the banking crises resulting from economic fluctuations?

Second: The Importance of Research

The importance of the research is that bank credit is one of the basics of the national economy and attention should be paid to all difficulties it faces, address them and indicate the ability of central banks to address the phenomenon of financial faltering, as well as its discussion of the most important problems facing Iraqi bank credit by setting up a specific program that contributes to supporting banks and directing credit policy accurately.

Third: Research Objectives

The research aims to shed light on the indicators of credit prevention, and to explain the role of the central bank in protecting bank credit through these indicators, as well as analysing the indicators and showing their impact in the Iraqi reality through early warning of crises.

Fourth: The Research Hypothesis

The research imposes a correlation between the central banks and bank credit, and the absence of a moral effect relationship between the central bank standards in determining the standard ratios for the process of granting bank credit, and that prediction through the overall indicators lead to the possibility of the credit agency not being exposed to crises.

Fifth: The Roman and Spatial limits for Research

The spatial limits of the research area are in the Central Bank of Iraq, and the time limits for the research have covered the period from (2014 to 2018).

Theoretical aspect of the research

First: The Emergence of Central Banks

The emergence of central banks in Europe came in 1668, as the Bank of Sweden was established, then the Bank of England in 1694, the Bank of France in 1800, the Bank of the Netherlands in 1814, the Bank of Spain in 1856 and the Bank of Russia in 1860. The United States of America central bank was established in 1914 (Samurai, Zakaria, 2009, 210). The emergence of these banks came after the establishment of commercial banks and with the expansion of economic activities, the countries tended to establish central banks and grant them the privilege of issuing the currency (Zainab and Al-Ghouli, 2003, 137). The tasks of the central bank increased gradually until it became the highest pyramid in the banking apparatus, and its completion To do government banking The commercial banks (Al-Hallaq and Al-Ajlouni, 2010, 138), and over time, the central banks became distinguished and developed jobs and exercised a fundamental role in the economy and each country had one central bank and the name of the central bank came in the twentieth century after it was called in the name of the country that followed it as In the Bank of England and the Bank of France, which are still in effect until this time (Ramadan, 2006, 173), the central banks worked to control some economic variables through their management of monetary policy and control of macroeconomic policy variables, and then this role evolved to include Credit Control and Interfering with Economic activity by influencing the activity of commercial banks (Al-Ghalibi, 2015, 17), and since its inception the central banks issued the currency and during the second half of the nineteenth century, the central banks monitored the credit in terms of its size and type (Al-Alwi and Mahmoud, 2008, 141) At the International Financial Conference that was held in Brussels in 1920, the recommendation came to the necessity of establishing a central bank for every country that did not establish a central bank until the convening of this conference because of the need to regulate financial relations between countries.

Second: The Concept of the Central Bank

It is a government institution that dominates the monetary and banking system in the state and has the responsibility to issue currency, monitors the banking system, direct credit to increase economic growth, and maintain monetary stability (Al Ali, 2006, 61), and the central bank is also defined as a public banking institution that occupies the center The forefront in the banking system and the ability to convert real assets into monetary assets by issuing the central bank for the local currency in exchange for gold reserves (Shabib, 2002, 49), an institution that undertakes to implement government operations by influencing banking institutions for the purpose of supporting economic policy H Komiya (Imam, Al-Shammari, 2010, 175), also known as a banking institution concerned with issues of monetary issuance and works to stabilise the value of the national currency and achieve balance and stability between cash and macroeconomic variables with the aim of increasing national income and the rate of economic growth (Kanaan, 2012, 241), as It can be defined as an institution that does not put profit in its priorities as much as it aims to support the monetary and economic system in the country. Given the importance of this goal, the central bank must be state-owned.

Third: Central Bank Functions

The most important functions of the Central Bank can be explained in the following points:

1 - The central bank is the cash issuance bank: it is considered one of the most important jobs that the central bank performs, especially after it became obligatory by the force of law. The money issuance means that the central bank issues legal money and puts it in the possession of the economy as a whole. (Khalaf, 2006, 67), and the primary goal of focusing on issuing banknotes in one bank is to increase public confidence in the issued money and enable the government to control the amount of money and then influence the ability of commercial banks to generate deposit money (Al-Ayesh, 1998, 29).

2 - The central bank is the government's bank: The issuance of the right to issue to the central bank has been accompanied by the historically playing of this bank by the government bank, so it plays the role of the government's financial advisor and representative in its foreign cash dealings, and also manages deposits and pays the internal and external financial obligations of the government (Muhammad, 2007, 122) The central bank also carries out the actions that governments need, such as maintaining the accounts of government bodies and institutions, and the relationship with the government is a property of the central bank. Yeh (Ghalibi, 2016.153).

3 - The central bank is the bank of the banks: This job is one of its traditional functions and the assignment of this job to the central bank came as a result of a location on the banking system as it imposes on this site that it has the task of supervising and monitoring the safety of the

banking system and its compliance with the instructions and regulations aimed at protecting it or also makes it easier for banks to perform Its tasks are better, spreading competition among them, protecting dealers, and settling obligations between commercial banks (Canaan, 2012, 257), and the central bank has the task of maintaining cash reserves and the last resort for lending, clearing and central settlements (Al-Rubaie, et al., 2011, 35).

Fourth: The Central Bank of Iraq

The emergence of the Central Bank of Iraq in the nineteenth century after the Brussels Conference in 1920, which had already been referred to, and its establishment was aimed at strengthening international cooperation in the field of money and supporting stability of the banking process and took it upon itself to regulate the presence of currency and formulate and implement monetary policy in Iraq and to do banking and agency services to the state and maintain the cash reserves of commercial banks, as well as providing advisory and financial services to the government in accordance with Article (41) of the Central Bank Law, it also monitors credit in accordance with the need of commercial banks, monitors the economic situation of the country and takes appropriate monetary measures (Abdel Nabi, 2010, 54), and many necessary services can be performed, such as combating money laundering and others in accordance with Law No. (93) For the year 2004.

The Second Requirement: Bank Credit

First: Concept of Bank Credit

Credit is derived from the Latin word (trust) and defines credit as the trust that the bank attaches to its client in making available a certain amount of money for use in a specific purpose during a specific period of time and is paid in certain terms against an agreed material return (gesture, 2000, 16), as credit is known as credit The process of trading banks with cash deposits owned by companies and institutions and individuals in society and subject to the foundations and factors established by the law (Khazraji, 2002, 17), as it is defined as the appropriate management to transfer the use of capital from one person to another who can use it in production and distribution and increase capital productivity Money (myfree, 2002, 12).

Second: The Importance of Bank Credit

Bank credit is an appropriate means of financing the use of capital from one person to another, as it is possible to transfer the savings of individuals and establishments to those who need them or can invest in them and thus help to increase the productivity of the capital, and credit helps to avoid the holding of many cash amounts that are idle with individuals and institutions, so the cash surplus is usable through Credit (Al-Shamaa, 2004, 230). Credit also helps business establishments in adapting or adjusting their capital according to the requirements of their

work. It also achieves balance by distributing cash resources to various sectors to ensure their flow to all projects. Bank credit is also provided through And he is accused of contracts, bonds, and bills of exchange, as the exchange settlement function that produces shortening the exchange process for goods and services (Gesture, 2006, 18).

Third: Types of Bank Credit

Bank credit is divided into cash credit and pledges credit. As for cash credit, it can be divided into:

1 - Current accounts: These are accounts from which their owners can withdraw from them at any time, without conditions or conditions, and these accounts are without interest. These accounts are characterised by their great availability in banks and their circulation continuously (Al-Sharif, 2010, 378).

2 - Loans and facilities: It is one of the most important services that the bank provides to its clients and provides loans of various kinds. Through banking facilities, capital and financial resources flow into the banking system after it has collected those resources through deposits and other resources (capital, reserves and retained earnings) (Shamaa (2004, 229), and it is invested and employed in the various fields of employment of the economic sectors in the country, and if the banking system does its job efficiently, it plays an active role in revitalising the national economy and providing it with its need of financial resources.

The importance of banking facilities can be realised by looking at them as the other side of the banking system's tasks, which are summarised in two aspects, which are attracting and mobilising resources and granting credit.

3 - Deduction of commercial papers: Sometimes called cutting, and it was defined by the Iraqi Trade Law No. (30) for the year 1984 as an agreement whereby the bank undertakes to pay in advance the value of a commercial paper or any other negotiable document to the beneficiary in exchange for transferring its ownership to the bank with the obligation of the beneficiary to return the value to the bank unless the original debtor pays it.

Fourth: The Foundations of Granting Bank Credit

Commercial banks grant loans after considering several considerations as they will be a lender of funds placed by others in the bank, which must be preserved and reduce risks. The most important elements that affect the credit decision can be explained by my agencies:

1 - Elements specific to the customer: the customer's personality, which relates to his integrity and the extent of trust in him, his capital represented in the customer's wealth built in the integrity of the financial center and his loyal position, and his ability to manage his activities and obligations, and indicates the customer's ability to borrow from the bank and it varies from

one customer to another and indicates The legal status of the customer and his experience in the administration (Indian, 2004, 270), as well as the guarantees provided, which are the secondary source of the borrower in payment or guarantee in the event of failure to own assets that the bank can control in the event of the borrower's default, and also looks at the conditions represented in the environment Economical The factors related to the processing, production and distribution factors affecting the company's operations and the variations of the sources of cash payment, and the previous elements play their role in the extent of the customer's suitability to obtain the required credit and determine the amount and type of credit risks that the bank can be exposed to from granting credit (Aldogem, et al. 2006, 195).

2 - Elements specific to the bank: represented in the degree of liquidity enjoyed by the bank and its ability to employ it. Liquidity means the ability of the bank to face its obligations, which are mainly on two elements: satisfying depositors' requests to withdraw from deposits and satisfying credit requests on the other hand, and the type of strategy adopted by the bank from Taking credit decisions and operating within it, i.e. in its willingness to grant a certain credit or not to grant this credit (Al-Shammari, 2006, 45), as well as the overall goal that the bank seeks to achieve during the next stages as the bank tries to maximise the market value and achieve stability that serves the development goals of the economy and increasing its market share.

3 - Elements specific to the loan: These are represented in the loan amount and the bank must achieve a balance between the amount required by the customer and the size of his commercial activity, and the bank must study the customer's financing needs and determine the appropriate amount for the customer's needs, as well as the purpose of the loan as the customer cannot obtain All that he requests from the bank without the bank knowing for the purpose of the funds, and the bank must specify the loan period in proportion to the customer's activity, capacity and size of the loan, and the size or sources of fulfillment available to the finance applicant, there must be primary or secondary sources that enable the customer to pay (mind, 2004, 82).

Fifth: Bank Credit Risk

Credit risk is one of the most important risks to which the bank is exposed, which includes the degree of overcoming the profits that can arise as a result of the loss of loans and investments bad debts that lead to great economic losses and credit risks are known as the risks that the borrower does not adhere to the full house and the specified time and when the borrower is late On the repayment of his debt, this involves credit risk and is likely to reach his full default period without repayment of the loan, as credit risk is defined as the inability of the other party to fulfill its agreed obligations or when the borrower fails to pay the amount of A loan on a specific date (Al-Shammari, 2006, 72), and it is also known as the bank (the lender's) lack of certainty that the borrower repays the loan amount, or the borrower does not fulfill his obligations i.e. failure to pay the installments on their due dates according to the agreed

conditions or is a possible defect in the process Credit leads to negative results to the credit provider (Gesture, 2000, 72), and represents a financial loss resulting from the customer's inability to fulfill his obligations on specified dates (Hached, 2005, 42), or the company's inability to pay its debts in full or on time due to The debt burden is great and the risk is high when there are doubts about the company's ability to get money, It can be considered as one of the types of financial risks to which the bank is exposed as a result of weakness affecting the credit process that affects the bank's performance in the future. There are two types of credit risks:

1 - Systemic risks: or general risks and refer to the risks that affect the process of paying credit as a result of reasons not related to the borrower, such as those related to economic activity and those risks that cannot be avoided and that can be defined as that part of the total variables in the return that appear through the factors Affecting stock prices in general, economic and political changes are a source of credit risk, which is represented in inflation risks, which is the purchasing power risk in potential losses due to inflation, which negatively affects the invested money represented in the principal of the loan and the interest per square meter. Repentance (Al-Shammari, 2006, 75), as well as market risks, which represent events that occur in financial markets as a result of a financial crisis that affects those markets and that directly affect the market and the borrower's ability to repay, and the bank's creditability, and the resulting recession risks On the negative economic effects that hit the economy and, consequently, on the borrower's activity and that directly affect his ability to fulfill his obligations towards the bank owner of the loan, as well as the interest rate risk, which is the risk that results from his condition, including uncertainty of interest rates as a result of central bank policy or high thousand prices. Certain installed Idh then rose then interest rates in the market on the same type of loan.

2 - Irregular risks: or private and means those risks to which the process of paying credit directly may be exposed as a result of reasons directly related to the borrower, including exposure of the borrower to financial hardship or damage to inventory or machinery or any other causes affecting the borrower that can be avoided or That part of the overall risk that is unique to the company or industry and that affects the customer's desire to pay his obligations to the bank.

The Third Topic: Analytical Aspect

First: A Brief History of the Banks Research Sample

1 - Al-Rashid Bank: The Al-Rashid Bank was established in accordance with Law No. (52) for the year 1988 and became a public company under the Companies Law No. (22) for the year 1997 and the bank works to contribute to achieving economic growth, through the practice of banking activities and the provision of various services where the bank includes It contains (200) branches and table (1) shows the bank's capital (the bank's annual report, 2018).

Table 1: Rasheed Bank capital for the years (2014-2018) (Amounts to the nearest million)

2018	2017	2016	2015	2014	Years
2000	2000	2000	2000	2000	capital
%0	%0	%0	%0	%0	Growth rate

Source: Prepared by the researcher based on the annual reports.

2 - The Industrial Bank: The Industrial Agricultural Bank was established in 1935 and became a public company on 3/3/1998 according to the numbered establishment certificate (GOC 111) and is subject to the Companies Law No. (22) of 1997, as the Industrial Bank contributed to the establishment of many companies The industrial sector that formed the mixed industrial sector as it has importance in developing the national economy, and the bank aims to mobilise savings and employ them in investment fields by granting loans to the assets of the industrial project and participating in the industrial project and preparing economic feasibility studies for industrial projects and the bank (29) branches. Table 2 shows (Capital of the bank) Nwe Bank, 2018).

Table 2: The Industrial Bank's Capital for the Years (2014-2018) (Amounts in millions)

2018	2017	2016	2015	2014	Years
175000	125000	75000	25000	25000	capital
%40	%66,6	%200	%0	%0	Growth rate

Source: Prepared by the researcher based on the annual reports.

From the above table, it is clear that the capital increase continues, after it was (25,000) in 2014 it became (175,000) in 2018.

3 - The Iraqi Middle East Bank: The Iraqi Middle East Bank for Investment was established as a joint-stock company with an amount of (400) million Iraqi dinars, according to the establishment certificate number MSC / 5211 / dated 7/7/1993 issued by the Registration Department under the Companies Law No. (36) For the year 1983 and after obtaining the banking license issued by the Central Bank, the bank aims to mobilise savings and employ them in investment fields and contribute to promoting the economic development of the bank (20) branches. Table (3) shows the bank's capital (the bank's annual report, 2018).

Table 3: The capital of the Iraqi Middle East Bank for the years (2014-2018) (Amounts in millions)

2018	2017	2016	2015	2014	Years
150000	150000	100000	66000	55000	capital
%0	%50	%51.5	%20	%30.9	Growth rate

Source: Prepared by the researcher based on the annual reports.

Second: The credit granted by the research sample banks

1 - Credit granted by Al-Rashid Bank: The size of the credit can be clarified through Table (4) below.

Table 4: Credit granted by Al-Rashid Bank (Amounts in millions)

Overdue debt	Capital and reserves	The amount of the deposit	The scope of cash and pledge credit	Undertaking Credit	Cash credit	Years
18733	80962	8397227	1567121	16900	1550221	2014
22207	80963	10975576	2151482	37203	2114279	2015
20631	80975	14937233	2765910	35140	2114279	2016
18913	55213	14442174	487458	69196	4805385	2017
23871	77189	1822859	5600977	35828	5565149	2018

Source: Prepared by the researcher based on the annual reports.

We note from the above table that monetary credit is constantly increasing during the research period, as it started from (1550221) million dinars in 2014 and reached (5565149) million dinars, i.e. a difference of (533695) million dinars, and it is noticeable that the pledge credit decreased between 2017 and 2018 and that The trend towards granting cash credit is explained more than the pledge credit, either the amount of deposits is in a continuous increase during the period of the research as it started at (8397227) million dinars and reached (1822859) million dinars, either with regard to capital and reserves, we do not find a continuous increase due to Banks' interest, focus, and dependence on the size of deposits instead of capital.

2 - Credit granted by the Industrial Bank: The size of the credit can be explained through table (5) below.

Table 5: Credit granted by the Industrial Bank (Amounts in millions)

Overdue debt	Capital and reserves	The amount of the deposit	The scope of cash and pledge credit	Undertaking Credit	Cash credit	Years
6702	33838	75821	64904	3086	61818	2014
6702	33334	145973	53927	10222	43705	2015
6802	85334	91914	72597	0	72597	2016
6802	140468	144761	79380	0	79380	2017
6448	189267	402367	106595	0	166595	2018

Source: Prepared by the researcher based on the annual reports.

We note from the above table that the cash credit is constantly increasing during the research period, as it started from (61818) million dinars in 2014 and reached (166595) million dinars, i.e. a difference of (39546) million dinars, either the pledge credit balance is (3086) million dinars a year 2014 was not granted in 2018 and notes the decline in the pledge credit between 2014 and 2018 and that explains the trend towards granting cash credit more than the pledge credit, either the amount of deposits is in a continuous increase during the period of the research as it started at (75821) million dinars and reached (402367) One million dinars, as for capital and reserves, the increase is continuing from (33838) million dinars to (189267) p. Umm 2018, and this explains the increase in capital and interest in the directives of the Central Bank.

2 - Credit granted by the Iraqi Middle East Bank: The size of the credit can be explained through table (6) below.

Table 6: Credit granted by the Iraqi Middle East Bank (Amounts in millions)

Overdue debt	Capital and reserves	The amount of the deposit	The scope of cash and pledge credit	Undertaking Credit	Cash credit	Years
2563	75547	452515	198944	135145	63799	2014
2311	84098	463327	341834	199203	142631	2015
1809	137899	505118	359468	168711	190757	2016
1613	187746	65784	378072	179696	198376	2017
2610	202779	551856	378605	169737	208868	2018

Source: Prepared by the researcher based on the annual reports.

We note from the above table that the cash credit is constantly increasing during the research period, as it started from (63799) million dinars in 2014 and reached (208868) million dinars, i.e. a difference (187025) million dinars, either the pledge credit balance is (135145) million dinars a year 2014 and increased to (169737) in 2018 and notes the increase in pledge credit between 2014 and 2018 and this explains the trend towards granting pledge credit significantly, either the amount of deposits is in constant fluctuation during the period of the research as it started at (452515) million dinars and reached (551856) (One million dinars, as for capital and reserves, the increase is continuing from (75547) million in 2014 to (202,779) in 2018 This explains the increase in capital and interest in the directives of the Central Bank, and Table (7) below shows the standard ratios of cash credit and deposits for the years of the research sample.

Table 7: Benchmark ratio (cash credit / deposits) for the years (2014-2018)

2018	2017	2016	2015	2014	The name of the bank
%31	%33	%18	%19	%18	Al-Rasheed Bank
%26	%54	%78	%29	%81	Industrial bank
%37	%32	%38	%31	%14	Iraqi Middle East Bank

Source: Prepared by the researcher, based on the annual reports.

We note from the above table that the Industrial Bank has achieved the largest percentages in a row for the years (2014-2018) and exceeded the internationally agreed rate (2-5) of the total bank credits and the reason for this ratio is that the borrowing industrialists left Iraq due to the financial conditions and financial ratios of the rest of the banks Ratios were moderate and close, and Table (8) shows the capital adequacy ratios.

Table 8: Capital adequacy ratio for banks, research sample for the years (2014-2018)

2018	2017	2016	2015	2014	The name of the bank
%15	%20	%28	%30	%18	Al-Rasheed Bank
%132	%92	%79	%52	%57	Industrial bank
%73	%53	%49	%33	%39	Iraqi Middle East Bank

Source: Prepared by the researcher, based on the annual reports.

The capital adequacy ratio determined by the Central Bank is (12%) and it is noted from the above table that the benchmark ratio for the Rashid Bank was in violation of the instructions of the Central Bank of Iraq during the years (2014-2018) either of the other banks have witnessed an increase in this percentage, and table 9 shows the ratio of bank liquidity to banks in the research sample.

Table 9: Liquidity Ratio of Banks in the Research Sample for Years (2014-2018)

2018	2017	2016	2015	2014	The name of the bank
%88	%59	%64	%70	%60	Al-Rasheed Bank
%101	%296	%96	%62	%37	Industrial bank
%75	%82	%73	%74	%78	Iraqi Middle East Bank

Source: Prepared by the researcher, based on the annual reports.

The required ratio was determined by the Central Bank of Iraq at (30%). It is noticeable that all banks exceeded this percentage, as they reached in the Industrial Bank (296%) for the year 2017, and this shows that there are broken materials that do not have opportunities for granting proper credit, and the table (10) Average prevalence of interest for the research sample banks.

Table 10: Average Interest Spread for Banks in the Research Sample for Years (2014-2018)

2018	2017	2016	2015	2014	The name of the bank
%7.17	%7.17	%7.83	%7.17	%60.67	Al-Rasheed Bank
%9.33	%7.67	%7.67	%7.67	%7.67	Industrial bank
%7.50	%8.17	%7.50	%7.50	%8.17	Iraqi Middle East Bank

Source: Prepared by the researcher, based on the annual interest rates data for banks.

It is noted from the above table that there is a state of uncertainty experienced by the banks in granting credit, which is reflected in the cost of credit and this cost is shown by the difference between the credit and debit interest, as the difference is very large, which leads to a high cost of credit, which led to a decrease in the amount of credit grant.

Conclusions and Recommendations

- 1- Governmental banks, despite their lack of capital, because they monopolise government deposits or government liquidity and are enhanced by cash flows to bank credit.
- 2- Central banks are very general and conservative in their credit operations through a high capital adequacy ratio and are responsible for monitoring the economic situation.
- 3- The difficulty of the Iraqi Central Bank's role in developing the Iraqi economy because of the financial and economic instability the country is going through.
- 4- The cash credit is constantly increasing during the research period, as it started from (1550221) million dinars in 2014 and reached (5565149) million dinars in 2018 for Al-Rashid Bank and reached (61818) million dinars in 2014 and reached (166595) million dinars in 2018 for the Industrial Bank, and it started from (63799) million dinars in 2014 and reached (208868) million dinars in 2018 for the Middle East Bank.
- 5- Decreased pledge credit between 2017 and 2018, which explains the trend towards granting cash credit in relation to the Rashid Bank, and the pledge credit balance was (3086) million dinars in 2014 and was not granted in 2018 to the Industrial Bank, and this explains the trend towards granting cash credit more From pledge credit, the pledge credit increased between 2014 and 2018, which explains the trend towards granting pledge credit significantly to the Bank of the Middle East.

Recommendations

- 1- The necessity to adhere to the instructions of the Central Bank regarding the amount of credit granted and the ratio of capital adequacy and the rest of the laws and instructions, because of its critical importance in achieving monetary stability.
- 2- Increasing the Central Bank of Iraq's oversight of the commercial banks' business from a safety and security perspective of banking assets and increasing the ability to predict banking crises before they occur.



- 3- Increasing the ability of commercial banks to grant cash and pledge credit, emphasising the provision of the necessary capital, and trying to reduce bad debts through the development of important credit laws.
- 4- Carefully monitor the risks associated with the bank's operations, products, and operations, and the board of directors must ensure that all tools and components of the bank's risk management framework are prepared and fully complied with.
- 5- Banks management should provide adequate liquidity and put it from the bank's priorities and goals and manage it effectively through applying the necessary policies and procedures for that in order to protect depositors' money and increase their confidence in banks.



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