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The role of bank deposits in supporting the Iraqi economy (Applied study in the Iraqi banking sector

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Abstract **:** *The study aims to Effect the role of banking deposits in the Iraqi banking sector, which is a tool of financial intermediation banking in support of the Iraqi economy. The research dealt with theoretical concepts related to both bank deposits and economic growth represented by GDP.Total bank deposits have used in the Iraqi banking sector and gross domestic product (GDP) for the period (1991-2017), Statistical methods (Pearson correlation, linear regression) and financial indicators (bank deposits and GDP) have used through the statistical program (SPSS V.23 and Excel 2016) to test the hypotheses of the study, The main results of the study were a positive correlation between bank deposits and GDP as the increase in bank deposits in one unit leading to an increase in gross domestic product by (3.493).*

Keywords: bank deposits, GDP, bank intermediation, economic growth.

INTRODUCTION: The banking sector is a key tool for the economic growth process because of the key role it plays in financing productive projects, Where banks play an important role in the national economy through their impact on GDP, As banks are the mainstay of the national economy and its main engine because it works to raise funds for its development and facilitate the circulation of its investments through the acceptance of bank deposits received by all types of fixed deposits and current deposits and savings deposits or certificates of deposit are negotiable and represent deposits with commercial banks of great importance, Among the resources available to the Bank for use in its various activities, are essential for lending, investment, banking facilities. commercial banks deal with the money of others the money of citizens , companies , government institutions , others) and constitute the main source of funds of the Commercial Bank, the lifeline of the Commercial Banks it is the most important source of funds in it, commercial banks serve the national economy by accepting deposits because of the facilitation of the payments resulting from the exchange of trade, and encourage savings, and use of funds in various economic fields.
Based on the importance of the variables of the search, the study came in three directions, the first section includes the methodology of the study and the previous studies, The second section included the theoretical aspect of the study, which included bank deposits and gross domestic product (GDP). The third section included the applied side, which included the description of the variables and the hypothesis test, The study end with conclusions and recommendations.

The first topic

Methodology of the study

(1) Importance of the study

Banking brokerage is of great importance by savers and investors in being one of the engines of economic growth. The importance of the study can be illustrated by:

1. State of the importance of bank deposits with Iraqi banks
2. State of the effect of bank deposits on GDP

(2)The Problem of the Study

Is there a role for financial savings represented by bank deposits on economic growth through the acceptance of bank deposits in the banking sector so the question is as follows: (Is that the bank deposits have a role in supporting the Iraqi economy)?

(3)Study Objectives

The study aims to clarifying the effect of bank deposits in supporting the Iraqi economy through a statement of the effect of bank deposits on GDP.

(4)Hypotheses Study

The hypothesis of the study, developed according to the scientific rules related to bank deposits and their relationship to economic growth

(Bank deposits have a role in supporting the Iraqi economy)

(5)Limits of the study

A. The temporal boundaries of the study: - which included the years for the period (1991-2017)

B - Spatial limits: represented by the Iraqi banking sector and the Iraqi economic sector.

(6) Society and sample of the study

The research sample consists of the Iraqi banking sector and from 1991 to 2017, which is (69) banks, consisting of (7) government banks and private banks consisting of (62) local banks and a study of the impact of bank deposits on GDP.

(7) Method of collecting data and information

1.Theoretical side: The researcher relied on books, letters, letters, magazines and periodicals, Arab and foreign, and the Internet that serves the study.

2.The applied side: The researcher relied on the financial statements that are published in the Central Bank of Iraq and the Ministry of Planning for the period (1991-2017).

(8)Method of study

The descriptive and analytical approach adopted to describe the impact of bank deposits on economic growth through the collection of data and annual reports of banks. The standard approach was also used by using the statistical analysis program (SPSS V20) to conclude standard results.

The second topic

Theoretical side of the study

(1) Bank Deposits

Bank deposits are among the most important financial resources on which the Commercial Bank relies on its financing activities, including credit, lending, investment and other banking activities. Besides the importance of deposits for Commercial Bank, it is one of the sources of liquidity required to finance projects. "Language deposits" means the deposit of something with another person for a specified period of time, provided that such person undertakes to refund the deposit upon request (Samhan, 1997: 55). the deposits also means what is deposited with a person for preservation (Husseini, 2010: 19), In terms of banking, cash deposits are referred to as "a contract under which a person delivers a sum of money to the bank, which is obliged to repay it on demand and in accordance with the agreed terms" (Al-Hasani, 13: 1: 1313), According to this definition, the deposit characterized by a fundamental property that the bank has the right to dispose it for the needs of its own activity and to pay the amount to the applicant (Taha, 2005: 61). The deposit is also defined as "authorized amounts in any currency which deposited with the Bank and are payable on demand or at a known maturity date" (including government deposits and deposits residents and nonresidents, whether in local or foreign currency (Chema, 2004: 138).

Iraqi Banking Law No. 93 of 2004 defines the deposit as "a cash amount paid to a person if it is installed in the registry or not of the person receiving the amount on terms that require payment of the deposit or transfer to another account with interest or without interest or at a premium or without a premium either on demand, Circumstances agreed upon by the applicant and that person or agreed upon on their behalf ".

(2) The importance of bank deposits

Deposits with commercial banks are of great importance and include most of the resources available to the Bank for use in its various activities. They are necessary for lending, investment or providing banking facilities. In other words, commercial banks deal with the money of others (citizens' money, companies, government institutions, etc.). Based on the above, the importance of deposit accounts is highlighted in the following points:

1. Deposits are one of the oldest services provided by commercial banks, which are called demand deposits (current and savings), which can be withdrawn by the depositor at any time, whether in cash for deposits or check for current accounts. Of the services of commercial banks in the national economy (Roes, 1991: 36).
2. Commercial banks finance various economic development projects by providing credit facilities and loans on the basis of the bank's external resources mainly from deposits. in addition to its internal resources represented by

capital and reserves, which constitute only a small percentage. It mobilizes savings and allocates resources efficiently to activities Contributing to the national economy (Koch & Macdonald, 2000: 102)

3. Deposits are important sources of financing for banks because they determine the ability of banks to lend a certain percentage of their deposit value. The total value of deposits gives the bank the opportunity as well as its investments and facilities to double its services to profit-making services, including allocations and reserves (Hassan, 2011: 18).

4. Banks are able to provide more liquidity to depositors where they can easily transfer their deposits any financial instruments are not directly to cash or currency or anything else with minimal effort, while this can not be done for other financial instruments such as bonds, which must be sold first, and perhaps loss after a period of time Time. (Mr. Ali and Al-Issa, 2004: 94).

5. Commercial banks offer an important service to the national economy through their acceptance of deposits because they facilitate the payment process resulting from the trade exchange safely and with minimal or no risk. It also encourages savings, which are a key pillar in the process of economic balance and monetary investment as well as the use of funds in various economic fields (Indian, 1996: 144).

6. The importance of deposits in the national economy of the oil countries is of great importance because it has become a large proportion of the deposits of commercial banks in the oil economy. Monetary activity and government surpluses are growing significantly. These accumulated and low interest deposits, which often have no interest or symbolic interest, commercial banks expand their operations and sometimes push them to develop medium-term credit. (Foley and Awad Allah, 2003: 121).

(3) Types of bank deposits

Bank deposits can be classified as follows:

1: Current deposits

It is also called deposits under demand, which is an agreement between the customer and the bank whereby the customer deposits a sum of money with the bank, provided that has the right to withdraw at any time without prior notice from (Hindi, 1996:47), These deposits can be withdrawn without prior notice, as soon as the application is made. Therefore, the banks take the instability of the current deposits by keeping part of these deposits and invest the rest in activities that can be financed by means of a discount (Samurai and Al-Dori, 1999: 106).

Demand deposits are non-interest bearing deposits with no maturity date and are paid by the Bank through electronic payments at present or through negotiable instruments, and the depositor has the right to withdraw the amount almost entirely. Of course, traders and businesses open current accounts to manage their financial operations on a daily basis, and most of the time depositors keep huge balances in their current account due to their cash surpluses. (Majudar, 2010: 74).

2: Saving deposits

Savings deposits are an agreement between the bank and the customer in which the customer deposits a sum of money with the bank for interest. Customer may withdraw from the Deposit at any time without prior notice (Hindi, 1996: 147). The savings account shall not be disclosed and no checkbooks shall be issued to its holders, but the savings books shall be given for deposit and withdrawal (Al-Lozi et al., 1997: 134). In some countries, legislation prohibits the opening of savings accounts for businesses, while other legislation specifies the maximum amount that an institution can deposit in this account and savings are usually calculated at the end of the year (Indian, 1996: 149). Characterized by their small size, large accounts and growth, with the growth of banking awareness and increased income, and gradually become excellent depositors over time. Banks compete to offer various and varied incentives to encourage small savers to deposit with savings accounts. They often attract small savers for interest and have the right to withdraw from a savings account at any time (Abu Samra, 2007: 75).

3: Fixed deposits

Is called "fixed" because upon deposit, the bank agrees with the customer on the due date and the bank is not entitled to withdraw part or all of it even after the agreed period. It is defined as a form of investment for customers who wish to lend money to the bank for a specified period of time. Which is due to cash flow in the form of benefits as a fixed amount of money is usually a large investment for a specified period of time and not calculated until maturity (2010: 77 Paul & Suresh). The largest proportion of the resources of the Commercial Bank consists of fixed deposits made by individuals and different bodies and be in three types:

- **Term deposits:** For this type of deposits, we find that the Commercial Bank is not obliged to pay them only on the date specified for the deposit, after the expiration of a certain period agreed by the depositary with the bank, which gives freedom to lend or invest and reap greater returns compared to the situation For current deposits, which makes commercial banks pay a higher rate of interest on them to encourage to attract the largest amount of them.
- **Notice Deposits**: There is a certain constraint on withdrawals, but there are relatively minor restrictions. It is necessary to notify the bank before withdrawing for a certain period, making its ability to withdraw from it relatively higher and the bank must maintain greater liquidity to meet the drawdown. This means that the Bank has relatively little freedom to employ them, and therefore interest rates tend to decline compared to term deposits (Sharaf et al., 1994: 184).
- **Certificates of Deposits**: Certificates that can be bought and sold in the cash market without reference to the issuing bank. They are not subject to interest rate ceilings. They are the primary tool for managing the bank's liabilities by providing them with sufficient flexibility to extend loans in response to profitable lending opportunities. (Hindi, 1996: 163).

(4) Policies for attracting deposits

deposits are the most important sources of financing for banks. Therefore, banks seek to develop deposits through banking awareness and expansion by opening more banking units and facilitating the procedures of dealing in terms of withdrawal, deposit and raising savings efficiency. Banks have become dependent on many strategies and policies to attract, develop and maintain the largest deposits as deposits are the most important sources of banks. In this regard, two types of strategies can be distinguished for attracting deposits: price competition and non-price competition.

1: Price competition strategy

This policy is to pay higher interest rates to depositors and banks working on this policy because of several factors:

- Raise interest rate limits.
- Difficulty getting money.
- Perfect competition between money market instruments and other products of financial institutions.
- There are profitable investment opportunities for deposited funds covering the interest rate paid by banks, and the greater the demand for loans encouraged banks to follow the price strategy.
- High inflation.
- Non-discriminatory banking products

The pricing methods used by banks may vary as a competitive method. They may be given higher interest rates than those of competing banks in order to attract customers or provide progressive competitive prices with higher balances or by granting special interest rates to large or private deposit holders.

2: Non-price competition strategy

Price strategy is not effective in attracting deposits of different types, so banks are expected to become the alternative strategy of non-price competition. This is not based on the payment of interest on deposits, but on the quality of banking services provided to customers. The fact that there is a difference between banks in the quality, quality and costs of banking services increases the likelihood of success of this strategy and the most important services Which can be relied on by the bank to attract more deposits: (Abu Hamda, 2005: 160)

1. Collection of dues of depositors: One of the objectives of the banking system is collection operations. Helps to settle depositors' accounts by settling their accounts without having to deal with the funds. It also helps save time and effort in collecting bank instruments and collecting payment methods.
2. Pay off of payments on behalf of the client: Repayment of the value of the checks issued by the depositor in favor of others and payment of some of the dues upon payment by the creditors without the need to release an instrument (Ali, 2002: 140)
3. Introducing new types of deposits: Banks are constantly and continuously seeking to develop new types of deposits to attract current and potential depositors and within the scope of the applicable state legislation. Banks that introduce new types of deposits mean that they have the ability to innovate and develop. This is an indicator of the Bank's adequacy and vitality, and thus leads to an increase in the demand of depositors compared to those who do not have the ability to develop new types of deposits.
4. The speed of service performance: Banks have accompanied the technological progress and this led to the use of the latest methods and technical means in its work, such as the use of various electronic computers, which played a major role in improving the level of service and save time, effort and cost involved in the collection.

5. Provide detailed customer services: Banks may give preference to their clients in a number of services, such as giving them precedence in lending, lending them at low interest rates, and making some concessions on the compensated balance (al-Ali, 2002: 143).

(5) Analysis of deposit growth

The Deposits Index shows the ability of the banking sector to attract bank deposits Given the importance of this indicator, the percentage of bank deposits during the study given (1991-2017) will be clarified Through Table (1):

Table (1)

The percentage of development of bank deposits in the Iraqi banking sector during the period (1991-2017)

Million dinars

growth rate%	Total deposits	Years	growth rate%	Total deposits	years
83.7	7936133	2004	—	1862	1991
35.7	10769995	2005	1688.2	33298	1992
57.2	16828295	2006	97.6	65829	1993
54.7	26188926	2007	94.1	127828	1994
29.9	34524959	2008	196.4	378900	1995
11.7	38582477	2009	(4.7)	361013	1996
24.2	47947232	2010	24.9	541046	1997
35.8	56150094	2011	47.4	797930	1998
10.4	62005953	2012	103.6	1624620	1999
11	68855487	2013	(18.1)	1329961	2000
7.5	74073336	2014	55	2061804	2001
(13.1)	64344016	2015	34.1	2765019	2002
(3)	62398733	2016	92.3	4318672	2003
7.4	67048631	2017			

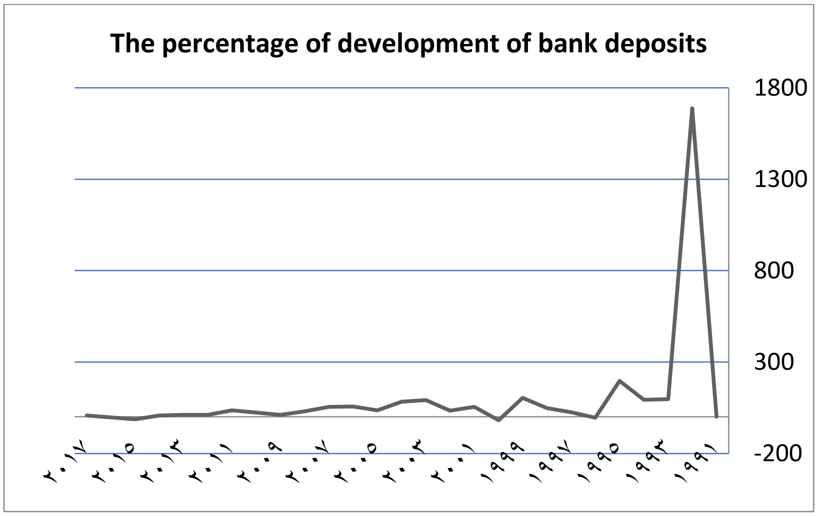
Source: Annual Statistical Bulletin \ Central Bank of Iraq, miscellaneous years

We note from Table (1) that the index of the development of bank deposits in the Iraqi banking sector during the year (1991) reached (1862) either in (1992) rose the volume of deposits was the highest proportion of which reached (1688.2), As for the years (1995, 1994, 19931996,), the volume of deposits reached a growth rate (97.6%) (94.1%) (196.4%) (-4.7%) respectively as a result of the economic conditions experienced by Iraq and because of the siege in that period and Lack of people's confidence and higher interest rates on deposits, As for the years (1999,1998,1997), the bank deposits index increased to reach a growth rate (24.9%) (47.4%) (103.6%) respectively as a result of the developments that took place in the country, and then decreased to reach its lowest rate in (2000), a negative percentage of (-18.1%), In the years 2001-2002, the deposits index increased to reach (55%) (92.3%). In 2004, the volume of deposits compared to 2003 increased to (83.7%). This phase was the beginning of banking reform after the occupation as a result of the replacement of the Iraqi currency, which increased the confidence of citizens and used as a store of value. In 2005, the growth rate was (35.7%) as a result of the increase in the income of employees.

The deposits index continued to increase during the years (2006,2007,2008) with a growth rate (57.2%) (54.7%) (29.9%) respectively, due to the Central Bank's Taking many measures necessary to regulate the work of banks and raise the level of performance and enhance its role in financing its economic activity and ensure the safety and durability of the banking system and this reflected positively on banks, which led to the increase of bank deposits as well as high oil revenues that worked to bring about a renaissance in the Iraqi economy Make it enjoy a good financial surplus.

Bank deposits continued to rise during the years (2009,2010), where the growth rate reached (11.7%) (24.2%), respectively, due to the efforts of government banks to attract savings deposits as well as because of the decision of the Ministry of Finance to withdraw deposits belonging to the public sector from private banks to banks government, then the volume of deposits fluctuated between the rise and fall once, where the growth rate of deposits in 2011 (35.8%) compared to the growth rate (2010) and continued to rise for years (2012,2013,2014) but despite this increase

in the volume of deposits, but the growth rate was The growth rate was low (10.4%) (11%) (7.5%) respectively compared to previous years, Until the volume of deposits decreased in (2015) by a negative growth rate (-13.1%) .
Bank deposits in 2016 decreased from the level in 2015 (the growth rate of deposits was very low representing the lowest percentage during the study period, where it reached (- 3%) During this year as a result of the exceptional circumstances experienced by the country, especially in the last years of the study period to face many political and economic challenges and unstable security conditions, In 2017, the volume of bank deposits in the banking sector increased to reach a growth rate of (7.4%) This increase is due to the relative improvement of the economic situation during 2017, which was reflected in the high percentage of government deposits in banks, which constitute more than the total deposits in banks, especially with Public banks, on the one hand, and on the other hand, the improvement of the economic situation has been reflected on the rise in the incomes of individuals increased per capita GDP and hence increased private sector deposits.



Graph(1)

(6) Analysis of Gross domestic product(GDP)

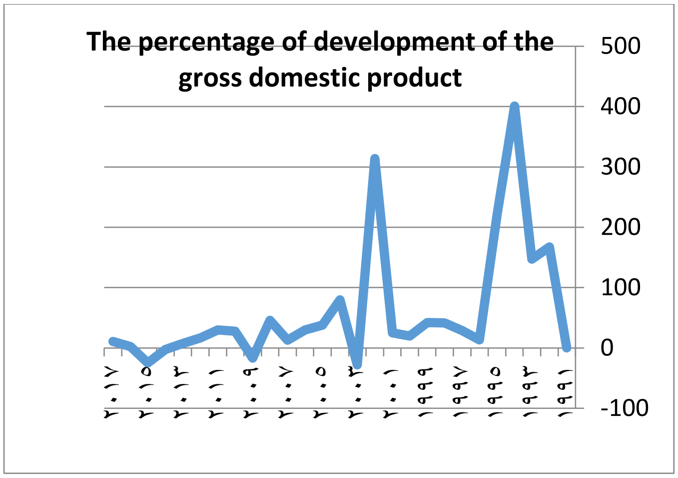
The gross domestic product (GDP) is one of the most important economic indicators that reflect the economic activity and the path of growth in it. The gross domestic product(GDP) is one of the most comprehensive criteria for measuring the total output of the state of goods and services. It is the total value of currencies for both consumption and total investment, And the net exports and imports produced by the State within a specified period. The above can be represented by symbols and as follows (Samuelson, 2006: 451):
GDP=C+I+G+(X-M)
Gross domestic product (GDP) is defined as the output value of final goods and services achieved during the year. It reflects the total value added of producers during the year. The development of GDP is reflected in the development of income and the latter improves the economic and social well-being of the individual. This indicator, along with other indicators, reflects the volume of economic activity, where it can monitor all major economic flows such as production, consumption and others. GDP growth is reflected in the development of national income, leading to an improvement in the level of the economy (Ministry of Planning, 2014: 1). GDP is also defined as "the total monetary values of goods and services produced by the community and sold in the market over a given period. The gross domestic product of any country is the most important indicator of the country's total production, and an important indicator of growth or weakness of the economy." (TAQA, 2009: 245).
Gross domestic product (GDP) is one of the most important indicators used, as well as other indicators for the formulation of economic policies and international and domestic comparisons. The growth and growth of GDP as a general trend reflects economic efficiency and the development of living standards and thus as a measure of well-being (Al-Hashemi 2002. 123). Because of this importance, the tendency to analyze the reality of this indicator in Iraq by analyzing the ratio of bank deposits in the banking sector to GDP, here we will express economic growth through the change in this index through deposits.

Table (2)
Percentage development of GDP for the period (1991-2017)
Million dinars

%growth rate	Gross Domestic Production	Years	%growth rate	Gross Domestic Production	years
79.9	53235000	2004	—	21231	1991
38.1	73533000	2005	167.5	56814	1992
30	95588000	2006	147.3	140518	1993
12.8	107828500	2007	400.8	703821	1994
45.6	157026062	2008	220	2252264	1995
(16.8)	130642187	2009	13.5	2556307	1996
27.9	167093204	2010	28.6	3286925	1997
30.1	217327107	2011	41.5	4653524	1998
16.9	254225491	2012	42	6607664	1999
7.6	273587529	2013	20	7930224	2000
(2.6)	266420384	2014	25	9911499	2001
(25.0)	199715700	2015	313.6	41003800	2002
2.1	203869832	2016	(27.8)	29586000	2003
10.8	225995179	2017			

Source: - Years (2000-1991) Central Bank of Iraq, Statistical Annual Bulletins
Years (2007-2001) Aqil Shaker Al - Sharaa Analysis of the indicators of financial and banking reforms in the financial market and the banking system (Egypt and Iraq) for the period (2007-1985) PhD thesis, Faculty of Administration and Economics, 2010, p. 221.

We can see from the above table that the gross domestic product is increasing during the study period (1991-2017) and achieved high growth rates. It can be said that the gross domestic product in the period (1991 to 1995) witnessed a decline in GDP, while the period (1996 to 2001) witnessed an upward trend in the GDP, where the growth rate (13.5%) (28.6%) (42%) (20%) (25%), respectively, the reason for this growth is due to the big jump in the output of mining and quarrying sector (crude oil and other types of mining), therefore reflected on the jump in the exchange rate of the Iraqi dinar and other economic sectors, In 2002, the GDP increased, while in 2003, the GDP declined as a result of the occupation of Iraq and the significant damage suffered by the national economy. During the period (2004 to 2008) the GDP increased and the growth rate (79.9%) (38.1%) (30%) (12.8%) (45.6%) respectively during the end of this period, while in (2009) . decrease to the growth rate (-16.8) as a result of the global financial crisis that occurred in all economies, which is the worst crisis in the world, Then, the GDP started to resume growth in 2010 and continued to rise until 2013, where in (2011, 2012, 2013) the growth rate was (30.1%)(16.9%) (7.6%), respectively. In 2014, the gross domestic product (GDP) fell to (-2.6%)as a result of military spending to control ISIS terrorist gangs that inflicted non-oil damage through destruction of infrastructure, disruption of trade and deterioration of investor confidence. The decline continued until (2015) where the rate of GDP growth (-25.0) as a result of the sharp decline in global markets in oil prices and this situation from the second half of 2014, which made the Iraqi economy to a difficult challenge and a real economic crisis through its dependence on oil as a source Major revenue In 2016, GDP witnessed a remarkable recovery as GDP growth rate reached (2.1%) despite the security situation in the country, then Iraq relied on oil as the sole source of resources due to increased oil production. GDP continued to rise until 2017, with a 10.8% growth rate at the end of the study due to higher oil prices as the price of a barrel of oil ($ 49.3) rose.



Graph(2)

(7) Analysis of the ratio of total bank deposits to GDP

Bank deposits are one of the tools of banking intermediation that reflect the bank's ability to attract and develop capital and its ability to stimulate savings and investment, which in turn reflects on economic growth. The ratio between deposits and economic growth can be calculated by:

$$= \frac{\textbf{bank deposits}}{\text{GDP}} \times 100\ \%$$

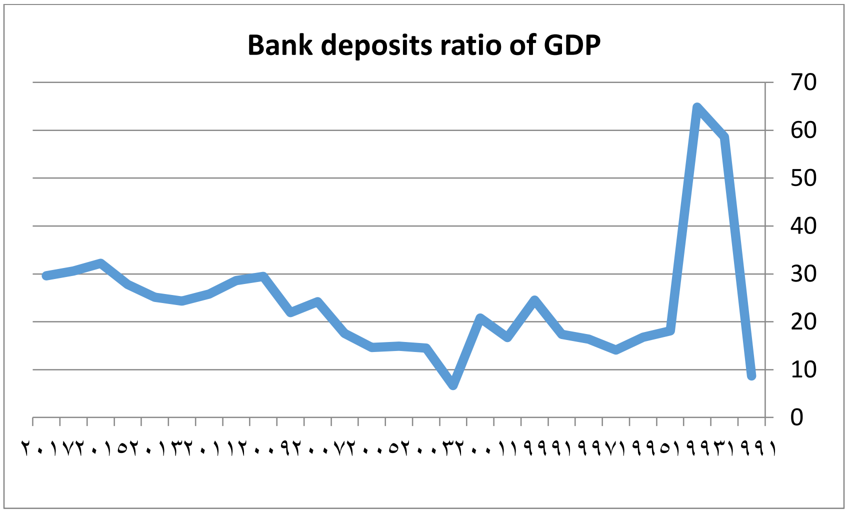
The ratio of total bank deposits to GDP in 1991 reached (8.7%). In 1992, bank deposits increased to (58.6%) of GDP, which is high compared to 1991. In 1993, bank deposits constituted (64.8%) of GDP, the highest percentage during the study period. In 1994, bank deposits decreased to (18.1%) of GDP until it reached (16.8% in 1995). Also, in 1996, the percentage of deposits was low at (14.1%) of GDP compared to previous years, In 1997, 1998 and 1999, bank deposits started to rise to (16.4%), (17.4%) and(24.5%), respectively, of GDP. This percentage decreased in 2000, 2001 and 2002 to(16.7%), (20.8%) and (6.7%), respectively, as shown in Table (3).

Table (3)
Ratio of total bank deposits to GDP for the period (1991-2017)
Million dinars

Deposits to %GDP	GDP	Bank deposits	Years	Deposits to %GDP	GDP	Bank deposits	Years
14.9	53235000	7936133	2004	8.7	21231	1862	1991
14.6	73533000	10769995	2005	58.6	56814	33298	1992
17.6	95588000	16828295	2006	64.8	140518	65829	1993
24.2	107828500	26188926	2007	18.1	703821	127828	1994
21.9	157026062	34524959	2008	16.8	2252264	378900	1995
29.5	130642187	38582477	2009	14.1	2556307	361013	1996
28.6	167093204	47947232	2010	16.4	3286925	541046	1997
25.8	217327107	56150094	2011	17.4	4653524	797930	1998
24.3	254225491	62005953	2012	24.5	6607664	1624620	1999
25.1	273587529	68855487	2013	16.7	7930224	1329961	2000
27.8	266420384	74073336	2014	20.8	9911499	2061804	2001
32.2	199715700	64344016	2015	6.7	41003800	2765019	2002
30.6	203869832	62398733	2016	14.5	29586000	4318672	2003
29.6	225995179	67048631	2017				

Source: Ratios prepared by researchers based on data table (1) and (3)

We also note that the percentage of bank deposits during 2003 (14.5%) of the gross domestic product and this rate remained constant during the years (2004) and (2005) which was (14.9%) (14.6%) respectively, which is low due to the war situation suffered by the country, In 2006, bank deposits reached 17.6% of GDP, while in 2007, bank deposits increased to 24.2% of GDP. In 2008, bank deposits reached 21.9%. Of the GDP until it reached in 2009 (29.5%), during the years (2010 and 2011), the percentage of bank deposits of GDP was characterized by high and low if it reached during these years (28.6%) and (25.8%) respectively compared with previous years due to the central bank's obligation to increase the capital of banks within three years. As for the years 2012, 2013 and 2014, the percentage of bank deposits of the gross domestic product (24.3%), (25.1%) and (27.8%), respectively, due to the increase in the number of banks and the increase of their capital, in accordance with the instructions of the Central Bank to increase capital and most of the increase in capital Private Bank Funds (Central Bank, 2007).



Graph(3)

The third topic

Test the hypotheses of the study

his research is intended to present and discuss the results of the relationship test and the impact between the study variables as provided in the study hypothesis, in order to find out the relationship and the impact shown by the independent variable from the adopted variable, and for the purpose of measuring the relationship and the impact of the bank's financial intermediation data (bank deposits) on economic growth. The (T) test was used to determine the significance of the effect between independent and approved variables, and the test (F) was used to determine the validity of the statistical model, as well as the use of the torque coefficient (R2) to measure the percentage interpreted by the intermediation index for changes in economic growth.

(1) General Statistics

he following table includes the general statistics represented by the lowest value and the highest value as well as the mean and standard deviation for each of the independent and dependent variables during the study period:

Table (4):
General statistics of the independent variables of the study

standard deviation	Arithmetic mean	highest value	Lowest value	Number of sample	Variables
Independent variables					

27853266.971	24150446.26	74073336	1862	27	**Bank deposits**
The dependent variable					
98781070.559	53235000.00	273587529	21231	27	**GDP**

Source: Prepared by the researchers based on the results of the statistical program SPSS vr.20

1- The lowest value of the independent variable (bank deposits) was (1862) million dinars, while the highest value was (74073336) million dinars and the mean was (24150446.26) and the standard deviation (27853266.971).
2- As for the dependent variable (GDP), the lowest value was (21231) million dinars, the highest value was (273587529) million dinars, the mean was (53235000.00) and the standard deviation (98781070.559)

(2)Correlation relationships:

The following table includes the correlation values between the study variables as shown in the following table:

Table (5)
Correlation values between study variables

Gross Domestic Production	**deposits**	Variables	
.985**	1	Pearson Correlation	**deposits**
.000		Sig. (2-tailed)	
27	27	N	
1	.985**	Pearson Correlation	**Gross Domestic Production**
	.000	Sig. (2-tailed)	
27	27	N	

Source: Prepared by the researchers based on the results of the statistical program SPSS vr.20

Table (5) shows a significant correlation between the bank deposits and the gross domestic product (GDP) at a level of statistical significance (0.01).

(3)Building standard models

The study assumes a major hypothesis, which included measuring the relationship of the effect of bank deposits in the banking sector on the rate of economic growth. In general, the study hypothesis can be tested according to the following models:

o measure the relationship of the effect of total bank deposits on the economic growth rate (study hypothesis) as in the following model:

$$\mathbf{GR = \beta_0 + \beta_1 D + e}$$

Whereas:
GR : GDP
$\boldsymbol{\beta_0}$:regression constant
D: Bank deposits
e: Random error limit

Based on the above, the model will be tested on all deposits of the banking sector and GDP. As a result, this study will include testing a simple linear regression model.

(4)Testing hypotheses:

(There is statistically significant effect of bank deposits on economic growth)

For the purpose of validating the hypothesis, we can see in Table (8)

Table (3) Simple Linear Regression Analysis Model between Bank Deposits and Gross Gross Product

R	R^2	F		B	T		independent variable	dependent variable
		المحسوبة	Sig			Sig		
.985	.970	810.679	.000	3.493	28.472	.000	**deposits**	**GDP**

Source: Prepared by the researchers based on the results of the statistical program SPSS vr.20

The regression coefficients between the independent variable (bank deposits) and the dependent variable (GDP) show that the positive relationship between the two variables was significant. Value (R), which reached (98%), With a coefficient of determining ($\mathbf{R^2}$) of (97%), this means that the value (97%) of the changes in GDP is the result of the change in total bank deposits. The value of the effect (B) (3.493) This means that the change in total bank deposits in one unit leads to an increase in GDP by (3.493), The table showed a statistically significant effect between the two variables, which was defined by the value of T (28,472) and (0.00), meaning acceptance of the first hypothesis. This confirms the value of (F) which was (810.679) and a significant (0.00) significant indicating the validity of the statistical model for the validity of the hypothesis.

Conclusions and recommendations

First: Conclusions

1. Bank deposits are one of the most important tools for bank financial intermediation for the purpose of increasing bank liquidity and therefore, increasing the size of bank deposits increases the content of greater liquidity and an appropriate size of funds for the purpose of lending them.
2. There is a positive relationship between bank deposits and GDP, where the increase in bank deposits in one unit leads to an increase in gross domestic product by (3.493), which means accepting the hypothesis
3. The existence of a strong correlation between the variables of the study as the correlation between bank deposits and GDP where the value of correlation (985.)
4.Through our study we note that banks have become an important sector in the national economy through the collection of surplus financial savings and employment by granting loans and banking facilities for the purpose of supporting the national economy.

5.Second: Recommendations

1. Work on the system of securing bank deposits and encourage the policy of banking proliferation and work to spread the awareness of the bank, when reassuring the citizen on the money deposited in banks, especially commercial banks, this encourages the deposit of their surpluses and thus increase the size of deposits and enter the investment operations with confidence.
2. Banks should develop bank deposits and increase their size by focusing on opening branches locally (following the policy of geographical spread) to approach depositors.
3.reating programs to attract bank deposits by enticing the public with the benefits granted, as well as advertising, promotional and marketing campaigns on deposits.
4. Develop and strengthen the financial intermediation institutions, especially the banking sector, and work to increase banking awareness among the public and acquainted with the services provided by banks to individuals and the national economy, whether by contacting and expanding them or inform them of more services that can be performed by banks and encourage small savers to deal with banks. National.

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