

Listed Islamic Banks and Role in Investing in Iraqi Stock Exchange

Mahdi Kareem Ali⁽¹⁾, Baqer Karji Al-Jubouri⁽²⁾

¹ University of Al-Qadisiyah / College of Administration and Economics / Department of Economics
Department(Mahdi.kareem21@qu.edu.iq)

² University of Al-Qadisiyah / College of Administration and Economics / Department of Economics
Department(Baqer.habeeb@qu.edu.iq)

Corresponding Author: Mohammed M.H. Al-Ardhy affiliation: University of Al-Qadisiyah Email: admin.mang21.25@qu.edu.iq

ABSTRACT: The current study aims to identify the role of Iraqi Islamic banks in revitalizing the Iraqi stock market; In the past two decades, Islamic banks have witnessed a great development and wide spread in several Islamic countries. Iraq Stock Exchange, for the period from (2004-2020), as well as analyzing its indicators (market value, trading volume, number of shares traded, and turnover rate), and analyzing the percentage of Iraqi Islamic banks' contribution to the Iraqi stock market. For the period from (2004 -2020), the standard analysis method was used for the purpose of showing the role of Islamic banks in activating the Iraqi market for securities, as well as measuring the impact of the performance indicators of Islamic banks on the indicators of the Iraqi market for securities through the use of the program (SPSS.v.25). The study came out with important conclusions, including: There is a significant role for Islamic banks in revitalizing the Iraqi market for securities, as well as the development of the work of Islamic banks in Iraq as a result of the increase in their numbers within the banking sector, as the number of Islamic banks in 2020 became (27) banks, and the study recommends facilitating the process of registering banks Islamic law in the Iraqi Stock Exchange and encourage it to trade its shares in the market, which contributes to increasing its role in the Iraqi Stock Exchange.

Keywords - Islamic Banks, Iraq Stock Exchange.

تهدف الدراسة الحالية إلى التعرف على دور المصارف الإسلامية العراقية في تنشيط سوق الأوراق المالية العراقية؛ إذ شهدت المصارف الإسلامية في العقدين الماضيين تطوراً كبيراً وانتشاراً واسعاً في عدة دول إسلامية، ولتحقيق أهداف البحث قام الباحث بدراسة وتحليل الواقع الفعلي لدور المصارف الإسلامية في تنشيط سوق العراق للأوراق المالية من خلال دراسة المصارف الإسلامية العراقية عينة الدراسة وهي (14) مصرفاً متداولاً في سوق العراق للأوراق المالية، للمدة من (2004-2020) وكذلك تحليل مؤشرات المتبعة في (القيمة السوقية، وحجم التداول، وعدد الأسهم المتداولة، ومعدل التدوير)، وتحليل نسبة مساهمة المصارف الإسلامية العراقية في سوق الأوراق المالية العراقية. للمدة من (2004-2020)، وتم استخدام أسلوب التحليل القياسي لغرض بيان دور المصارف الإسلامية في تنشيط سوق العراق للأوراق المالية، فضلاً عن قياس أثر مؤشرات أداء المصارف الإسلامية على مؤشرات سوق العراق للأوراق المالية من خلال استخدام برنامج (SPSS.v.25) وخرجت الدراسة باستنتاجات مهمة منها: هناك دور كبير للمصارف الإسلامية في تنشيط سوق العراق للأوراق المالية، وكذلك تطور عمل المصارف الإسلامية في العراق نتيجة زيادة أعدادها داخل القطاع المصرفي، إذ أصبح عدد المصارف الإسلامية عام 2020 (27) مصرفاً، وتوصي الدراسة بتسهيل عملية قيد المصارف الإسلامية في سوق العراق للأوراق المالية وتشجيعها على تداول حصصها في السوق مما يساهم في زيادة دورها في سوق العراق للأوراق المالية.

الكلمات المفتاحية: المصارف الإسلامية، سوق العراق للأوراق المالية.

I. INTRODUCTION

Islamic banks are among the most important achievements of the contemporary Islamic economy in the field of its economic activity. Its spread and the large volume of its transactions, as it collects the country's savings with its financing and investment function. As for the stock market, its importance stems from the role entrusted to it in mobilizing national savings and directing them to investment channels that support the national economy, which will achieve economic development in the Islamic world, as Islamic banks provide support to the financial markets, which is the amount of funds that can be pumped or absorbed by Islamic banks or financial institutions through their various investment and financing activities, and in this study the role of Iraqi Islamic banks in revitalizing the Iraqi market for securities was investigated by studying the Iraqi Islamic banks traded in the market for the period from (2004-2020), as well as analyzing its indicators (market value, trading volume, and The number of traded shares, turnover rate, and analysis of the percentage of Iraqi Islamic banks' contribution to the Iraq Stock Exchange for the period from (2004-2020).

RESEARCH METHODOLOGY

1-THE RESEARCH PROBLEM

The research problem lies in the main problem, which is, is there a role for Islamic banks in activating the Iraqi stock market?, and several sub-questions branch from it:-

1-Is there an impact of the market value index of Islamic banks on the index of the market value of the Iraqi Stock Exchange?

2-Is there an effect of the trading volume index for Islamic banks on the trading volume index for the Iraq Stock Exchange?

3-Is there an effect of the number of traded shares for the Islamic banks index on the number of shares index for the Iraq Stock Exchange?

4- Is there an effect of the turnover rate indicator for Islamic banks on the turnover rate indicator for the Iraq Stock Exchange?

2-THE RESEARCH IMPORTANCE

The importance of the study stems from the fact that Islamic banks have become the most prominent event in the banking arena in Islamic, Arab and international countries in recent years, and there is no doubt about the increasing role of these banks in activating the Iraqi stock market through the growth of their indicators and the process of trading in their shares in the market, in addition to the growth of their values market capitalization and turnover of its shares.

3-RESEARCH OBJECTIVES

1-Statement of the role of Islamic banks in supporting the Iraqi market for securities by studying their relative importance to the indicators of the Iraqi market for securities, as well as a statement of their impact on the market.

2- A statement of the relative importance of the indicators of Islamic banks to the indicators of the banking sector, the financial contributor in the Iraqi Stock Exchange.

4-THE RESEARCH ITS HYPOTHESES

1-There is no significant statistically significant correlation between the market value of Islamic banks and the market value of the public banking sector.

2-There is no significant statistically significant correlation between the trading volume of Islamic banks and the trading volume of the public banking sector.

3-There is no significant statistically significant correlation between the number of traded shares of Islamic banks and the number of traded shares of the public banking sector.

4-There is no significant statistically significant correlation between the turnover rate of Islamic banks and the turnover rate of the public banking sector.

5-There is no significant statistically significant correlation between the market value of Islamic banks and the total market value of the Iraq Stock Exchange.

6- There is no significant statistically significant correlation between the trading volume of Islamic banks and the total trading volume of the Iraq Stock Exchange.

7- There is no significant statistically significant correlation between the number of traded shares of Islamic banks and the total number of traded shares for the Iraq Stock Exchange.

8-There is no significant statistically significant correlation between the turnover rate of Islamic banks and the total turnover rate of the Iraq Stock Exchange.

9- There is no significant effect of statistical significance between the independent variable on the dependent variable.

THEORETICAL FRAMEWORK FOR RESEARCH

First: History of Islamic Banks:

The Islamic awakening witnessed by the Islamic world and the serious and honest approach that accompanied it, by adapting all aspects of life, political, economic and social, with the teachings of the Islamic religion, had the most prominent role in the emergence of Islamic banks, which adhere to the teachings of the Islamic religion and steer clear of taboos in financial transactions, especially usury; Islamic banks are a relatively recent experience in the Islamic world. It came to meet the urgent need for banking institutions that meet the needs of Muslims, and at the same time adhere to the provisions of Islamic Sharia, away from the usurious transactions of traditional banks. The history of the emergence of Islamic financial institutions, according to some studies, dates back to the year (1940). In Malaysia, which established savings funds without interest.(Abedifar,2013:2)

The idea of the Islamic alternative was raised and the beginnings of the search for an Islamic banking alternative were presented at the second (1965) and third (1966) annual conference of the Islamic Research Academy, as one of its recommendations was to continue studying the Islamic banking alternative and the way to implement it with the help of economists. The sixth annual conference called for the establishment of an Islamic bank in accordance with Sharia provisions.

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Islamic(Iqbal,2016:4). The first attempt or experiment to implement this idea was in a rural area in Pakistan at the end of the fifties, and the second experiment was in the Egyptian countryside in (1963) in (Mitt Omar), and despite the failure of these two experiments, the seventies witnessed a new start, In 1971, a bank based on the exclusion of interest was established, and the Nasser Social Bank was established in Egypt, then the Islamic Development Bank in 1974, and the Dubai Islamic Bank in 1975, and thus Islamic banks continued until there were more than (90) banks in At the end of 1992, all of them operate in accordance with Islamic principles and principles (Mahmoud,2010:17). Islamic banking began in Iraq with the beginning of banking pluralism in Iraq after the year (1993), as it was allowed to establish private banks (private), including the Iraqi Islamic Bank, which is the nucleus of Islamic banking in Iraq (Alharbi,2015:14).

Second: The concept of Islamic banks

Islamic banks have become real and realistic even to reach the life of the Islamic community, and indeed all over the world, as they are spread in most countries, and provided an economic thought of a special nature, and it has become a tangible and effective reality that goes beyond the framework of existence to reach the horizons of interaction for innovation and dealing positively with the developments of the times Which draw our attention and that push us to know its concept and take note of its objectives (Abedifar,2013:2). It is also a banking financial institution that engages in financial business, but differs from it, that it conducts its business with people, whether they are depositors or financiers, investors in a manner that is committed to the principles of Islamic Sharia that direct money to serve the community, and with this commitment, Islamic banks will always achieve success, in addition to the noble goals it seeks, which are Contribute to the achievement of social development and social interdependence and effectively contribute to the economic and developmental aspects to provide a decent life for the community, whether individuals or groups.

It is also a modern financial institution that abides by the laws of Islamic Sharia, the principles of civil treatment, legal tenders, legalization of legal services and developing them in legitimate ways and tools, for the benefit of the public(Mahmoud,2010:17).

It is also defined as those financial institutions that conduct banking, financial, commercial and investment transactions in accordance with the provisions of Islamic Sharia, and this concerns not dealing with usurious interests, and providing packages of banking services and products, through methods of attracting deposits and savings, and providing conscious investment mechanisms (Chong,2009:126). It is also known as a banking financial institution that receives funds from savers and investors and employs them in investment projects in accordance with Islamic law in a manner that serves to build a symbiotic Islamic society to achieve the following (Samer,2010:32):-

A - Attracting money and attracting savings available in the Islamic description and developing savings awareness.

b- Investing funds in activities and projects that achieve sustainable development in the Islamic world.

C- Carrying out banking and business in accordance with the teachings of Islamic Sharia and avoiding usurious transactions, exploitation and greed.

It is considered an investment financial institution with a developmental, humanitarian and social mission, and aims to accumulate funds and achieve optimal use of its resources in accordance with the rules and provisions of Islamic Sharia to build an Islamic community of solidarity(Alharbi,2015:25), and others defined it as a monetary and financial institution that works to bring cash resources from members of society and employ them in accordance with the provisions of Islamic Sharia, including It ensures its growth and achieves the goal of economic development and social progress for Islamic peoples and societies (Muhammad,2010:63). It is defined as the bank that does not deal in interest-based transactions and is based on the basis of participation, and grants good loans to the needy (Muhammad,2005:2). They are the banks whose articles of association stipulate adherence to the principles of Islamic Sharia, and not to deal with usury by giving and receiving (Abedifar,2013:2).

It is defined as the bank that is committed to applying the provisions of Islamic Sharia in all its banking and investment transactions through the application of the concept of financial intermediation on the basis of the principle of profit and loss sharing, in terms of being a banking financial institution that conducts its business in accordance with the provisions of Islamic Sharia (Hassan,2018:13). It is also the banks that are based on the foundations and rules of Islamic Sharia and its principles and do not deal with the taking and giving of interest (usury) and the way in which they serve their various business and activities (Mahmoud,2010:17).

Third: The difference between Islamic banks and conventional banks

Islamic and conventional banks agree to play the role of financial intermediation, but both the Islamic and the conventional bank have purposes and objectives. The conventional bank is subject to legal controls in its work without implementing or observing the Sharia controls. As for Islamic banks,

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their business is subject to legal and Sharia controls, meaning that every banking operation She has a legal contract. As well as observing the legal controls and in a manner that does not conflict with the provisions of Islamic Sharia, as the conventional bank deals with the pre-determined interest rate on all types of loans, whether from savers or investors, while the Islamic bank deals on the basis of profit and loss sharing and does not deal with the interest rate, which is a forbidden usury. Rather, it uses the profit margin (Azmat,2015:254). The Islamic bank adheres to the rule of halal and haram, while the conventional bank adheres only to legal controls (Mahmoud,2010:17)..

There are basic differences between the nature of work in Islamic banks and work in conventional banks, including(Arshed,2021:2)

1-The Islamic bank does not guarantee the depositor a profit or loss or the principal of the money to the depositor, but unlike the traditional bank that pays fixed interest on term deposits with the presence of previous risks.

2- Islamic banks can buy, keep and sell goods, unlike traditional banks that do so only in special cases and with certain controls.

3- The Islamic bank is basically a speculator working with the money of the capital owners, and here it is the depositor, unlike traditional banks that rely mainly on accepting deposits and granting loans.

4- The conventional bank can issue premium bonds, but the Islamic bank does not issue them because the interest is fixed.

5-It is not permissible for Islamic banks to deal with interest by taking or giving, because it is forbidden in Islamic Sharia, unlike the traditional banks that deal with them.

6- Funding resources for Islamic banks usually come from profit-making, partnership financing and other forms of Islamic financing, unlike traditional banks, whose source of financing comes mainly from the interests arising from loans.

Fourth: The objectives of Islamic banks

To achieve the message of the Islamic bank, there are a set of goals that lead to its achievement, namely:-

1-Financial goals:

The Islamic financial institution exists to be able to perform the role of financial intermediation on the principle of participation, which reflects the extent of its success and the achievement of its objectives in the light of the provisions of Islamic Sharia. These objectives are as follows(Nastiti,2019:5)

A - Attracting and investing deposits: It is one of the most important objectives of Islamic banks, as it represents the first part in financial intermediation.

B - Investment of funds: It is the second aspect of the financial intermediation process, and it is the main objective of Islamic banks, as investments are the pillar of work in Islamic banks and the main source for achieving profits for depositors and shareholders, and there are many Islamic investment formulas that can be invested with money.

C- Achieving profits: Profits are the result of the activity of the Islamic bank, which comes from investments and banking operations that lead to profits of depositors and shareholders, and the increase in profits leads to an increase in market share and share price.

2- Customer objectives:

The customers of Islamic banks have many goals that Islamic banks must strive to achieve (Mahmoud,2010:17):-

A -Carrying out banking services: The success of Islamic banks is due to high quality banking services, and their ability to attract many customers.

B - Bringing finance for investment: Islamic banks work to invest the funds deposited with them by mixing between the Islamic investment formulas available to them.

C- Security deposits of depositors: the extent of depositors' confidence in the factors of success of any bank, and among the factors of confidence in banks is the permanent availability of cash (the largest possible amount of deposits or the maximum required deposits).

3-Internal goals:

Islamic banks have many internal goals that they seek to achieve, the most important of which are the following : (Mahmoud,2010:17):-

A- Human resource development: Human resources are the main element in achieving the goals and profits of the institution.

B - Maximizing growth rates: Institutions and companies are considered for continuity, especially banks, because they are the backbone of the state's economy, and for survival and continuity, companies and banks must work to increase growth rates.

C- Spread socially and expand geographically: In order for Islamic banks to achieve their previous goals, in addition to providing banking and investment services to customers, they must spread to cover a large number of customers in the community, and work to provide banking services in the areas closest to them.

4-Investment objectives:

Islamic banks work to spread and develop savings awareness among individuals and rationalize the spending behavior of the broad base of peoples with the aim of mobilizing surplus economic resources and idle capital,

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attracting them and employing them in a sound and stable economic base that is compatible with the Islamic formula and inventing new formulas that comply with Islamic Sharia and are commensurate with the changes that occur in the market global banking(Abedifar,2013:2).

5-Developmental goals:

One of the main distinguishing features of Islamic banks is their contribution to achieving economic development goals. The Islamic bank does not aim at maximizing profits only, but it is obligated to take into account the benefits that accrue to the community and the harm it causes as a result of carrying out its various activities (). Hence, Islamic banks should be an effective tool for economic development in Islamic societies through their quest to provide an appropriate climate to attract capital and resettle Islamic capital within their countries, in addition to the effective use of their resources to serve the Islamic community(Abedifar,2013:2).

6-Social goals:

Islamic banks seek to balance between achieving economic profits on the one hand and achieving social profits on the other, as well as equitable distribution of income and wealth in the Islamic society; The Islamic bank, through its zakat funds, takes care of Muslim children and the elderly, provides an appropriate environment for their care, establishes public Islamic facilities, provides education and training for Muslims, and provides scholarships. The Islamic bank works to revive the obligation of zakat and revive the spirit of social solidarity among the members of the Islamic nation.

Fifth: - Characteristics of Islamic banks:

Islamic banks have characteristics and advantages that distinguish them from other traditional banks, in terms of principle, purpose and goal, and there are a number of functional characteristics of Islamic banks, including (): Islamic banks are development banks; It aims to mobilize resources and direct them in a way that achieves the common interest, not only between two parties, but for the advancement of society mainly because the goal of Islamic banks is to establish the Islamic economy on the basis that the goal is not limited to achieving profit, and the developmental concept of Islamic banks means the development of society in economic terms. Islamic banks are banks social; It seeks to achieve the elements of solidarity among all members of society.

Sixth: - Baghdad Stock Exchange:

From 1992 to 2003 there was a market known as the Baghdad Stock Exchange, which was established under Law No. (24) of 1991, and this market was a government market that was able at that time to list (113) Iraqi private and mixed joint stock companies, and was able to attract in the last year with trading rates Annually, it just exceeded seventeen and a half million dollars, and this market was closed by a decision of its board of directors on March 19, 2003 (Mahmoud,2010:17).

Among the most important features and features of the work of the Baghdad Stock Exchange (Alharbi,2015:14):-

- 1- The number of listed companies from the private and mixed sectors increased from (64) companies when the market opened its doors for trading in (1992) to more than (120) companies at the beginning of (2003)
- 2-The trading volume in 1999 reached nearly (30) billion Iraqi dinars, then it rose to nearly (50) billion Iraqi dinars in (2000).
- 3-The market capitalization amounted to approximately (200) to (250) million dollars before the market closed in 2003.

The following is a historical overview of the Iraqi Stock Exchange before 2003.

The idea of establishing the financial market in Iraq has gone through many events and developments that have cast a shadow over the development of the financial market in Iraq. The most important events witnessed by the Iraqi capital market can be summarized as follows:-

1-In 1920, Iraq knew the first steps of the emergence of the stock market. In this year, the first joint stock company was established based on the Indian Companies Law, issued in 2013, which was applied in Iraq after the British occupation. It was issued in Iraq (the Trade Exchange Law) No. 65 of the year 1936, which provided for the establishment of an exchange for trading in the main commodities, and this law continued for two years and then stopped working in 1938, and thus this experience did not get an appropriate opportunity to spread the basics of working in the stock exchange in Iraq (Mahmoud,2010:17).

2-In 1943, Trade Law No. (60) was issued, which included matters related to the establishment of the stock exchange, especially in articles (99-102), on the basis of which it organized the work of the market and the identification of its employees and limiting the dealings to brokers, but it was not possible to implement this subject in practice, so that Shares were traded in Iraq between the seller and the buyer directly and were registered with the company concerned with the shares. The growth of the movement of establishing joint-stock companies and the activity of index offices. The trading movement expanded and the Baghdad Chamber of Commerce began publishing the accurate prices of the traded shares in its weekly bulletin. One of the offices in 1956 tried to use the method of public bidding in buying and selling shares. The offices continued their work until 1964, when their activity took Stagnation and reluctance due to the issuance of the nationalization law in the same year (Alharbi,2015:14).

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3-In 1970 the Iraqi Trade Law No. 149 of 1970 was issued, as the Iraqi legislator began to realize the need to establish a stock market, as this law includes three articles that authorized the establishment of a stock market based on a system issued by the Minister of Economy, but the reality did not witness the emergence of such a market, because it did not receive the full attention and support of the state, which led to the closure of the market and the emergence of the role of the industrial bank. In 1975, the Industrial Bank initiated the establishment of an office for buying and selling shares within its administrative apparatus, and this continued until the issuance of the Baghdad Stock Exchange Law No. (24) for the year 1991, and this law includes eleven chapters and fifty-two articles (Alharbi,2015:14).

4- In 1992, the Baghdad market was officially opened, and the market enjoyed legal personality and financial and administrative independence, of general interest and not for profit, and the focus of the market was on the regulatory aspect in order to transform the market from its unregulated state to an organized market in which investment tools vary to attract savings in order to support the economy. However, the transformation of these goals into a tangible reality ran into many obstacles, including that the establishment of the market was in an unsuitable economic environment, and on March 19, 2003, due to the conditions of the war on Iraq, the market was closed by a decision of its board of directors (Alharbi,2015:14).

Seventh: Description of the performance of the Iraqi Stock Exchange:

The Iraqi Stock Exchange is characterized by some problems that led to its poor performance, and the most important of these problems are:

1-Underdevelopment of the regulatory and institutional framework: The more accurate and mature the regulatory and institutional frameworks are, the more this leads to the financial markets working with high efficiency, and conversely, the underdevelopment of these regulatory and institutional frameworks leads to the underdevelopment and shortcomings of the markets and limits their growth and development, and this is what characterized the Iraq Stock Exchange as its regulatory frameworks and institutional structures that govern work in the market have been characterized by underdevelopment and immaturity, whether with regard to regulating bonds or issuing shares, and others (Iyad,2008:3).

2-Under development of institutional structures: It is necessary to provide an appropriate economic, social and even psychological environment to ensure the development and regulation of the market's work, as this leads to investors' desire to deal with the market's financial instruments. It is necessary to provide investment banks or investment companies, brokers and market makers, and develop these institutions and make them able to contain and integrate with the market tools (Suad,2020:152).

3-The fluctuation of the supply of financial instruments: The Iraqi stock market is characterized by fluctuations in supply and demand, at a time when there was a significant increase in the capital of some companies, which led to the flooding of the market, also as a result of the prevalence of the family style of joint stock companies and the government's ownership of a large proportion of company shares, as well as the focus on the issuance of bonds by the state and its institutions and the narrow scope of the market (Faris,2020:112).

4-Weak demand for investment tools: the financial market is considered one of the most important flow channels to direct savings to various investments, but the demand for financial instruments is weak in the Iraqi stock market for many reasons, the most important of which is the low individual income and consequently the weakness of personal savings, as well as the weak investment and banking awareness, and even the lack of confidence. As well as a decrease in net returns on securities. The security and political instability that led to social anxiety and economic instability (Faris,2020:112).

5- There are shortcomings in the field of lack of information, elements of transparency and financial disclosure, methods and systems of financial management and the need to address this and work to develop and support institutions and modern dealing tools (Faris,2020:112).

6-The weak role of the media in introducing the opportunities and advantages of investing in the financial market and influencing to raise investment awareness and the necessity of operating savings instead of hoarding them.()

7- The absence of supporting institutions that work to reduce fluctuations in prices, reduce risks and increase the speed of trading, as well as their lack of settlement, clearing and depository institutions and the laws regulating them (Faris,2020:112).

Eighth: - Analysis of the indicators of selected Islamic banks in the Iraqi Stock Exchange for the period from(2020-2004)

1-Analysis of the market value index for the period (2004 – 2020).

The results of Table No. (1) indicate a fluctuation in the total market value of Islamic banks during the study period. In (2004) the total market value reached (11376) million dinars for the Iraqi Islamic Bank for Investment and Development, being the only bank in the trading market, while in (2005) The total market value rose to (104944) million dinars, and in (2006) the total market value reached (221757) million dinars, due to the improvement of economic conditions and the increase in the number of banks entering the trading market, but in (2007) the total value decreased The market value amounted to (107977) million dinars due to the poor security

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conditions in the country, and the decline continued in (2008) reaching (100477) million dinars, due to the deterioration of the security conditions during (2007 and 2008), while in (2009) the total number increased The market value reached (146252) million dinars as a result of the relative improvement in the security situation in the country, and it continued to rise in (2010) bringing the total market value to (188073), and it also continued to rise in (2011) with the entry of Elaf Islamic Bank to reach the total market value of (575408). million dinars, and continued to rise in the year (2012) bringing the total market value to (904,960) million dinars as a result of the stability of the security situation in the country, while in (2013) the total market value reached (1052620) million dinars due to the improvement in the country's economic situation, and this improvement was reflected in (2014) to reflect Increasing the market value to reach (1108460) million dinars, and the total market value increased in (2015) with the entry of the National Islamic Bank, Arab Islamic Bank and Zain Iraq Islamic Bank for Investment and Finance, bringing the total market value to (1200990) million dinars, and then in (2016) The market value increased with the entry of the International Islamic Bank and Finance, bringing the total market value to (1,302,600) million dinars, and then in (2017) the total market value reached (2906960) million dinars, in order to enter the Noor Iraq Islamic Bank for Investment and Finance, Al-Qadid Islamic Bank for Investment and Finance and Cihan Bank For Islamic Investment and Finance and Al-Bilad Islamic Bank for Investment and Finance. In (2018) the total market value increased to (4594650) million dinars to enter the World Islamic Bank, International Islamic Trust Bank and Bank of Asia Islamic Iraq, and the rise continued in (2019) bringing the total market value to (6292600) million dinars, then the rise continued in (2020) as the total market value reached (5525900) million dinars. The application of the investment law that encourages the entry of investment, the implementation of electronic trading activity and the activation of the market database,

2-Analysis of the trading volume index for traded shares for the period (2004-2020)

The results of Table (2) indicate a fluctuation in the total trading volume of Islamic banks during the study period. In (2004) the total trading volume amounted to (1174) million dinars for the Iraqi Islamic Bank for Investment and Development, being the only bank in the trading market. The total trading volume increased to (15549) million dinars due to the improvement in the economic situation, and in (2006) the total trading volume decreased to (11245) million dinars due to the deterioration of the security situation in the country. In 2007, the total trading volume increased as It amounted to (13347) million dinars due to the entry of the Kurdistan International Islamic Bank for Investment, and decreased in (2008) to (11736) million dinars as a result of the financial crisis that occurred, but in (2009) the total trading volume decreased to (5815) million Dinars due to the decline in market activity, and continued to decline in (2010) bringing the total trading volume to (42841), and increased in (2011) with the entry of Elaf Islamic Bank to reach the total trading volume (47957) million dinars, and continued to rise in (2012) to reach the total The trading volume reached (66024) million dinars due to the improvement in the security situation AD (2013), the total trading volume amounted to (201229) million dinars as a result of the improvement in the economic situation of the country and the entry of Elaf Islamic Bank, and in (2014) the total volume of trading reached (170913) million dinars as a result of the deterioration of the security situation, and in (2015) the total decreased The trading volume reached (61012) million dinars as a result of the decline in the economic situation and market activity, then in (2016) the trading volume increased to (39041.024) million dinars, as a result of the entry of the Arab Islamic Bank and the International Islamic Bank, then in (2017) the total increased The trading volume is (368,248) million dinars due to the improvement in the security and economic conditions of the country and the entry of Noor Iraq Islamic Bank for Investment and Finance, Zain Iraq Islamic Bank for Investment and Finance, Cihan Bank for Islamic Investment and Finance and Al-Bilad Islamic Bank for Investment and Finance. In (2018) the total trading volume reached 260096) million dinars to enter the Islamic World Bank and the International Islamic Trust Bank, and the rise continued in (2019) bringing the total trading volume to (308921) million dinars as a result of the improvement in the security, economic and investment situation in the country, then continued The increase in the year (2020), as the total trading volume reached (404780) million dinars

3: Analysis of the index of the number of shares traded for the period (2004 – 2020)

The indicator of the number of traded shares is one of the measurement indicators for Islamic banks in the Iraqi Stock Exchange, as the results of the table () indicate fluctuation in the total number of shares traded for Islamic banks during the study period. In (2004) the total number of traded shares reached (288) million shares The Iraqi Islamic Bank for Investment and Development is the only bank in the trading market and due to the unstable security situation. In (2005) the total number of traded shares increased to (3963) million shares, and in (2006) the total number of traded shares increased to (7215.25). million shares, due to the improvement of economic conditions and the increase in the number of banks entering the trading market. In 2007, the total number of traded shares increased to (8635) million shares due to the increase in market activity, and the rise continued in 2008, reaching (10240) million shares as a result of the improvement in the economic and security situation. In (2009) the total number of traded shares decreased to (5490) million shares due to the decrease in market

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activity and the financial crisis, and it continued to decline in (2010) bringing the total number of traded shares to (44467). situation result For my unstable investment, and it decreased in (2011) to reach the total number of traded shares (44526) million shares due to the entry of Kurdistan International Islamic Investment Bank and Leaf Islamic Bank, and it continued to rise in (2012) bringing the total number of shares traded to (45788) million shares as a result The economic situation improved, but in (2013) the total number of traded shares reached (142871) million shares as a result of increased investment in the country, and in (2014) the total number of traded shares reached (128539) million shares, and the total number of traded shares decreased in (2015) to reach (75078) million shares as a result of the deterioration of the security situation and the entry of ISIS gangs into the country, which affected the financial situation, and then in (2016) the number of traded shares increased to (76604.024) million shares due to the improvement of the economic situation and the entry of the National Islamic Bank and the Islamic Bank Arab Islamic and International Islamic Bank, then in (2017) the total number of traded shares increased to (373199) million shares due to the improvement in the security and economic conditions of the country. a The increase in the number of banks entering the trading market continued, and the rise continued in (2019) bringing the total number of traded shares to (447,135) million shares, then the rise continued in (2020) as the total number of traded shares reached (490,862) million shares. The reasons for the rise are due to The security and economic conditions improved and investment activity increased

Fourth:- Analysis of the traded stock turnover index for the period from (2004 – 2020).

The turnover index of traded stocks is one of the market indicators, as the results of Table (4) indicate a fluctuation in the total turnover rate of Islamic banks during the study period. In (2005) the total turnover increased to (15.48) as a result of increased market activity, and in (2006) the total turnover increased to (28,191), due to the improvement of economic conditions and the increase in the number of banks entering the trading market In (2007) the total turnover rate decreased to (25.03) as a result of the deterioration of the security situation, then it continued to rise in (2008) reaching (34.69) due to the financial crisis, and in (2009) the total turnover decreased to reach to (10.74) due to the decline in market activity, then increased in (2010) to reach the total turnover rate to (86.06) as a result of the entry of the Kurdistan International Islamic Investment Bank, and decreased in (2011) to reach the total turnover rate (42.44), and it continued to decline in (2012) bringing the total turnover rate to (25.7), while in (2013) it decreased The total turnover rate was (70.006), and in (2014) the total turnover rate was (44.05) as a result of the deteriorating security situation in the country, and the total turnover decreased in (2015) to reach (29.73) as a result of the continued deterioration of the security situation and the entry of ISIS gangs into the country Then in (2016) the turnover rate amounted to (29.72001), then in (2017) the total turnover increased (148.171) due to the improvement of the security and economic conditions of the country, and in (2018) the total turnover rate reached (173.71), then it reached in (2019) to reach the total turnover rate to (85,561), then the increase continued in (2020) as the total turnover rate reached (91,393). country

RESEARCH DESIGN

First: a statistical description of the study variables

This axis focuses on the statistical description of the variables under study, by focusing on the arithmetic mean and standard deviation as general indicators and other indicators, for the variables under study represented (market value, trading volume, number of traded shares and turnover rate) for three different banking sectors represented by Islamic banks, The banking sector and the Iraqi stock market

1-Variable market value

In the table below, the statistical indicators for the statistical description of the variable market value of Islamic banks, the public banking sector and the Iraqi stock market, and in this study we will focus on the arithmetic mean and standard deviation in explaining the statistical description, as well as on its statistic (Jarque-Bera) to test the normal distribution of the variable the study.

Through the results shown in Table (1), we find that the arithmetic mean of the market value of Islamic banks is in the language of its value (1549765) and the standard deviation of the market value of Islamic banks is in its value (2025281). And the arithmetic mean of the market value of the public banking sector is in its value (3609693) and the standard deviation of the value The market value of the public banking sector amounted to (1780893). As for the arithmetic mean, the total market value of the Iraq Stock Exchange amounted to (6041778.) and the standard deviation of the total market value of the Iraq Stock Exchange amounted to (3470896). From the results shown, we find that the total market value of the Iraq Stock Exchange ranks first in terms of the largest arithmetic mean, and the second rank is for the market value of the public banking sector. As for the third rank, it was the share of the market value of Islamic banks. Through the results shown above, we find the value (Probability) of the market value variable greater than 0.05 in Islamic banks, in the public banking sector and in the

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Iraqi market for securities, and therefore we will accept the hypothesis that the data is a market value variable distributed according to the natural distribution of Islamic banks and the public banking sector and the market Iraq Securities.

Table No. (1) shows the statistical description of the market value of Islamic banks, the public banking sector, and the Iraq Stock Exchange

Statistical description	The market value of Islamic banks	The market value of the banking sector	The total market capitalization of the Iraq Stock Exchange
Mean	1549765	3609693	6041778
Median	904960	3499795	5193271
Maximum	6292600	6678340	11327859
Minimum	11376.00	627167	1709710
Std. Dev.	2025281	1780893	3470896
Skewness	1.384209	0.028023	0.145905
Kurtosis	3.456035	1.852370	1.409954
Jarque-Bera	5.576078	0.935139	1.851157
Probability	0.061542	0.626523	0.396302
Sum	26346004	61364778	1.03E+08
Sum Sq. Dev.	6.56E+13	5.07E+13	1.93E+14
Observations	17	17	17

2-Variable trading volume

In the table below, the statistical indicators for the statistical description of the trading volume variable for Islamic banks, the public banking sector and the Iraq Stock Exchange. In this study, we will focus on the arithmetic mean and standard deviation in explaining the statistical description. We also focus on its (Jarque-Bera) statistic to test the normal distribution of the studied variable.

Through the results shown in Table (2), we find that the arithmetic mean of the trading volume of Islamic banks is (119407.5) and the standard deviation of the trading volume of Islamic banks is (137911.1). And the arithmetic mean of the trading volume of the public banking sector is (457830.7) and the standard deviation The trading volume of the public banking sector amounted to (272017.9). As for the arithmetic mean, the total trading volume of the Iraq Stock Exchange amounted to (679709.6), and the standard deviation of the total trading volume of the Iraq Stock Exchange amounted to (614003.1). From the results shown in the above table, we find that the total trading volume of the Iraq Stock Exchange ranks first because it has the largest arithmetic mean, and the second rank is for the trading volume of the public banking sector, and the third rank is for the share of the trading volume of Islamic banks. Through the results shown above, we find a value (Probability) for the trading volume variable greater than 0.05 for Islamic banks for the public banking sector and for the Iraq stock exchange, and therefore we will accept the hypothesis that the data is a variable trading volume distributed according to the natural distribution of Islamic banks, the public banking sector, and the Iraq Stock Exchange.

Table No. (2) shows the statistical description of the trading volume of Islamic banks, the public banking sector and the Iraq Stock Exchange

Statistical description	Trading volume for Islamic banks	The trading volume of the banking sector	The trading volume of the Iraq Stock Exchange
Mean	119407.5	457830.7	679709.6
Median	47957	356401	495112
Maximum	404780	953874	2840220
Minimum	1174	91872	127951
Std. Dev.	137911.1	272017.9	614003.1
Skewness	0.965117	0.272529	2.686412
Kurtosis	2.422786	1.674181	10.28945
Jarque-Bera	2.875113	1.455543	2.08569
Probability	0.237507	0.482984	0.246764
Sum	2029928	7783122	11555063
Sum Sq. Dev.	3.04E+11	1.18E+12	6.03E+12
Observations	17	17	17

3-Variable number of shares traded

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In the table below, the statistical indicators for the statistical description of the variable number of shares traded for Islamic banks, the public banking sector and the Iraq Stock Exchange. In this study, we will focus on the arithmetic mean and standard deviation in explaining the statistical description, as well as on its statistic (Jarque-Bera) to test the normal distribution of the study variable.

Table No. (3) shows the statistical description of the number of traded shares of Islamic banks, the public banking sector and the Iraq Stock Exchange

Statistical description	The number of shares traded for Islamic banks	The number of shares traded in the banking sector	The number of shares traded in the Iraqi Stock Exchange
Mean	137394.1	494475.9	1451779.00
Median	45788.00	540184.00	618726.00
Maximum	490862.0	1068880.00	9870584.00
Minimum	288.0000	12423.00	14394.00
Std. Dev.	176706.5	352944.1	2768238.00
Skewness	1.118131	0.089055	2.401791
Kurtosis	2.544633	1.717942	7.150698
Jarque-Bera	3.689162	1.186738	2.54775
Probability	0.158092	0.552463	0.276178
Sum	2335700.	8406090.00	24680236
Sum Sq. Dev.	5.00E+11	1.99E+12	1.23E+14
Observations	17	17	17

Through the results shown in the above table, we find that the arithmetic mean of the number of shares traded for Islamic banks is (137394.1) and the standard deviation of the number of shares traded for Islamic banks is (176706.5). And the arithmetic mean of the number of shares traded for the public banking sector is (494475.9) and the deviation The standard deviation of the number of shares traded for the public banking sector amounted to (352944.1). As for the arithmetic mean, the total number of shares traded for the Iraq Stock Exchange, with a value of (1451779.00), and the standard deviation of the total number of shares traded for the Iraq Stock Exchange, with a value of (2768238.00), from the results shown in the table Above, we find that the total number of traded shares for the Iraq Stock Exchange comes in the first place because it has the largest arithmetic mean, and the second place is the number of traded shares for the public banking sector. As for the third place, it belongs to the share of the number of traded shares of Islamic banks. Through the results shown above, we find the value of (Probability) for the variable number of traded shares is greater than 0.05 for Islamic banks, for the public banking sector and for the Iraqi market for securities, and therefore we will accept the hypothesis that the data is a variable number of traded shares distributed according to the natural distribution of Islamic banks, the public banking sector and the Iraqi market Securities.

4-Variable rotation rate

In the table below, the statistical indicators for the statistical description of the turnover rate variable for Islamic banks, the public banking sector and the Iraq Stock Exchange. In this study, we will focus on the arithmetic mean and standard deviation in explaining the statistical description. We also focus on its (Jarque-Bera) statistic to test the normal distribution of the studied variable.

Through the results shown in Table (16), we find that the arithmetic mean of the turnover rate for Islamic banks is (55.70424) and the standard deviation of the turnover rate for Islamic banks is (47.79414). And the arithmetic mean of the turnover rate for the public banking sector is (331.8071) and the standard deviation The turnover rate for the public banking sector amounted to (110.0606). As for the arithmetic mean, the total turnover rate for the Iraq Stock Exchange amounted to (1065.045) and the standard deviation of the total turnover rate for the Iraq Stock Exchange amounted to (477.2670). From the results shown in the above table, we find that the total turnover rate for the Iraqi stock market comes in the first place because it has the largest arithmetic mean, and the second place is for the turnover rate for the public banking sector.

Table No. (4) shows the statistical description of the turnover rate of Islamic banks, the public banking sector and the Iraq Stock Exchange

Statistical description	Turnover rate for Islamic banks	Banking sector turnover	The turnover rate of the Iraqi stock market
Mean	55.70424	331.8071	1065.045
Median	34.69000	292.1200	1036.520
Maximum	173.7100	560.5700	2146.180

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Minimum	6.300000	140.9400	425.7000
Std. Dev.	47.79414	110.0606	477.2670
Skewness	1.260027	0.371518	0.807321
Kurtosis	3.645070	2.406924	2.871932
Jarque-Bera	4.793141	0.640222	1.858290
Probability	0.091030	0.726069	0.394891
Sum	946.9720	5640.720	18105.77
Sum Sq. Dev.	36548.48	193813.4	3644540.
Observations	17	17	17

As for the third place, it was the share of the turnover rate of Islamic banks. Through the results shown above, we find the value of (Probability) for the turnover rate variable greater than 0.05 for Islamic banks for the public banking sector and for the Iraq stock market, and therefore we will accept the hypothesis that the turnover variable data is distributed according to the natural distribution of Islamic banks, the public banking sector, and the Iraq Stock Exchange.

Second: Testing and analyzing the correlation hypothesis for the banks under study

The current axis includes the study of the correlation relationship between the independent variable and the dependent variable, according to the variables available in the current study. The simple, then test the significance of the correlation coefficient by employing the (T) test, and the current study will depend on the (Mukaka scale, 2012: 71) to determine the strength of the correlation between the study variables.

1- The relationship between the market value of Islamic banks and the market value of the public banking sector

In the table below, the value of the correlation coefficient between the independent variable represented (the market value of Islamic banks) and the dependent variable (the market value of the public banking sector)

Table No. (5) shows the correlation between the market value of Islamic banks and the public banking sector

Market value of the public banking sector	The market value of Islamic banks	Variables	
0.8214	1	correlation	The market value of Islamic banks
0.000	----	Sig. (2-tailed)	
1	0.8214	correlation	Market value of the public banking sector
----	0.000	Sig. (2-tailed)	

Through the results presented in the table above, we find that there is a strong direct statistical correlation between the market value of Islamic banks and the market value of the public banking sector, as the estimator of this relationship was (0.8214). Through the value of (Sig. (2-tailed) for this relationship, it is equal to (0.000), which is much smaller than 0.05 as well as from 0.01, so this relationship is significant, which means rejecting the null hypothesis that states (there is no significant correlation with Statistical significance between the market value of Islamic banks and the market value of the public banking sector) and the acceptance of the alternative hypothesis that states (there is a statistically significant correlation between the market value of Islamic banks and the market value of the public banking sector), and the chart shown below shows the correlation between the market value of Islamic banks The market value of the public banking sector.

2-The relationship of the correlation of the trading volume of Islamic banks and the trading volume of the public banking sector

In the table below is the value of the correlation coefficient between the independent variable represented (the trading volume of Islamic banks) and the dependent variable (the trading volume of the public banking sector)

Table No. (6) shows the correlation between the trading volume of Islamic banks and the public banking sector

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Trading volume for the public banking sector	Trading volume of Islamic banks	Variables	
0.650542	1	correlation	Trading volume of Islamic banks
0.004688	----	Sig. (2-tailed)	
1	0.650542	correlation	Trading volume for the public banking sector
----	0.004688	Sig. (2-tailed)	

Through the results presented in the above table, we find that there is a correlation with a moderate direct statistical significance between the trading volume of Islamic banks and the trading volume of the public banking sector, as the estimator of this relationship was (0.6505). And through the value of (Sig. (2-tailed) for this relationship, it is equal to (0.004) which is much smaller than 0.05 as well as from 0.01, so this relationship is significant, which means rejecting the null hypothesis that states (there is no significant correlation with Statistical significance between the trading volume of Islamic banks and the trading volume of the public banking sector) and acceptance of the alternative hypothesis which states (there is a significant correlation relationship with statistical significance between the trading volume of Islamic banks and the trading volume of the public banking sector), and the chart shown below shows the correlation between the trading volume of banks. Islamic banking and trading volume for the public banking sector

3-The correlation of the number of shares traded for Islamic banks and the number of shares traded for the public banking sector

In the table below is the value of the correlation coefficient between the independent variable represented (the number of traded shares of Islamic banks) and the dependent variable (the number of traded shares of the public banking sector)

Table No. (7) shows the correlation between the number of traded shares of Islamic banks and the public banking sector

Number of shares traded for the public banking sector	The number of shares traded for Islamic banks	Variables	
0.738364	1	correlation	The number of shares traded for Islamic banks
0.000713	----	Sig. (2-tailed)	
1	0.738364	correlation	Number of shares traded for the public banking sector
----	0.000713	Sig. (2-tailed)	

Through the results presented in the above table, we find that there is a strong direct statistical correlation between the number of traded shares of Islamic banks and the number of traded shares of the public banking sector, as the estimator of this relationship was (0.7383). Through the value of (Sig. (2-tailed) for this relationship, it is equal to (0.000), which is much smaller than 0.05 as well as from 0.01, so this relationship is significant, which means rejecting the null hypothesis that states (there is no significant correlation with Statistical significance between the number of traded shares of Islamic banks and the number of traded shares of the public banking sector) and acceptance of the alternative hypothesis which states (there is a significant statistically significant correlation between the number of traded shares of Islamic banks and the number of traded shares of the public banking sector), and the chart shown below shows a relationship Correlation between the number of shares traded for Islamic banks and the number of shares traded for the public banking sector

4-The correlation of the turnover rate for Islamic banks and the turnover rate for the public banking sector

In the table below is the value of the correlation coefficient between the independent variable represented (the turnover rate for Islamic banks) and the dependent variable (the turnover rate for the public banking sector)

Table No. (8) shows the correlation between the turnover rate of Islamic banks and the public banking sector

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Turnover rate for the public banking sector	Turnover rate for Islamic banks	Variables	
0.381742	1	correlation	Turnover rate for Islamic banks
0.130530	----	Sig. (2-tailed)	
1	0.381742	correlation	Turnover rate for the public banking sector
----	0.130530	Sig. (2-tailed)	

Through the results presented in the table above, we find that there is a low and non-statistically significant direct correlation between the turnover rate of Islamic banks and the turnover rate of the public banking sector, as the estimator of that relationship was (0.3817). Through the value of (Sig. (2-tailed) for this relationship, it is equal to (0.131), which is much greater than 0.05, so this relationship is not significant, which means accepting the null hypothesis that states (there is no significant statistically significant correlation between the turnover rate of Islamic banks and the turnover rate of the public banking sector) and rejecting the alternative hypothesis which states (there is a significant correlation relationship with statistical significance between the turnover rate of Islamic banks and the turnover rate of the public banking sector), and the chart shown below shows the correlation between the turnover rate of Islamic banks and the turnover rate Turnover of the public banking sector

CONCLUSIONS AND RECOMMENDATIONS

1-Conclusions

1-The development of the work of Islamic banks in Iraq as a result of the increase in their numbers within the banking sector, as the number of Islamic banks in 2020 became (27.)

2-Islamic banks are financial and banking institutions that provide banking and investment services according to the method of financial intermediation based on sharing profits and losses and excluding dealing with advance interests by giving and taking, as they collect savings and capital and direct them towards social development.

3-Islamic banks are trying to devise new forms of financing projects and individuals to enable them to expand their market share by financing these projects in a way that does not conflict with the provisions of debt.

4-Increasing the activity of Islamic banks traded in the Iraqi market for securities, as the values of the indicators of Islamic banks increased in the last year of the study than they were at the beginning of the study, and the market value index of Islamic banks amounted to (5525900) million dinars compared to (11376) million dinars in 2004 The turnover amounted to (404780) million dinars, compared to (1744) million dinars in 2004, and the number of traded shares reached (490862) million shares, compared to (288) million shares in 2004, and the turnover index reached (91.393%) compared to (6.3%) in 2004. .

5-Increasing the activity of Islamic banks in the banking sector, as the percentage of contribution of Islamic bank indicators to the total indicators of the banking sector increased, as the ratio of the market value of Islamic banks reached (0.936) in the last year of the study, after the ratio was (1.8%) in 2004, The trading volume ratio was (0.588) in the last year of the study, after it was (0.013) in 2004, and the ratio of the number of shares traded was (0.496) in the last year after it was (0.023) in 2004, and the turnover ratio was (0.188) in the year The past after it was (0.029) in 2004.

6- There is a strong direct statistical correlation between the market value of Islamic banks and the total market value of the Iraqi market for securities as a result of the increase in the demand of individuals investing in the market to buy the shares of Islamic banks in the market and the application of the investment law in the stock market, activating the market database and working actively Electronic trading.

2-Recommendations\

1- The need for Islamic banks to maintain their position, strengthen them and increase the efficiency of their operations to achieve more growth and profits, and then increase the demand for their shares.

2-The need to raise the capabilities and capabilities of the banking departments in Iraqi Islamic banks at all their administrative and operational levels to improve the reality of the financial and banking services they provide, and the need to maintain an increase in their activity in the Iraqi market for securities.

3-Increasing the supply and demand of Islamic banks in the Iraqi stock market due to the size of their deposits and large assets that need investment, and enhancing their integration to form strong banking

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entities capable of competition and facing various challenges and increasing the scope of cooperation and joint coordination between Islamic banks and rapprochement among them to exchange experiences and benefit from Experiences of others.

4-Spreading the concept of Islamic banking culture and developing Islamic banking business through diversifying Islamic financing formulas and not adopting specific formulas and increasing its developmental, economic and social role in the country.

5-Facilitating and monitoring the work of Islamic banks through specialized Sharia committees, as well as the supervision of the Central Bank and its attempt to harmonize its work with Islamic Sharia and increase its role in the Iraqi economy by carrying out development projects aimed at achieving economic development.

6- Facilitating the process of listing Islamic banks in the Iraqi Stock Exchange and encouraging them to trade their shares in the market, which contributes to increasing their role in the Iraqi Stock Exchange.

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