

THE EFFECT OF SOME VARIABLES OF PRIVATE BANKING ACTIVITY ON THE EFFECTIVENESS OF LOCAL INVESTMENTS IN IRAQ: THE UNITED BANK FOR INVESTMENT AS A MODEL

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ABSTRACT	KEYWORDS
<p>Banking activity is no longer confined to a narrow scope by a group of dealers, but rather has become a daily process that is cared for by a wide range of individuals and institutions, and its importance is increasing day after day due to the changes in the economy under which the banking sector has become the main role in preparing the appropriate conditions. Which opens the way for the economy to develop in a state characterized by a kind of stability, so it is not possible to neglect the role played by banking activity in light of an internal openness to the market economy. Investment programs, and in the context of this problem, was the United Bank for Private Investment an appropriate role in financing local investments? Was the United Bank for Private Commercial Investment a contribution to the total private fixed capital formation? Does the United Bank for Commercial Investment invest its money in specific projects? The research stems from a basic hypothesis that: The role of the private commercial bank is not insignificant in enhancing the effectiveness of local investments in a way that reduces the burden on government commercial banks. However, his role is still limited to financing these local investments and raising their effectiveness.</p> <p>This research aims to shed light on the reality of local investment in Iraq and the extent of its ability to meet the requirements of development. And examining the role and orientation of the United Bank for Investment through analysis</p>	<p>Bank Activity, local investments, and The United Bank for Investment.</p>

and measurement in promoting and supporting investment policies and showing strengths and weaknesses in them.

In order to become familiar with the subject of the research and the goal of reaching the goals it seeks, the study was separated into three axes, the first axis: the theoretical framework for banking activity and the effectiveness of local investments, the second axis: a review of the path of development of the united investment banking activity for the period (2010-2020), the third axis: measurement And analysis of the impact of the banking activity of the United Bank for Investment on the effectiveness of local investments for the period (2010-2020), the fourth axis: conclusions and recommendations.

After conducting an analysis of the reality of the banking activity of the United Bank for Investment and the local investment index and measuring the impact of some variables of banking activity and their ability to influence the effectiveness of local investments, there are a set of conclusions, including The banking activity of the United Bank is of great importance to contribute to economic development by granting bank credit To finance investment projects, as the banking activity of commercial banks is a basic pillar of the banking system and one of the main pillars in building the economic structure of the state, and plays the role of mediator between saving and investment.

The effectiveness of investments among many economic activities is of great importance in all countries as it is an important element in achieving the process of economic development, and its activation is linked to the contribution of the banking activity of the United Bank for Investment through its financing of important investment projects in increasing the use of financial and human resources in addition to its contribution to the exploitation of Excess cash and thus capital accumulation.

It appeared through the analysis and measurement of some indicators of banking activity, that the performance of banking activity is still weak despite the reforms that affected the banking environment, and despite the monetary authorities' adoption of the monetary and banking reform program after 2003.

Introduction

The banking sector today is a mainstay for building any free economy that strengthens the foundations of any country and pushes it towards the process of growth and economic and social development if the foundations in building this sector are strong and solid and based on scientific planning and rich in efficiency, experience, and confidence, especially if this sector can contribute to plans Development and investment in terms of construction and economic growth of countries and societies.

Banking activity is no longer confined to a narrow scope by a group of dealers. Rather, it has become a daily process of interest to a wide range of individuals and institutions, and its importance is increasing daily due to the changes that the economy is witnessing in its shadow. This opens the way for the economy to develop in a state characterized by a kind of stability, as the main banking activity carried out by commercial banks is accepting deposits and granting credit to individuals and other institutions, and it can also have a role in financing investment projects in various economic sectors. Therefore, the role played by banking activity cannot be neglected in light of an internal openness to the market economy.

Problem of Research

Any weakness in the role of the banking activities of the United Bank for Investment towards the financing process casts a shadow over the reluctance to implement investment programs, and in the context of this problem is the failure of private commercial banks to express a desire to finance local investments, especially within the framework of long timeframes, because they often look for Short-term, quick-return and low-risk financing opportunities.

Hence, the problem of the study is revealed through the following questions:

1. Was the United Bank for Private Investment an appropriate role in financing local investments?
2. Did the United Bank for Private Commercial Investment have a contribution to the total private fixed capital formation?
3. Does the United Bank for Commercial Investment invest its money in specific projects?

Importance of Research

The importance of the research lies in showing the extent of the impact of banking activity tools represented by (bank investments, bank deposits, bank credit) for the United Bank for Private Investment sample on the effectiveness of local investments in Iraq, and this matter will give decision-makers a greater perception of the feasibility of Iraqi private banks and their ability to influence the Iraqi economy.

Hypothesis of Research

The research stems from a basic premise: The private commercial bank's role is not insignificant in enhancing the effectiveness of local investments in a way that reduces the burden on government commercial banks. However, its role is still limited to financing these local investments and raising their effectiveness.

Aims of Research

This research aims to shed light on the experience of some Iraqi private commercial banks in financing investment projects in light of the policies of transformation from a directed economy to an economy

based on market forces (supply and demand). Therefore, the research seeks to answer the following question: Can banks implement or create projects? Its own income-generating investment and financing the existing one. Based on the foregoing, the research seeks to achieve the following goals:

- 1- Analyzing the relationship between banking activity and local investments.
- 2- Shed light on the reality of local investment in Iraq and its ability to meet the requirements of development.
- 3- Examining the role and orientation of the United Bank for Investment through analysis and measurement in promoting and supporting investment policies and showing their strengths and weaknesses in them.

Methodology of Research

In order to achieve what the research aims at achieving the goals it seeks and to test its hypothesis, the researcher tries, through the descriptive analytical method, to track the development of some banking and investment indicators during the study period (2010-2020).

Research Limits

- 1- Time limits: The study period was determined in the period (2010-2020) through the analysis of the financial statements, based on the annual financial reports of the United Investment Bank.
- 2- Spatial limits: The research was limited to (The United Investment Bank), to conduct a field study, due to the availability of financial statements and annual financial reports for the period (2010-2020) published on the official website of the United Investment Bank.

Research Sample and Selection

The research relied on a sample from the United Bank for Investment to conduct the practical aspect of the research, that the reason for choosing the research sample from the bank is due to its vital role in supporting banking activity and it is carrying out many important activities in stimulating the economic activity of the state, as well as the old history of its establishment compared to other banks, as well as Announcing its annual reports compared to other banks, as well as most of the banks that cooperated with the researcher by answering the questions posed by the researcher and providing him with financial data for the practical side, as well as the diversity of banking services provided by the researched bank.

Research Structure

In order to become familiar with the subject of the research and the goal of reaching the goals that it seeks, the study was separated into three axes, as follows:

The first axis: the theoretical framework for banking activity and the effectiveness of local investments.

The second axis: a review of the development path of the united investment banking activity for the period (2010-2020).

The third axis: measuring and analyzing the impact of the banking activity of the United Bank for Investment on the effectiveness of local investments for the period (2010-2020).

Fourth Axis: Conclusions.

The first axis: the theoretical framework for banking activity and the effectiveness of local investments

Banking activity in any country is one of the basic pillars of the economic and financial system, given its significant impact on the economic and social development process. Commercial banks, through performing their functions, mobilize savings and redistribute them to various economic sectors in the form of loans and credit facilities, or in the form of Direct investments in the capital of companies, so the banking activity is one of the most important financial activities in any country and constitutes a link between the various economic sectors.

First: The concept and importance of banking activity

1- The concept of banking activity

Commercial banks are financial institutions that receive deposits and provide loans. These institutions are included under the term “banks” and commercial banks act as financial intermediaries with which natural persons interact frequently, i.e. people who need loans to buy homes, buy a car, or open short investment projects. The term is usually obtained through the bank (Mashkin & Eakins, 2018: 47).

Therefore, banking activity is defined as all banking services, especially the acceptance of deposits and their use with other resources of the bank in investing in whole or in part by lending or any other method permitted by law. (Abdullah, 2000: 15)

The Iraqi Banking Law defines banking activities as the act of accepting cash deposits or other money payable from the public for the purpose of depositing credits or investments in its own account. (Lefta et al., P. 47, 2007)

Banking is also defined as the business of accepting and protecting funds owned by individuals and other entities and then lending these funds to carry out economic activities such as making profits or simply covering operating expenses. (Sruti Bansal, 2020: P. 11). Banking activity was defined as the activity of attracting deposits in relation to the funds of individuals and legal entities, and allocating these funds on behalf of the bank and at its own responsibility, opening and servicing the accounts of individuals and legal entities. It is the mainstay in the development and expansion of the banking business by expanding its service package and improving its capabilities in the areas of products, marketing, and customer service. (P. S. Aithal, 2016, PP. 46-55).

It is noted above that the definition of banking activity varies according to the method used by the researchers and the different views of the goals achieved by these banks. Ease of identifying the main objectives of its work. Therefore, banking activity can be defined based on these goals as that activity carried out by an institution whose goal is to trade in money (money) obtained from others in the form of deposits or loans and then change its use in various investment fields to achieve several goals, including:

- a- Obtaining an appropriate return for the owners of the bank (return on capital).
- b- Regulating the process of investing the financial resources available to individuals for their benefit of them and serving the national economy.

2- The importance of banking activity:

The importance of banking activity is reflected in its vital and effective role in supporting and developing economic activity. Banking activity is one of the pillars of the local economy and maintains monetary and financial stability by providing certain banking services. The importance of banking activity is demonstrated through three main axes: (Mohieddin, 2014, 275).

- a. The role of effective and vital banking activity and its ability to finance development projects through commercial banks.
- b. Commercial banks exit from the traditional activity and carry out modern banking tasks and activities.
- c. The role of banking activity in serving international trade by providing its banking services through bank branches and their correspondences spread across the world.

It is noted from the above that the economic importance of banking activity and its role is represented in the following: (Al-Hashimi, 2010:82), (Pierri & Timmer, 2021, p.4), (Abdul Baqi, 16, 2015)

1. Banking activity is considered one of the pillars of economic activity and a source of financing, as it is an intermediary between owners of surplus financial resources and owners of scarce financial resources that have a deficit in financial resources.
2. Banking activity can provide assistance to economic institutions by supporting and financing their activities and investment projects with loans, as well as providing advice and guiding institutions and their investment projects to profitability, profitability, and cost reduction.
3. Accepting and accumulating savings and directing them towards investments that increase local production by creating new product value that can open up development prospects for society.
4. Banks can open long-term investment projects due to the large volume of balances.
5. Due to the diversity of banks' investments, they distribute risks, enabling them to enter into projects with high risk.
6. Banking activity can provide financial services in a broader and better way than other financial institutions and can meet all credit facilities, payments, and savings from individuals, the business sector, and governments.
7. Acting as a financial intermediary for clients in the financial market by buying and selling securities and obtaining the resulting profits in favor of clients in return for a commission, in addition to that, buying and selling securities for its own account in the financial market.
8. Expanding banking activity and developing its services for foreign trade. This activity is represented in documentary credits, remittances, commission rates, and others
9. Banks conduct a special study on the markets. They also look at global economic events and provide information about evaluation methods, investment systems, and how capital is transferred, meaning that banks are a source of information and very important economic services.

It is noted from the above that the importance of banking activity varies through the historical traceability of the emergence of banks, as they were not the result of a boom, but were the result of a historical development that took hundreds of years. It is the oldest monetary institution that mediates between savers and investors, and it is also referred to as a fund of finance.

3- Some variables of banking activity

Commercial banks are among the most important international financial institutions, as they are an essential part of the process of transferring capital from the owners of the financial surplus (lenders) to those with financial deficits (borrowers). Activate and move the economic process, that is, it helps accelerate the growth of the economy forward, and one of the most prominent activities practiced by commercial banks is:

- a- Accepting deposits and developing savings: Accepting deposits is one of the oldest banking activities, as commercial banks, in their usual capacity, accept deposits of all kinds from individuals

and organizations. (Al-Serify, 2006: 20). Deposits are the most sources of funding for banks, and in the event of a bank liquidation, the return from selling its assets is used first to pay off depositors, then creditors, and then the remaining funds are paid to shareholders. (Rose & Hudgins, 2008:138). And upon it depends a lot of banking intermediation, such as granting loans and creating money.

b- Credit facilities: Credit facilities are among the banking activities that facilitate customers to finance their activities with the least effort and the least possible amount of costs they incur in order to achieve this, as banking facilities are considered one of the important and basic operations carried out by banks and it is the most important item for investing money with the bank. Bank financing operations are the main source of the bank's revenues (Al-Barzanji, 2018, 143). Among the types of credit facilities, we find:

c- Issuance of letters of guarantee: The letter of guarantee is an undertaking issued by the bank at the request of one of its dealers that it accepts to pay an amount of money to the beneficiary in whose favor this letter is issued on behalf of the client who is unable to fulfill his obligations towards this beneficiary within a specific period determined in a letter Security. (Ghoneim, 2007, 73-74).

d- Opening the credit: The opening of the credit is just a promise of a loan, which is the bank placing a certain amount of money at the customer's disposal where he can spend within his limits, provided that this customer provides a guarantee accepted by the bank, and the interest is calculated on the basis of the payments that the customer withdrew and their dates in opening the credit. (Al-Shammari, 91, 2012).

e- Approval of checks services: some agencies ask their customers for a certified check to supply them with the goods. Here, customers submit a request to the bank to ratify or approve checks by putting a stamp and signature of the exchange on them drawn to the order of those bodies. (Ghoneim, 2007, 79).

f- Granting loans (credit): The importance of credit is evident as the backbone of any bank, from which the return on credit activity is achieved, as this activity represents the main focus of any bank's revenues, no matter how diverse and numerous its other activities. (Al-Munshid and Al-Bahadli, 2020:11). Therefore, loans can be defined as: It is the trust that the bank gives to individuals, institutions and bodies in need of financing, and puts at their disposal a sum of money to be used for a specific purpose during a specific period and is repaid on certain conditions in return for an agreed upon material return. (Afaneh, 2018:17). Loans are considered the most attractive investment for banks, considering the most important and most important function that the bank exercises, as it accumulates savings or deposits to redistribute them in the form of loans.

g- Banking investments in subsidiaries or joint stock companies: Some banking investments are expressed by financial investment in securities (shares and bonds) available for investment in the financial markets and other securities with the aim of owning them for a certain period of time and then selling them when their price rises in the financial market for the purpose of obtaining profits. extra. (Al-Husseini, 2010:67). Financial investment is also known as written contracts, the holder of which is entitled to legally claim profits or interests. This right consists in obtaining a portion of the return on the real assets issued for the securities. (Alexander, 2001:1). The Accounting and Regulatory Standards Board in Iraq defined financial investment as "long-term investments in securities such as shares and bonds."

Second: The concept and objectives of local investments in the local economy

1- Investment concept

The concept of investment quoted its scientific origins from economics because the content of investment refers to the efficient allocation and evaluation of available resources and is closely related to another set of economic concepts, the most important of which are income, saving, consumption, and borrowing. (Matar,29:2013)

There have been many concepts about investment and differed according to the angle viewed to it, and we note this as follows:

a- The concept of investments from an economic point of view

Investment is defined as the use and consolidation of funds in economic, social, and cultural projects, with the aim of achieving the accumulation of new capital and raising the productive capacity or renewing and compensating the old capital. (Alwan,2009,29).

Investment is also defined as any asset, whether tangible or intangible, that is expected to lead to a periodic return or lead to an increase in value. (Winger & Frasce, 2000:10).

Investments can be defined as the commitment of capital to one or more assets that are held for future periods (Charles, 2004: 1).

b- The concept of investments from an accounting point of view

It means the movement and devotion of funds in various assets through which institutions aim to use their surplus cash to purchase or construct buildings and lands, deposit term cash deposits in financial institutions, purchase shares, bonds, and transfers, and contribute to the establishment of banks and economic units. (Saleh et al., 2:2009).

In the Iraqi Investment Law (No. 13 of 2006), the Iraqi legislator defined investment as “the investment of money in any activity or economic project that brings legitimate benefit to the country.”

Through the definitions and concepts mentioned previously, the concept of investments has taken several different directions with different views on the nature of investments and the way the individual or economic unit views its capital, and how to develop and maximize it. That is why investment is defined as "it is basically an asset created with the intention of allowing money to grow". The wealth created can be used for a variety of purposes, such as meeting a shortfall in income, saving for retirement, or meeting specific obligations such as paying off loans, paying tuition, or buying other assets. An investment can generate income in two ways:

a- If we invest in salable assets, we may earn income through profit.

b- If the investment is made in assets to generate a return, it will earn income through the accumulation of gains.

In this sense, it can be understood what investment is by saying that all investments revolve around putting your savings in assets or things whose value becomes greater than their initial value or those that will help in generating income over time.

As for the concept of local investments, it was defined as (the opportunity available to invest in the national markets regardless of the investment tools used such as real estate, securities, and commercial projects). (Maarouf, 2003, 18-19). It is also defined as national investments in which the investor's nationality is local, whether they are individuals or institutions, and these local investments have priority over foreign investments in many countries and societies (Ramadan, 2007:36).

Through the previous two definitions, it can be said that local investments mean all available opportunities for investments in the local markets and in which local residents reside within the territory of the state.

2- Objectives of local investments

Before deciding to invest money in any one of the many investment plans available, it is essential to understand the reasons behind it and the meaning of the investment. While the individual goals of investing may differ from one investor to another, the general goals of investing money may be one of the following:

a- Keeping money safe

Capital preservation is one of the primary investment objectives for individuals. Some investments help keep hard-earned money safe from eroding over time. By putting money into these instruments, fixed deposits, government bonds, and even a regular savings account can help keep money safe. Although the return on investment may be lower here, the goal of capital preservation is easy to achieve. (Al-Shammari, 2006: 325).

b- Achieving the maximum possible return

Profit is the most important motive that motivates investors to give up their money and put it in the possession of other people, it may be a bank, a factory, a farm.... etc.

Undoubtedly, the return that investors obtain constitutes one of the most important criteria by which investors make their decision to invest in one project over the other, meaning that the projects that bring them the largest amount of profits are the preferred projects for investors.

c- Helping money grow

One of the common goals of investing money is to ensure that it grows larger over time. Capital appreciation is generally a long-term goal that helps people secure their financial future. To make the money you earn grow into a fortune, you must think about investment goals and options that provide a high return on the initial amount invested. Some of the best investments for growth include real estate, mutual funds, commodities, and stocks. The risks associated with these options may be high, but the return is also important in general. (What is Investment? <https://maxlifeinsurance.com>)

d- To earn a steady stream of income

Investments can also help in earning a stable source of income. Examples of such investments include fixed deposits that pay regular interest or shares of companies that pay dividends to investors on a fixed basis. Income-producing investments can help pay for everyday expenses after retirement. Alternatively, they can also serve as excellent sources of supplemental income during working years by providing additional funds to meet expenses. (The-value-and-economic-benefit-of- Community-banks, at <https://www.fscb.com>)

e- To reduce the tax burden

Apart from capital growth or capital preservation, investors also have other compelling investment objectives. This motivation comes in the form of tax benefits offered by some income tax laws.

Investments in options such as insurance plans, general provident funds, and stock-linked savings systems can be deducted from gross income. This has the effect of reducing your taxable income, thus reducing your tax liability. (Vasileva, 2019: pp411-412).

f- Saving for retirement

Saving for retirement is a necessity. It is essential to have a retirement fund that you can rely on in your post-retirement years, because you may not be able to keep working forever. By investing the money, you earn during your working years into the right investment options, you can allow your money to grow enough to support you after retirement. (Sadia, Manal, 2015: 61).

3- Some variables expressing local investments

The relevant literature indicates that the best indicator of domestic investment is gross fixed capital formation, and this concept can be clarified below.

Gross fixed capital formation (GFCF) is a macroeconomic concept used in official national accounts. Measures the value of new or existing fixed asset acquisitions by businesses, governments, and households less fixed asset disposals. GFCF is a component of GDP spending, and thus shows something about how much new value added to the economy is being invested rather than consumed, as shown below. (SALEH, 1997: p.3)

Fixed assets are tangible or intangible assets that are produced as outputs from production processes that are used repeatedly or continuously in other production processes for at least one year. (Kanu & Ikechi, Chilaka, 2015: P.189). Thus, the gross fixed capital formation consists of resident producers' investments, minus disposals, in fixed assets during a given period. It also includes some additions to the value of non-produced assets made by producers or institutional units. It is a measure of the net increase in the stock of capital in a given period. The calculation excludes depreciation or the purchase of the land (McLaren, Murphy, 2017: p.3)

Gross fixed capital formation is essentially a net investment. It is a component of the expenditure method for calculating GDP. In other words, gross fixed capital formation measures the net increase in fixed capital. Gross fixed capital formation includes spending on improving land and purchasing plant, plant, and equipment; Construction of roads, railways, private residential housing, and commercial and industrial buildings. The disposal of fixed assets is excluded from the total. (Purba, et al, 2019: p2)

The GFCF is called "gross" because the metric does not make any adjustments to deduct fixed capital depreciation (depreciation of fixed assets) from the investment figures. To analyze the development of the productive capital stock, it is important to measure the value of the acquisitions minus the disposal of fixed assets after replacing the obsolescence of existing assets due to normal wear and tear. The Net fixed investment includes the depreciation of existing assets from new fixed investment figures, called net fixed capital formation. The formation of fixed capital is one of the most important elements of local investment, and it acts as the engine and catalyst for other production elements and raises its production and service efficiency in order to achieve economic development, especially if it is employed and scientifically managed, it will generate income, production capacities, goods, and services, as well as employing the unemployed. Where fixed capital formation represents public and private sector investment in factories, equipment, and land. (MEYER & SANUSI, 2019: p.6)

The financial data on gross fixed capital formation is usually provided by statistical agencies on an annual and quarterly basis. Fluctuations in this indicator are often seen as telling something about future business activity and the pattern of economic growth. In times of economic uncertainty or economic stagnation, business investment in fixed assets is usually reduced, because it binds the additional capital for a longer period of time, with the risk of not paying it back. On the contrary, in times of strong economic growth, the fixed investment will increase in all areas, because the marked expansion in the market makes it likely that this investment will be profitable in the future (Cohen et al). al, 2012: p.5).

Third: The relationship of banking activity with the effectiveness of local investments

The banking system has an important role in economic activity in any country, and commercial banks are one of the important tools in economic development through mobilizing savings and helping in developing investments and increasing projects with the banking facilities and services they provide. Money from lenders in the form of current accounts and deposits in return for interest and given to investors in the form of loans or through participation in the capital of investment projects.

Banking activities can contribute to local investment, as the third main banking function after accepting deposits and granting credit is an investment, which constitutes one of the main portfolios of the bank's budget. Investment from a banking point of view is the investment of available funds in various assets in order to obtain more financial flows in the future that cover the invested amount and the risk premium and exceed the inflation rate. Or it is directing the bank's owned assets (available) in areas of productivity to achieve sufficient revenues that cover their costs and the margin of the risk therein, in addition to achieving an additional positive return. (Said, 273:2018)

The activity of banks is one of the major activities in the economy, and the way in which resources are managed in this activity affects the economic well-being of society, so it plays a distinct and important role in the economies of developing countries as a result of its connection to the issue of development, which is one of the main goals of these countries to get out of the vicious circle of poverty. (Narrator, 2010:28)

There are a number of widely recognized functions of investment banks, including capital markets brokerage and trading. It is distinct and separate from the functions normally associated with commercial banks, which accept deposits and make loans. which are crucial factors in capital formation and price setting and also help in coordinating current and future consumption. One of the most important of these jobs (How do investment banks help the economy, at <https://www.investopedia.com>)

- a- Commercial banks are large financial institutions that assist global and local companies in financing capital, as well as engaging in trade
- b- They help companies go public, underwrite bond offerings, and participate in proprietary trading and investments.
- c- Private banks contribute investment to the broader financial markets and the economy by matching sellers and investors, thus adding liquidity to the markets.
- d. Banks' actions also make financial development more efficient and boost business growth, which in turn helps the economy.

In addition to the many reasons that motivate dealing with commercial banks due to the functions of banking services, and one of determining important criteria that determines the impact of local banks

in contributing to local investment is the lending of small and medium-sized enterprises. (A Tool to find Banks that invest in the local economy, at <https://ilsr.org>).

The second axis: a review of the development path of the banking activity of the United Investment Bank for the period (2010-2020)

This topic focuses on analyzing the reality of banking activity and the development of the financial situation of the United Bank for Investment. 2010-2020), for the purpose of arriving at the growth rates that occurred on these indicators to show the development of the bank's business. According to the following demands:

The emergence and development of the United Bank for Investment

1- A brief overview of the establishment of the bank

a- The establishment of the United Investment Bank (M/M/K) according to the certificate of incorporation numbered M/M 5762 dated 20/8/1994 issued by the Companies Registrar Department at the Ministry of Commerce in accordance with the provisions of Article (21) of the Companies Law No. (36) for the year 1983 revised, with a capital of (1000) million dinars.

b- The bank obtained a banking license in accordance with the provisions of Paragraph (1) of Article 41 of the amended Central Bank of Iraq Law No. 64 of 1976 and began its activity in investment banking operations on 5/11/1994. (The Annual Report of the United Investment Bank, 2020).

2- The main objectives of the bank

The main objective that the bank seeks is to contribute to economic development and revitalize its activities by practicing comprehensive banking within the framework of the general policy of the state by practicing commercial and specialized banking in addition to investment banking and financing medium and long-term economic feasibility operations for projects of the private and mixed sectors (agricultural, industrial and commercial). and tourism, construction, and services) under the supervision and control of the Central Bank of Iraq in accordance with the provisions of its Law No. (64) of 1976 (amended), the instructions issued pursuant thereto, and its Law No. 56 of 2004, as well as the provisions of Companies Law No. (21) of 1997, as amended. (The Annual Report of the United Investment Bank, 2019).

3- Number and locations of the bank's branches

The bank seeks to expand its banking area in order to contribute to increasing its bank financing and investment capacity. The number of bank branches operating inside Baghdad has reached (9), and (13) branches spread in other governorates. The bank's branches practiced their banking business after taking all the approvals and controls followed in this regard.

4- Companies in which the bank is a shareholder

The United Bank for Investment's contribution to its subsidiaries amounted to 10% of the capital. The table below shows the bank's contribution to private sector companies.

Table (1): The United Bank's contribution to investment in companies affiliated with the private sector in 2020

Company name	Incorporation date	Paid capital	Bank contribution percentage (%)	Nature of the company's business
Al Wiam Financial Investment Company	2000	2,000,000,000	10	investment
Modern Company for Animal and Agricultural Production	1991	4,101,300,000	10	agricultural
United International Company for the sale and purchase of shares	2008	300,000,000	10	Mediation in the sale and purchase of shares

Source: Prepared by the researcher based on the annual report of the United Investment Bank, 2020.

5- Application of international accounting standards

a- The bank has applied the international accounting standards starting in 2016, which required re-presenting the data for the comparative years in a consistent manner with this year, and it also adopted the principle of recording at historical cost in the valuation of property and equipment instead of revaluation.

b- International Accounting Standard No. (9) Financial Instruments. The methodology for calculating the quantitative impact was prepared in accordance with International Financial Reporting Standard No. (9). And that the bank continues to complete the application procedures completely, and in a manner that ensures the strengthening of the integrity of the financial position of the bank and the deepening of its concepts of transparency and disclosure, and the objectively calculating the expected credit risks in accordance with the instructions of the Central Bank of Iraq.

Reviewing the path of development of the statement of financial position of the United Investment Bank

Some financial indicators will be addressed within the list of the financial position of the United Investment Bank for the period (2010-2020), for the purpose of reaching the growth rates that occurred on these indicators, and to show the development of the bank's business. These developments will be presented in detail and the growth rates of some accounts in the statement of financial position separately as follows.

1- Total Assets

The following table shows the developments that occurred in the total assets index of the United Bank for Investment during the research period.

Table (2): The development, change, and growth rates of the total assets of the United Bank for Investment for the period (2010-2020) (million dinars)

Years	Total Assets	Amount of Change	Growth Rate (%)
2010	518,600	-	-
2011	655,826	137,226	26.46
2012	706,408	50,582	7.71
2013	754,865	48,457	6.85
2014	596,734	-158,131	-20.94
2015	581,244	-15,490	-2.59
2016	527,821	-53,423	-9.19
2017	519,396	-8,425	-1.59
2018	515,535	-3,861	-0.74
2019	604,314	88,779	17.22
2020	699,148	94,834	15.69

Source: Prepared by the researcher based on the annual reports of the United Bank for Investment, several years.

It is noted from the above table that the value of total assets increased from (518,600) billion dinars in 2010 to (754,865 billion dinars in 2013), as the bank was keen to raise the efficiency of employing available funds in order to increase its revenues on the one hand and enhance its participation in financing economic projects on the other. Where the volume of loans and credit increased by approximately (153) billion dinars (the annual report of the United Bank for Investment, 2013). After that, it decreased to (515,535) billion dinars in 2018 and then increased until it settled at (699,148) billion dinars in 2020.

As for the number of changes in the value of total assets, it showed a similar behavior of volatility, as while it was positive at (137,226) in 2011, it turned into a negative level to reach (-158,131) in 2014 due to a decrease in the money account balance by (78,213) billion dinars. And the balance of the loan and credit account amounted to (208,307) billion dinars. (The Annual Report of the United Investment Bank, 2014). It continued at the negative level until 2018 when it reached (-3,861) and then increased until it settled at (94,834) in 2020.

The growth rates of total assets showed a volatile trend, as while they were positive at (26.46%) in 2011, they then decreased to appear at a negative level (-20.94%) in 2014, and the growth rates continued at the negative level until 2018 when they reached (-0.74%), then rose until it settled at (15.69%) in 2020.

2- Ownership Rights

The following table shows the developments that occurred in the equity index of the United Bank for Investment.

Table (3): The evolution of the value of equity, its change, and growth rates for the United Investment Bank for the period (2010-2020) (million dinars)

Years	Equity	Amount of Change	Growth Rate (%)
2010	138,987	-	-
2011	247,446	108,459	78.04
2012	310,265	62,819	25.39
2013	338,833	28,568	9.21
2014	316,915	-21,918	-6.47
2015	321,717	4,802	1.52
2016	322,776	1,059	0.33
2017	297,438	-25,338	-7.85
2018	303,730	6,292	2.12
2019	303,472	-258	-0.08
2020	303,635	163	0.05

Source: Prepared by the researcher based on the annual reports of the United Bank for Investment, several years.

It is noted from the above table that the value of property rights showed a volatile behavior during the research period, as it was (138,987) billion dinars in 2010 and rose to (338,833 billion dinars in 2013) and this is due to the developments that occurred in the paid-in capital, from the profits carried over from Previous years that were added to the paid-up capital. (The Annual Report of the United Bank, 2013), to fluctuate after that between increase and decrease, and then settle at (303,635) billion dinars in 2020.

As for the amount of changes in equity, it showed a similar behavior of volatility, as while it was positive at (108,459) in 2011, it then declined to the negative level at (-21,918) in 2014, to fluctuate after that between increase and decrease, to stabilize after That's at (163) in 2020.

The growth rates of property rights showed a volatile trend, as it was positive at (78.04%) in 2011, then decreased to sacrifice (-6.47%) in 2014, then fluctuated between rising and falling, to settle at (0.05%) in 2020.

3- Paid-up capital

The following table shows the developments that occurred in the paid-up capital of the United Bank for Investment during the research period.

Table (4): developments, changes, and growth rates of paid-up capital for the United Bank for Investment for the period (2010-2020) (million dinars)

Years	Paid-up Capital	Amount of Change	Growth Rate (%)
2010	150,000	-	-
2011	200,000	50,000	33.33
2012	250,000	50,000	25
2013	300,000	50,000	20
2014	300,000	0	0.00
2015	300,000	0	0.00
2016	300,000	0	0.00
2017	300,000	0	0.00
2018	300,000	0	0.00
2019	300,000	0	0.00
2020	300,000	0	0.00

Source: Prepared by the researcher based on the annual reports of the United Bank for Investment, several years.

It is noted from the above table that the value of the paid-up capital was (150) billion dinars in 2010, and increased in the following year to reach (200) billion dinars, becoming (300) billion dinars in 2013, and it will continue at this level until the end of the research period in 2020. Because of the instructions issued by the Central Bank, part of the increases was the result of transferring distributable profits to capital, and the other part was the result of offering new shares for public subscription. (The Annual Report of the United Investment Bank, 2020, 15).

As for the paid-in capital growth rate, it showed similar behavior, as it was at (333.3%) in 2011, then decreased to appear at (25%) in 2012, then decreased to (20%) in 2013, and then stabilized after that. At the zero level for the remainder of the research period to 2020.

4- Total Liabilities

The following table shows the developments that occurred in the value of the total liabilities of the United Bank for Investment during the research period.

Table (4): The development of the total liabilities and their growth rates for the United Investment Bank for the period (2010-2020) (Million dinars)

Years	Total Liabilities	Amount of Change	Growth Rate (%)
2010	334,612	-	-
2011	408,380	73,768	22.05
2012	396,144	-12,236	-3.00
2013	416,031	19,887	5.02
2014	279,819	-136,212	-32.74
2015	259,527	-20,292	-7.25
2016	205,045	-54,482	-20.99
2017	221,958	16,913	8.25
2018	211,805	-10,153	-4.57
2019	300,842	89,037	42.03
2020	395,513	94,671	31.47

Source: Prepared by the researcher based on the annual reports of the United Bank for Investment, several years.

It is noted from the above table that the value of total liabilities showed a volatile behavior throughout the research period, as it was (334,612) billion dinars in 2010 and rose to (408,380) billion dinars in 2011, and this is due to the developments that occurred in the value of current accounts and deposits. (The Annual Report of the Middle East Investment Bank, 2011), after that, it fluctuated between increase and decrease, until it stabilized at (395,513) billion dinars in 2020.

As for the number of changes in total liabilities, they showed a similar behavior of fluctuation, as while it was positive at (73,768) in 2011, it then decreased to (12,236) in 2012, to fluctuate after that between increase and decrease, to settle at (94,671) in 2020.

The growth rates of total liabilities showed a volatile trend, as while they were positive at (522.0%) in 2011, they then decreased to sacrifice (0-3.0%) in 2012 to settle at (31.47%) in 2020.

The third axis: measuring and analyzing the impact of some indicators of the banking activity of the United Bank for Investment in increasing the effectiveness of local investments for the period (2010-2020)

This axis deals with the results of measuring and analyzing the relationship of the banking activity of the United Bank for Investment and the effectiveness of local forms through a set of variables through which this relationship can be determined through several demands, as follows:

1- The ratio of total deposits to total fixed capital formation

In this requirement, the relationship of total deposits and their impact on the total private fixed capital formation will be addressed, which expresses local investments and their effectiveness during the research period. This can be represented by the following table

Table (5): The ratio of the contribution of the total deposits to the total fixed capital formation of the United Investment Bank for the period (2010-2020) (million dinars)

Years	Total Deposits	Growth Rate of Total Deposits (%)	Gross Private Fixed Capital Formation	Growth Rate of Gross Private Fixed Capital Formation (%)	The Ratio of Total Deposits to Total Private Fixed Capital Formation (%)	Growth Rate of Ratio of Total Deposits to Gross Capital Formation private constant (%)
2010	286,556	-	2,157,757	-	13.28	-
2011	299,378	4.47	2,390,243	10.8	12.53	-5.65
2012	246,693	-17.60	3,381,095	41.5	7.30	-41.74
2013	349,520	41.68	8,428,008	149.3	4.15	-43.15
2014	186,156	-46.74	11,296,725	34.0	1.65	-60.24
2015	228,903	22.96	14,648,946	29.7	1.56	-5.45
2016	527,821	130.59	10,460,245	-28.6	5.05	223.72
2017	519,396	-1.60	16,293,115	55.8	3.19	-36.83
2018	128,221	-75.31	13,029,633	-20.0	0.98	-69.28
2019	69,439	-45.84	11,246,459	-13.7	0.62	-36.73
2020	152,234	119.23	7,936,891	-29.4	1.92	209.68
The compound growth rate ratio of total deposits to total private fixed capital formation						-16.13%

Source: - Column (2) Annual reports of the United Bank for Investment, several years.

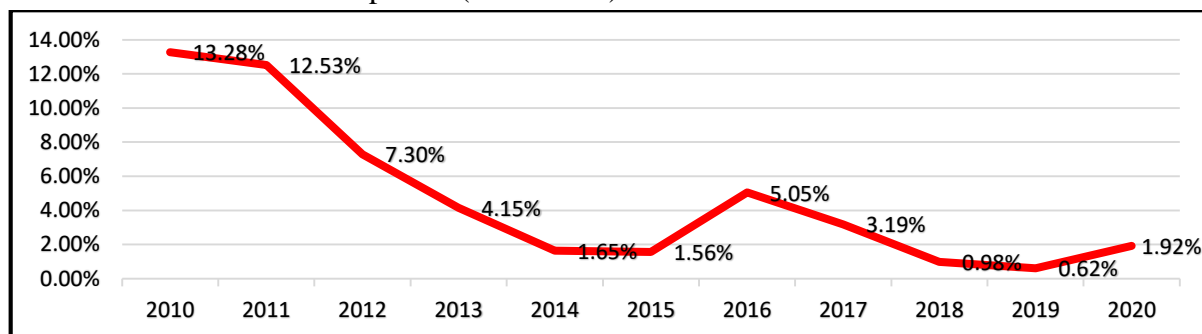
- Column (3) was prepared by the researcher, based on column (2).
- Column (4): Central Statistical Organization, Directorate of National Accounts, Department of Gross Fixed Capital Formation.
- Column (5) was prepared by the researcher based on column (4).
- Column (6) was prepared by the researcher, based on columns (2) (4).
- Column (7) was prepared by the researcher, based on column (6).

It is noted from the above table, that the total deposits of the bank increased from (286,556) billion dinars in 2010 to (299,378) billion dinars in 2011. And when the demand, which increases the confidence of customers in the bank (the annual report of the United Investment Bank, 2011), it then fluctuates between increase and decrease, and it decreased significantly to (69,439) billion dinars in 2019, perhaps due to the repercussions of the Corona pandemic, and to settle at (152,234) in 2020.

As for the growth rates of the bank's total deposits, it witnessed a volatile behavior during the research period, while it was positive at (4.5%) in 2011 and fluctuated between negative and positive levels, and it reached (130.6%) in 2016, which is the highest growth rate it reaches throughout Research duration, to settle at (119.2%) in 2020.

The curve of the ratio of the bank's total deposits to the total private fixed capital formation was generally downward during the research period, as while it was (13.3%) in 2010, it decreased to (1.6%) in 2015, to fluctuate between increase and decrease, until it stabilized at (1.9%) in 2020, and the compound growth rate was the ratio of the contribution of total deposits to the total private fixed capital formation (-16.13%) during the research period, which indicates a decrease in the contribution of bank deposits to the total private fixed capital formation. The following figure shows the percentage of the bank's total deposit contribution to the total private fixed capital formation.

Figure (1): The ratio of the contribution of total deposits to the total private fixed capital formation of the United Bank Investment for the period (2010-2020)



Source: Prepared by the researcher based on the financial data of Table (5) of the United Bank for Investment, several years

2- The total credit to the total private fixed capital formation

This requirement deals with the contribution of total credit to the total private fixed capital formation, which expresses domestic investment, and bank credit plays an important role in contributing to the economic development of each country, by directing the necessary funds for private sector programs, including investment programs that require the required support, and it can be clarified It is through the following table

Table (6): The ratio of the total credit contribution to the total private fixed capital formation of The United Bank for Investment for the period (2010-2020) (million dinars)

Years	Total credit	growth rate Total Credit (%)	Gross private fixed capital formation	The growth rate of gross private fixed capital formation (%)	The ratio of total credit to the gross private fixed capital formation (%)	Growth rate Ratio of total credit to the gross private fixed capital formation (%)
2010	543,096	-	2,157,757	-	25.2	-
2011	986,686	81.7	2,390,243	10.8	41.3	63.89
2012	1,601,687	62.3	3,381,095	41.5	47.4	14.77
2013	1,729,637	8.0	8,428,008	149.3	20.5	-56.75
2014	1,249,162	-27.8	11,296,725	34.0	11.1	-45.85
2015	1,456,125	16.6	14,648,946	29.7	9.9	-10.81
2016	1,371,679	-5.8	10,460,245	-28.6	13.1	32.32
2017	1,228,259	-10.5	16,293,115	55.8	7.5	-42.75
2018	981,326	-20.1	13,029,633	-20.0	7.5	0.00
2019	672,325	-31.5	11,246,459	-13.7	6.0	-20.00
2020	402,164	-40.2	7,936,891	-29.4	5.1	-15.00
The compound growth rate ratio of total credit to total private fixed capital formation -13.56%						

Source: - Column (2) Annual reports of the United Bank for Investment, several years.

- Column (3) was prepared by the researcher, based on column (2).

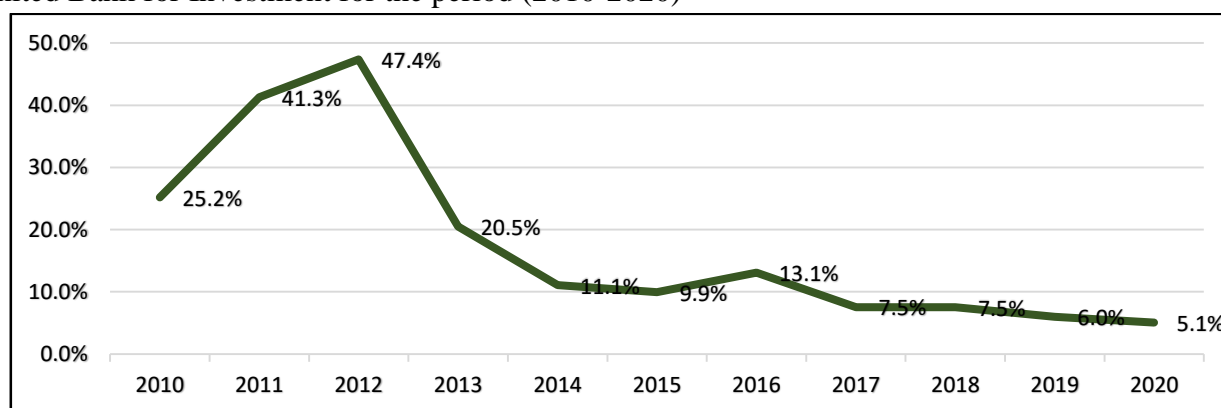
- Column (4): Central Statistical Organization, Directorate of National Accounts, Department of Gross Fixed Capital Formation.
- Column (5) was prepared by the researcher based on column (4).
- Column (6) was prepared by the researcher, based on columns (2) (4).
- Column (7) was prepared by the researcher, based on column (6).

It is noted from the above table that the total credit granted by the bank increased from (543,096) billion dinars in 2010 to (1,729,637) trillion dinars in 2013, and this credit witnessed a significant increase as the bank was keen to raise the efficiency of employing available funds in order to increase its revenues on the one hand and enhance its participation On the other hand, in financing various economic projects, the cash credit balance represents (71%) of the value of assets (the annual report of the United Bank for Investment, 2013), even if it fluctuates, throughout the period (2012-2017), then it decreases and stabilizes at (402.164) billion dinars. in 2020.

While the growth rates of the total credit granted by the bank witnessed a decrease from (81.7%) in 2011 to reaching the negative level of (27.8-27%) in 2014, and remain negative for the rest of the research years, except in 2015, to settle at (-40.2%) in 2020.

The ratio of the bank's total credit to the total private fixed capital formation showed a downward trend, in general, during the research period, as while it witnessed a rise from (25.2%) in 2010 to (47.4% in 2012), it took a decline during the rest of the remaining research years, except for 2016, and to settle at (5.1%) in 2020, and the compound growth rate was the ratio of total credit to the total private fixed capital formation (-13.56 percent), which indicates the trend of the bank's total credit contribution to the total private fixed capital formation to decline during the research period. Especially for the period (2017-2020). The following figure shows the percentage of the contribution of the total credit granted by the bank to the total private fixed capital formation during the research period.

Figure (2): The ratio of the total credit contribution to the total private fixed capital formation of the United Bank for Investment for the period (2010-2020)



Source: Prepared by the researcher based on the financial data of Table (6) of the United Bank for Investment, several years.

3- The ratio of total investments to total private fixed capital formation

In this requirement, the percentage of total investments represented by investment in companies (subsidiaries and joint stock companies) and their impact on the effectiveness of local investments, represented by the total private fixed capital formation, is addressed, and this can be clarified through the following table.

Table (7): the ratio of the contribution of total investments to the total private fixed capital formation of the United Bank for Investment for the period (2010-2020) (million dinars)

Years	Total Investments	Growth Rate of Total Investments (%)	Gross Private Fixed Capital Formation	Growth Rate of Gross Private Fixed Capital Formation (%)	Ratio of Total Investments to Total Private Fixed Capital Formation (%)	Growth Rate Ratio of Investments to Total Gross Capital Formation private constant (%)
2010	6,395	-	2,157,757	-	0.30	-
2011	10,787	68.68	2,390,243	10.8	0.45	50.00
2012	14,397	33.47	3,381,095	41.5	0.43	-4.44
2013	14,103	-2.04	8,428,008	149.3	0.17	-60.47
2014	13,420	-4.84	11,296,725	34.0	0.12	-29.41
2015	4,584	-65.84	14,648,946	29.7	0.03	-75.00
2016	6,741	47.05	10,460,245	-28.6	0.06	100.00
2017	4,188	-37.87	16,293,115	55.8	0.03	-50.00
2018	3,450	-17.62	13,029,633	-20.0	0.03	0.00
2019	9,068	162.84	11,246,459	-13.7	0.08	166.67
2020	9,068	0.00	7,936,891	-29.4	0.11	37.50
The compound growth rate ratio of total credit to total private fixed capital formation -8.30%						

Source: - Column (2) Annual reports of the United Bank for Investment, several years.

- Column (3) was prepared by the researcher, based on column (2).
- Column (4): Central Statistical Organization, Directorate of National Accounts, Department of Gross Fixed Capital Formation.
- Column (5) was prepared by the researcher based on column (4).
- Column (6) prepared by the researcher, based on columns (2) (4).
- Column (7) prepared by the researcher, based on column (6).

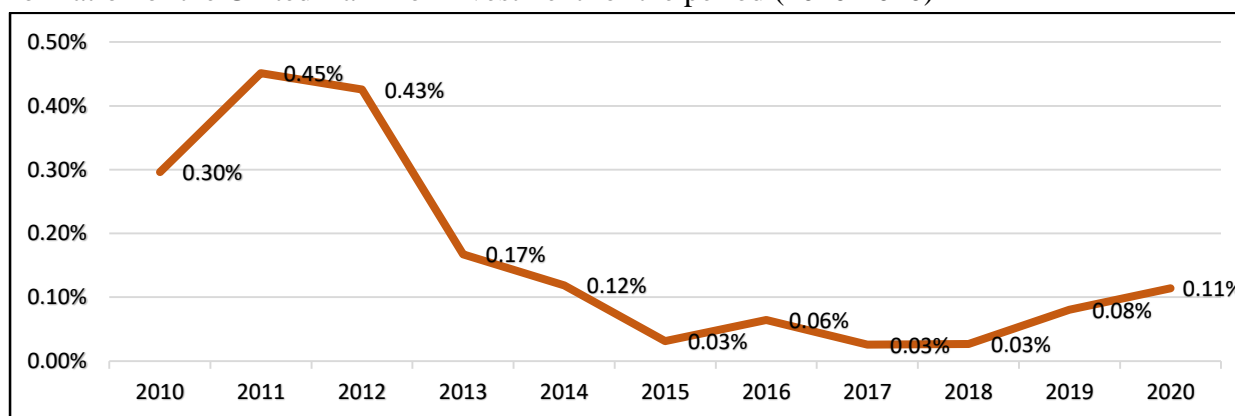
It is noted from the above table that the bank's total investments witnessed a rise from (6,395) billion dinars in 2010 to (14,397) billion dinars in 2012, as the bank sought during the previous years to expand its banking area in order to contribute to increasing its bank financing and investment capacity through Increasing the number of operating branches that were opened within its plan to open branches, so the bank made great leaps during this year and achieved excellent results in all financial indicators, including the investment index and the profit index, as it achieved profits by 20% (free capitalization). (The Annual Report of the United Investment Bank, 2012), to fluctuate after that between rise and fall, to settle at (9,068) billion dinars in 2020, which did not change the investment account balance for the current year from the previous year (2019). The investment portfolio during the year 2020. (The United Bank Annual Report, 9, 2020).

The growth rates of total investments showed a decrease from (0.7%) in 2011 to (0.3%) in 2012, to sacrifice a negative level during the rest of the research years, except in 2016 and 2019, and to settle at the zero level in 2020.

While the ratio of the bank's total investments to the total private fixed capital formation was without the correct numbers throughout the research period, as it witnessed a slight increase from (0.3%) in 2010 to (0.5%) in 2011, to decrease after that, and fluctuates between increase and decrease to To stabilize at (0.1%) in 2020, and the compound growth rate reached the ratio of the bank's total investments to the total private fixed capital formation (-8.30%), which indicates the weak contribution of the bank's total investments to the total private fixed capital formation. The following figure shows

the percentage of the contribution of the bank's total investments to the total private fixed capital formation during the research period.

Figure (3): Percentage of the contribution of total investments to the total private fixed capital formation of the United Bank for Investment for the period (2010-2020)



Source: Prepared by the researcher based on the financial data of Table (7) of the United Bank for Investment, several years.

Fourth Axis: Conclusions

1. The banking activity of the United Bank is of great importance to contribute to economic development by granting bank credit to finance investment projects, as the banking activity of commercial banks is a mainstay of the banking system and one of the main pillars in building the economic structure of the state, and plays the role of mediator between saving and investment.
2. The effectiveness of investments among many economic activities is of great importance in all countries as it is an important element in achieving the process of economic development, and its activation is linked to the contribution of the banking activity of the United Bank for Investment through its financing of important investment projects in increasing the use of financial and human resources in addition to its contribution Exploiting the surplus cash and thus achieving capital accumulation.
3. Through the analysis and measurement of some indicators of banking activity, it appeared that the performance of banking activity is still weak despite the reforms that affected the banking environment, and despite the monetary authorities' adoption of the monetary and banking reform program after 2003.
4. With regard to investment, the delay was evident in the effectiveness of local investments and in general, many factors contributed to it, including the weak contribution of total credit in addition to the weak contribution of total deposits on the one hand, and another related to the low rates of implementation of investment projects and administrative corruption, as well as the limited sector private orientation towards investment projects.
5. It is concluded by measuring and analyzing the impact of some indicators of banking activity in increasing the effectiveness of local investments for the period (2010-2020) that there is a weakness in the contribution of banking activities represented (total deposits, total credit granted, and total investments in increasing the effectiveness of local investments.
6. The deposits of the United Bank for Investment are among the most effective activities in influencing local investments, as increasing local deposits by a certain percentage will increase local

investments by about the same percentage; Due to the localization of public sector salaries in the bank during the period under study, it contributed to raising the effectiveness of bank deposits.

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