



THE ROLE OF INNOVATIVE ACCOUNTING IN ENCOURAGING BANK CREDIT AND PROVIDING FINANCIAL LIQUIDITY IN IRAQI BANKS

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Article history:	Abstract:
Received: June 30 th 2022	The research aims to know the role that innovative accounting plays in activating and developing credit policy in Iraqi banks in order to encourage savings and provide liquidity, as this was achieved through analyzing spending operations on innovative accounting tools from electronic devices and information networks, as well as conducting analysis to measure bank credit. And knowing the volume of savings and liquidity in a sample of Iraqi banks listed in the stock market for the fiscal period (2018-2019-2020), and through this analysis, the research hypothesis was tested and its objectives were achieved. The most important finding of the research is that the application of innovative accounting tools by Iraqi banks contributes to reducing financial risks by providing appropriate mechanisms to complete the required work as quickly and accurately as possible, as well as a discrepancy in the rates of application of innovative accounting mechanisms among Iraqi banks as a result of the disparity between the possibilities available to them in Application, as most banks suffer from not keeping pace with the development taking place in international external banks. The most important thing recommended by the research is the need to activate the foundations of innovative accounting through the issuance of governance rules that banks apply by forming a governance committee in which several ministries and regulatory bodies participate, as well as the involvement of the auditing and control profession council for the purpose of organizing the work of banks and the need to make amendments to Some laws, regulations, and instructions in line with innovative accounting and its tools, such as the banking law, the financial markets law, the unified accounting system and the instructions attached to it.
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INTRODUCTION

The contemporary world is witnessing many developments in the field of business, most of which focused on the race to satisfy the people dealing with it, as well as its desire to apply modern technology in financial management in accordance with the systems and laws that achieve customer satisfaction and achieve justice in granting credit .Therefore, most banks have recently resorted to applying innovative accounting, which is one of the tools of electronic governance in order to achieve speed in work and achieve it accurately in a way that achieves homogeneity between (efficiency and speed), as well as encouraging savings and providing financial liquidity to the face of the current crisis that most countries

suffer from. In light of the current financial crisis and the spread of the Corona pandemic, this research comes with a practical study in order to know the role that innovative accounting plays in developing the credit policy of a sample of Iraqi banks in order to encourage savings and provide financial liquidity to meet their operating expenses .The importance of research in providing financial liquidity in Iraqi banks stems from the credit policy followed by it, which encourages saving, as well as from their fear of a recurrence of the financial crisis. As the research was divided into three sections, the first included the research methodology, the second topic was the theoretical framework for innovative accounting, and the third topic dealt with the practical side by



analyzing the spending processes made by banks in order to apply innovative accounting tools in a way that contributes to developing credit policy and encouraging savings, which was done by During which the research objectives were reached, which were concluded with a set of conclusions and recommendations.

RESEARCH METHODOLOGY

Research problem

As a result of the financial and economic crisis that the country is going through, many Iraqi banks have sought to adopt electronic systems to meet their operational and investment expenses, which can help individuals save their money by saving it in banks, which is reflected in the provision of financial liquidity in Iraqi banks. Therefore, the research problem can be represented by the following questions:-

- 1- Does innovative accounting lead to the provision of financial liquidity to Iraqi banks?
- 2- Is it possible to invest the money saved in Iraqi banks in a way that can provide job opportunities for working individuals and achieve development?
- 3- Does innovative accounting help encourage individuals to save their money and save it in banks for the purpose of investing in the future as a result of their fear of a recurrence of the crisis?

Research objective

1. Presenting a theoretical framework on the concept of innovative accounting and bank credit and its link to providing financial liquidity.
2. Knowing the procedures that can be used for the purpose of knowing the role of innovative accounting in encouraging individuals working on credit in Iraqi banks.
3. Conducting an applied study on a sample of Iraqi banks for the purpose of knowing how innovative accounting affects the increase in the savings and credit ratio in banks and the amount of liquidity available during the borrowing period.

Research importance

- 1- It helps to provide financial liquidity in Iraqi banks as a result of the credit policy followed by it, which encourages savings, as well as their fear of a recurrence of the financial crisis.
- 2- The research helps to internal investment through the available liquidity from borrowing as a result of the increase in savings in Iraqi banks.
- 3- It facilitates the research of the bank credit policy presented by the bank, which works to encourage saving, which increases the financial liquidity in the bank.

Research Hypothesis

The research hypothesis is as follows:-

(Innovative accounting facilitates the credit policy of Iraqi banks, encourages savings and provides financial liquidity).

Research method and method

For the purpose of achieving the objectives of the research, an analytical study will be conducted for the role of innovative accounting in the development of bank credit policy and the amount of liquidity by knowing the volume of spending made by Iraqi banks to apply innovative accounting and encourage savings and provide liquidity, as well as conducting statistical analysis according to the statistical program (spss) in order to find Relationships between the indicators of the application of innovative accounting and the development of credit policy.

Research limits

The limitations of the search are as follows:

- 1- Spatial boundaries: represented by a sample of the government banks listed in the Iraq Stock Exchange (the Investment Bank, Al-Mansour Bank, the Bank of Baghdad).
- 2- Temporal limits: analysis and field study of a sample of Iraqi banks during the period (2018-2019-2020).

THE ROLE OF INNOVATIVE ACCOUNTING IN DEVELOPING CREDIT POLICY

First: - Innovative accounting

Innovative accounting has become a vital requirement by economic organizations that want to maintain their survival and continuity in the competitive market, and the idea of accounting creativity is linked to introducing changes and developments in accounting policies and procedures to work on using different methods to generate accounting ideas and benefit from them (Nurallah, 276: 2014), Innovative accounting is defined as a set of tools designed by accountants and applied in the company's financial system and in determining when the company's activity began. It was also defined by the Oxford Dictionary of Business Administration as the accounting methods that are devised by people and experiences in the company and that work to achieve the required interaction with customers in order to maintain the company's position in the markets, and some see it as a group of modern innovations in accounting represented in Measurement methods that enhance financial performance, achieve company goals, predict future problems, and take the initiative to solve them (Wilheim et al, 2009:32). Innovative accounting can be defined as a set of applications or procedures followed by corporate organizations in a



distinctive form in order for the statement of financial position and its affiliated statements to appear in its true form and away from problems and manipulation that may give a misleading picture of the performance of the nature of the work of companies, so the applications and procedures must To be (Al-Attar, 2018:473):-

A - Existing and tangible contribute to improving the quality of accounting information.

b- The financial statements are true and correct resulting from the work during the financial period used.

C- It helps in providing information to external parties (shareholders, investors, lenders and the general public) in all transparency and objectivity.

● **Innovative accounting tools**

There are many types of innovative accounting tools, but the most common and influential on the company's work are the following tools(Al-Attar, 2020:194):-

1- The Balanced Scorecard(BSC): The Balanced Scorecard is a management system that aims to help the organization translate its vision and strategy into a set of interrelated strategic goals and measurements, and this includes dimensions that go beyond what the financial report goes to in evaluating performance, as the financial report is no longer the only way that organizations can During which it evaluates its activities and charts its future movements (Thabet, 19: 2016).The Balanced Scorecard is one of the modern management tools that were presented by (Kaplan & Norton, 2004:52-63) as a new concept of strategic management, as this model provides a comprehensive solution to the problems of financial management by adding other dimensions that transform strategic plans. The balanced scorecard is one of the management accounting techniques that attempts to design a system for evaluating the performance of the company through a set of dimensions represented by (the financial dimension, customers, internal processes, learning and growth) and two other dimensions have been added to it in recent years, namely (the environment and society dimension, and the ethical dimension). Controlling these dimensions to ensure the achievement of the required level of production (Al-Khattana and Al-Saeeda, 321: 2010) From the above, we can define the Balanced Scorecard as a motivational and developmental system for employees in general, and accountants and auditors in particular, that aims to bring about a change in the performance of their work, by translating the strategy of units or governmental and non-governmental organizations into an integrated set of financial and

non-financial measures that ultimately lead to Communicating strategic objectives with accountants and auditors and providing them with feedback.

2- E-Governance: E-government is a new and advanced method of work. Rather, it is an information technology revolution that led the world to a qualitative leap in the progress of work in government agencies, the private sector and other sectors of information, services and marketing of products to beneficiaries through the Internet instead of the traditional paper-based method. There are many concepts of e-government, as it is considered one of the means used by the real government for the purpose of communicating data and information and marketing services to its beneficiaries, and this does not eliminate the role of the government, but rather supports it and supports its efficiency and effectiveness by avoiding red tape and bureaucratic complications (Al-Salmi: 2008). In 2002, the United Nations defined e-government as the use of the Internet and the global network to provide government information and services to citizens, and the Organization for Economic Cooperation and Development (OECD) in 2003 defined it as the use of information and communication technology to reach better governments (Yassin: 2005: 64) E-governance is based on four main pillars (Kieso et al, 2010:45): -

A - Unifying and aggregating all informational, interactive and exchange activities and services in one place, which is the official government website on the Internet.

B - Achieving a state of permanent contact with the public with the ability to secure all the information and service needs of the citizen around the clock, day and year.

C - Achieving the speed and effectiveness of linkage, coordination, performance and achievement between the government departments themselves and each of them separately.

D - Achieving an abundance of spending for all elements, including achieving better returns from government activities with commercial content.

The concept of correct and successful innovative accounting helps in distinguishing and improving the performance of the work of companies, so the application of the rules, principles and foundations of governance is part of the requirements of creative accounting, because each principle includes a set of creative procedures and the need to adhere to and adhere to it and not deviate from it if I want the success of these companies (Al-Attar (2018: 472).

3- Electronic System Trust Tool: It is considered as a professional tool used to assure management,



customers, owners, government agencies and other parties that the electronic system applied in the company has a high degree of confidence, and the electronic system reliability tool is based on a set of principles She (www.aicpa.org (Al-Zaidi, 9:2012):-

A- System security principle: System security is defined as the degree of protection that the system enjoys against unauthorized access by external parties. Accounting information systems Enhancing the security of the electronic systems applied in the company from maintaining the confidentiality and privacy enjoyed by the company for the purpose of maintaining its financial position in the markets.

B- The principle of confidentiality of information: This principle is defined as a set of procedures that contribute to maintaining the confidentiality of the company's information in terms of its collection, processing and storage, as there must be reliable plans developed by the company in order to determine the responsibilities that maintain the confidentiality and reliability of the system.

C- The principle of customer information privacy: It is a set of procedures that ensure the privacy of the company's customers' information through its collection, processing and storage, by providing accurate privacy about that information and identifying the person responsible for it in the company.

d- The principle of process safety: The safety of operations is one of the most important principles that are based on the degree of confidence, appropriateness and speed in processing the data of the accounting system applied in the company, which is often described through its connection to the system.

4- Web Trust Tool: It is the certification of an accounting or auditing office on the administration's confirmation of the integrity of the website. The office also certifies the integrity of the internal control systems related to data auditing of the accounting information systems applied in the company. Trust in the company's website on the Internet, and this tool is based on a set of principles represented in the following (Al-Debs, 5: 2015):-

A- Protection: It stipulates that the company's website is protected from unauthorized intrusions.

b- System readiness: It stipulates that the system is ready for use in the work, in light of the plans set by the company's management.

c- Process integrity: It indicates that it has been ensured that all procedures have been processed and that they provide accurate and timely information.

d- Privacy on the network: It indicates that the use and disclosure of all information obtained through

dealing through the Internet is in line with the company's policy through the plans established to deal with clients or customers.

Second: Bank credit

Credit is defined as the exchange of a present value for the value of its term, i.e. the obligation of one party to another party to lend or indebted, that is, it represents the value of the amount received by the borrower and paid by the lender in the form of payments or installments when the value of the loan is repaid at the specified future date. It can be defined as a measure of the ability of the legal person (legal) to obtain current values (money) in return for postponing the cash payment to a certain time in the future.

From another point of view, credit can be expressed from the concept of debt, as the latter represents a pledge to pay in the future and is often in cash. Thus, credit can be expressed as follows (Bazam, 13: 2013):-

1- An amount of money agreed upon and placed by the bank at the customer's disposal for the purpose of using it for a specific purpose known to the bank.

2- An undertaking issued by the bank at the request of the customer in favor of another beneficiary party to achieve a specific purpose and for a specific period.

• The importance of bank credit

The importance of bank credit can be known through its importance to the activity of the banks themselves or through its impact on economic activity, which is represented by the following (Hamdan, 45: 2018) (Acosta, 2013: 65): -

1- The importance of credit at the level of banks: Bank credit at the level of the bank is considered the most severe investment because of the multiple risks that the bank bears that may lead to bankruptcy of the bank and subject it to a major collapse. The bank loses its ability as a financial intermediary between clients.

2- The importance of credit at the level of the economy: Bank credit affects the level of the economy through its impact on the dimensions of growth. Inflation and deflation by exaggerating the granting of credit by banks, so the credit must be balanced and responsive to the actual financing needs of the national economy, leading to an increase in the desired development rates.

• Types of credit

By taking credit and banking facilities in multiple forms that differ in terms of duration or purpose, which can be classified according to the following (AlAdham 2015:43) (Al-Hamdani, 13:2013):

1- In terms of credit term

A- Short-term credit: the duration of which ranges between 30 days and not more than one year, and it is



usually used by the borrower to fill the shortfall in working capital to meet the current expenses of projects for banks, which is characterized by a low interest rate due to the short period.

A- Medium-term credit: The duration of this type ranges between one and five years at most, and is used for the purposes of industrial renewal and expansion.

B - Long-term credit: whose duration exceeds five years, and is used to finance investment projects and purchase fixed assets, and this type is distinguished by the increased risk and interest rate on it.

2- In terms of the purpose of the credit

A- Investment credit: which is granted to establish and renew productive projects and provide the necessary financial liquidity for them.

b- Trade credit: It is used in import, export and distribution with the aim of stimulating the circulation of goods and facilitating production processes.

C- Consumer credit: that is, loans directed to the purchase of goods for consumer purposes, from which ordinary individuals benefit to meet their necessary needs.

3- In terms of credit-related guarantees

A- Personal credit: It is the credit that the borrower obtains without providing any money in kind as a guarantee for the repayment of the credit.

b- Credit in kind: It is the credit that the borrower obtains after presenting the assets as a guarantee for the payment of that credit.

c- Credit a mixture of personal credit and in-kind credit.

4- In terms of the borrower

A- Private bank credit: It is the credit granted to persons in accordance with a special law, namely natural individuals and legal persons such as banks, and this type depends on the financial suitability of the persons benefiting from the credit.

b- Public bank credit: It is the credit granted to persons of public law (public bodies, institutions, and government agencies), and for obtaining credit, they depend on trust in dealing with the state and the state's financial position.

5- According to the way it is used by banks: It is divided into the following (Al-Khayat, 65: 2013) (Al-Dawgji, 44: 2011):

A - direct cash bank credit.

b- Indirect bank credit.

C - international bank credit.

d- Joint bank credit.

C - rental credit.

• Principles of Credit Grant

It means the generally accepted procedures in evaluating lending requests aimed at maximizing the benefits and minimizing the risks to a minimum. The banks work when they perform the lending process on balancing several factors that are achieved by good and profitable lending, and credit is granted according to certain rules represented by the following (Rami, 70 :2018) :-

1- Liquidity considerations: It is based on the fact that the bank is constantly able to meet the obligations towards customers who have deposits by achieving sufficient liquidity, which necessarily requires the bank to use some of its resources in assets that enjoy a sufficient amount of liquidity, which leads to a quick recovery of its value.

2- Profitability considerations: It is represented that the decision to grant credit is faced at a time when the bank should preserve its funds necessary to meet its obligations towards its customers, i.e. work to achieve a reasonable level of profits.

3- Central Bank Decisions: The bank is subject to the decision to grant credit to the instructions and decisions issued by the Central Bank related to the limits that the credit expansion does not exceed, in addition to the ratios of liquidity and reserves to be maintained.

4- Credit policy of the bank: The bank is subject to the credit policy set by its administration, which is the principles regulating the method of granting credit facilities, the types of economic activities that can be financed, and how to estimate the amounts of credit facilities.

• The role of innovative accounting in developing credit policy

In order to reduce credit risks, whether for the commercial banks themselves or for the economy as a whole, the monetary authorities represented in the Central Bank take a set of means that directly or indirectly affect them. These various and varied means may aim to influence the amount and volume of credit, and the Central Bank does not depend in achieving its goals on one method, but on various methods according to the prevailing economic conditions in the country in order to develop the monetary and financial market and the extent of the national economy's contribution to supporting the global economy. The role of innovative accounting in developing credit policy by providing modern means and activating technological means in paying and receiving savings in a way that provides safety and accuracy in achievement, which is reflected in the increase in individuals' motives to put their money in banks in order to invest it and achieve a profit margin from it,



which increases the Opportunities for banks to provide financial liquidity to meet operating expenses and face the country's current crisis. When applying innovative accounting tools, banks may help in reducing the bank's financial losses as a result of non-payment of credit, procrastination or late payment of the due date, and the bank's ability to borrow or finance as well as its ability to fulfill its obligations towards others. The central bank grants banks loans with easy legal benefits that are easy to repay with debts.

Analyzing the role of innovative accounting in developing credit policy and its relationship to the availability of financial liquidity

This topic deals with the role of innovative accounting in changing bank credit policy and its ability to increase savings, which is reflected in the provision of financial liquidity in Iraqi banks, the research sample.

Description of the research sample

Table (1) Sample Description

NO.	Name banks	Incorporation date	Nominal capital	Capital at the date of listing	Private sector percentage
1	investment bank	1962	2.5 million	90 million	96.56%
2	Al-Mansour Bank	1985	8 million	240 million	66.4%
3	Baghdad Bank	1989	5 million	500 million	90.7%

The above table shows the details of the banks that grant credit to individuals and whose credit level will be analyzed, as well as the volume of savings and liquidity.

First: the level of application of innovative accounting tools in the research sample companies

Table (2) The level of application of the research sample banks to the dimensions of the balanced scorecard (amounts in million)

Banks	The amount of spending on the dimensions of the scorecard			Middle	The ratio of spending on the dimensions of the scorecard			Middle
	2018	2019	2020		2018	2019	2020	
investment bank	102	548	934	522	12%	15%	16%	14.5%
Al-Mansour Bank	432	2344	396	2020	11%	12%	15%	12.5%
Baghdad Bank	120	232	543	264	14%	15%	15%	14.8%

It is noted from table (2) above the size and level of spending on the dimensions of the balanced scorecard represented by (the financial dimension, learning, growth and internal operations) in the Iraqi banks, the research sample. His spending in the year (2019) averaged (1020) thousand dinars and an average rate of spending (12.5%) compared to the size of the other

expenses of the bank and a growth rate of (1.3%) for each year compared to the other year, and this indicates the superiority of Al-Mansour Bank over other banks in attention to systems Innovativeness in terms of the balanced scorecard and its dimensions, and this was shown through the percentages referred to in the table.

Table (3) The level of spending on electronic and information systems in the research sample (amounts in million)

Banks	Expenditure on e-governance tools			Middle	The level of spending on e-governance tools			Middle
	2018	2019	2020		2018	2019	2020	
investment bank	90	45	48	47	9%	10%	11%	10%
Al-Mansour Bank	102	120	121	115	7%	8%	9%	8%
Baghdad Bank	85	95	96	90	4%	6%	8%	6%

It is noted from Table (3) above the volume and level of spending on electronic governance tools in Iraqi banks, the research sample, as it is noted that spending varies between banks, as Al-Mansour Bank

formed its highest spending percentage in (2020) with an average of (115) thousand dinars and an average rate of (8%). Compared to expenditures in other fields and a growth rate of (2%) per year, which indicates



an increase in the bank's desire to shift towards innovative and electronic systems in a way that reduces the cost of administrative and manufacturing

operations and achieves speed, accuracy and efficiency of work.

Table (4) The level of spending on website systems in the research sample (amounts in million)

Banks	Expenditure on e-governance tools			Middle	The level of spending on e-governance tools			Middle
	2018	2019	2020		2018	2019	2020	
investment bank	10	9	5	8	3%	1%	2%	2%
Al-Mansour Bank	9	6	4	6.6	2%	2%	3%	2%
Baghdad Bank	3	8	9	6.8	6%	6%	4%	5%

It is noted from Table (4) that the percentage of spending on designing electronic systems, information websites and internet networks was very small compared to other expenditures in the research sample banks, as it is noted that there is a fluctuation in spending between banks. In the year (2020) there was a decrease in the year (2018, 2019). On the other hand, the Investment Bank and Al-Mansour Bank

recorded a relative increase in expenditures, as the value of spending on websites reached its highest levels by (8) thousand and (2%) in the year (2018). And protect them and protect the privacy of customers and customers, meaning that banks have not yet been able to establish strong electronic networks on the Internet to disseminate their information and protect them from penetration and tampering.

Second: Measuring the volume of credit disbursed and its ability to increase savings and provide liquidity

Table (5) Measuring the size of credit risk in banks, the research sample

Banks	investment bank			Al-Mansour Bank			Baghdad Bank		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
credit index	0.35	0.04	0.33	0.09	0.03	0.02	0.35	0.04	0.52
Total loans ÷ current assets	0.66	0.65	0.55	1.66	1.8	2.35	0.66	0.65	0.55
Non-performing loans ÷ short-term loans	0.505	0.345	0.44	0.875	0.16	1.185	0.50	0.345	0.53.5
average credit									

It is noted from Table (5) that the credit risk indicators indicate a decrease in the year (2018-2019) for the Investment Bank, as the average ratios of these indicators were (0.505, 0.345), respectively, and also indicate a decrease for Al-Mansour Bank for the same years, as the average of those indicators was (0.16,

0.875) respectively. As for the Bank of Baghdad, it witnessed fluctuations in those indicators with an average of (0.45, 0.51), respectively, on the variation in the volume of credit in connection with the increase or decrease in the volume of savings based on the amount of money available to individuals.

Table (6) Amount of savings percentage (percentage of one million dinars)

Banks	investment bank			Al-Mansour Bank			Baghdad Bank		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
savings index	12	15	13	10	9	12	4	6	9
Amount of saving	3%	5%	4%	3%	7%	6%	2%	3%	4%
savings ratio									

Table (6) shows the amount of savings in Iraqi banks, the research sample, which was extracted from the total amounts of savings accounts and current accounts of individuals in banks during the years of research. Amounts received by individuals (i.e. the amount allocated to saving by an individual out of his total income). It is noted from the above table that Al-Mansour Bank achieved the highest savings rate in the years (2019 and 2020) as a result of the increase in

their incomes affected by increased borrowing and increased operational spending by the state. The savings rate in the year (2018) was (3%) and rose to (7%) as a result of the increase in borrowing that can be observed in Table (2). In the year (2020), it is noted that the volume of savings decreased compared to the previous year as a result of the decrease in the volume of borrowing.

Table (7) Number of Individuals Saving in Banks (Percentage of 100,000 Persons)

Banks	investment bank	Al-Mansour Bank	Baghdad Bank
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people	2018	2019	2020	2018	2019	2020	2018	2019	2020
number of people	3000	6000	5000	6000	7000	6000	3000	5000	2000
The ratio	3%	6%	5%	6%	7%	6%	3%	5%	2%

Table (7) shows the amount of individuals who are able to save out of a total of (100) thousand people and a percentage of them, as it is noted from the table that Al-Mansour Bank has achieved the highest increase in the number of savers and the most benefit from the savings resulting from the percentage of applying innovative accounting and credit policy granted to individuals By the bank, as for the Investment Bank and the Bank of Baghdad, it was

noted that the number of savers fluctuated between the increase and decrease between the years in which the borrowing occurred, which calls for knowing the amount of financial liquidity to know the extent of compatibility and correlation between innovative accounting and increased savings and the achievement of an efficient credit policy that can provide liquidity in the future As shown in the following table

Table (8) The amount of financial liquidity in banks, the research sample (the monthly average of the amounts deposited in the bank) (amounts in millions)

Banks	investment bank			Al-Mansour Bank			Baghdad Bank		
Liquidity Index	2018	2019	2020	2018	2019	2020	2018	2019	2020
Liquidity amount	7	8	8.5	9	10	13	9	7	8
Liquidity growth	2%	3%	2.5%	3%	2%	4%	2%	1%	1%

The above table (8) shows the amount of financial liquidity available with banks as a result of saving in current and savings accounts with banks. The table shows the amounts through the monthly average of the amounts deposited in the bank and their growth rate by comparing them with previous years. It is also noted from the table that the volume and percentage fluctuate Financial liquidity in the investment banks and Baghdad. As for Al-Mansour Bank, it achieved a regular rise through a gradual rise in proportion to the increase in the volume of savings, as liquidity

increased from (9 million) in the year (2018) to (10) in the year (2019) and to (13) in The year (2020), which supports the close link between increasing the correct spending of borrowed amounts for individuals in a way that encourages saving and increases financial liquidity, and for the purpose of reaching the final test of the research hypothesis, comparison and statistical analysis will be made between the indicators extracted from the tables (5,6,8) and comparison of ratios between them to perform the analysis as shown in the following table

Table (9) Credit, Savings and Liquidity Index

Banks	investment bank			Al-Mansour Bank			Baghdad Bank		
Credit, Savings and Liquidity Index	2018	2019	2020	2018	2019	2020	2018	2019	2020
average credit	0.505	0.345	0.44	0.875	0.16	1.185	0.45	0.345	0.51
savings ratio	3%	5%	4%	3%	7%	6%	2%	3%	4%
Liquidity growth	2%	3%	2.5%	3%	3%	4%	2%	1%	1%

Table (9) shows the indicators of credit, savings and liquidity ratios that will be relied upon in the statistical analysis through comparison with the growth rate of

innovative accounting in Table (2) after using the multiple linear regression model and as shown in the following table:

Table (10) Statistical analysis of research variables

the details	Statistical analysis indicators
Views	6



modulus (T)	11.357
modulus (F)	5.432
B	5,212
link size	0.785
sig . moral level	0.000

It is noticed from the table (10) above that there is a strong direct correlation between the innovative accounting process and the increase in the savings and liquidity ratio in Iraqi banks. One leads to an increase in savings and liquidity by (5.212), and through this, the research hypothesis is established that (innovative accounting leads to facilitating the credit policy of Iraqi banks, encouraging savings and providing financial liquidity).

CONCLUSIONS AND RECOMMENDATIONS

• Conclusions

- 1- The application of innovative accounting tools by Iraqi banks contributes to reducing financial risks by providing the appropriate mechanisms to complete the required work as quickly and accurately as possible.
- 2- The rates of application of innovative accounting mechanisms vary among Iraqi banks as a result of the discrepancy between the possibilities available to them in application.
- 3- There is a possibility to benefit from the innovative accounting mechanisms of Iraqi banks, especially those related to the board of directors, audit committees and internal auditing, as well as external auditing, legislation and laws.
- 4- The process of applying innovative accounting contributes to developing the volume of credit policy, which increases savings opportunities and provides financial liquidity to face economic crises.
- 5- Innovative accounting can reduce financial risks in general by knowing the most important precautionary measures that can reduce future problems.

• Recommendations

- 1- The necessity of activating the foundations of innovative accounting by issuing governance rules that banks apply by forming a governance committee in which several ministries and supervisory bodies participate, as well as the involvement of the auditing and auditing profession council for the purpose of organizing the work of banks.
- 2- The necessity of making amendments to some laws, regulations and instructions in line with innovative accounting and its tools such as the Banking Law, the

Financial Markets Law, the Unified Accounting System and the attached instructions.

3- There should be effective cooperation in Iraqi banks between the Board of Directors, the Audit Committee, the Executive Management and the internal and external auditors to provide the appropriate requirements for the application of innovative accounting methods.

4- Iraqi banks should take the necessary measures to strengthen the financial systems according to the electronic system in order to reduce or reduce financial risks.

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