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THE EFFECT OF FINANCIAL SUSTAINABILITY ON BANKING STABILITY

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Abstract:

The research aims to explore the impact of financial sustainability as an independent variable on banking stability as a dependent variable, in a sample of Iraqi banks. Commercial banks (16 banks) were listed in the Iraqi Securities Commission during the extended period (2006-2020), and the relationship between the variables was tested and analyzed, both statistically and quantitatively, according to the method of analyzing time data (panel data) and ready-made statistical programs (Eviews12) were used. Test hypotheses on the basis of their results after intellectual inference from the results of analysis, measurement and hypothesis testing, which proved the impact of financial sustainability on banking stability, based on the regression model.

Keywords: Financial Sustainability, Banking Stability

INTRODUCTION

The Iraqi banking sector suffers from major challenges and multiple transformations in the nature of the currency, perhaps due to the fact that Iraq, specifically after 2003 inherited a deteriorating banking system, especially the weak confidence in Iraqi banks, and the weak role of banks in economic and development activity, and lies in the importance of the current research through the expected active role that financial sustainability can offer in promoting the banking stability of the banks

set of results, most notably the presence of an impact of financial sustainability in banking stability and in order to contribute to improving the reality of the Iraqi banking sector.

1- Research methodology

1-1 Search problem : The search problem can be formulated with the following questions:How far do banks achieve the research sample for financial sustainability?
How much do banks contribute to the banking stability process?
What is the role of banks implementing the research sample of the financial sustainability process in achieving banking stability?

1-2 Research objectives : The current research seeks to achieve a set of basic objectives, the most important of which are:
Measure search variables (pure stability, financial sustainability) before measuring the impact of other variables on each other.

sample research where research is expected to provide important results that contribute to improving stability The bank of thefinancial banks of the banks research sample, so the researcher sought to find out the impact of financial sustainability in banking stability, a sample of banks amounted to 16 banks and for a time series (2006-2020), and the researcher used a range of statistical methods and ready-made statistical programs, using Excel2021 2021, Eviews-12 He used simple regression and standard deviation and arithmetic average to achieve the research objectives, andthe research reached a
Diagnosis of levels of financial sustainability and banking stability, in the research sample banks.
Assessing the impact of banking stability on financial sustainability in Iraqi banks is a research sample.

1-3 The importance of research: The importance that invited the researcher to choose the subject of the research is as follows:
Banking stability is an important variable that contributes significantly to maintaining the work of banks, ensuring that they remain in the banking sector and keeping up with other banks and competing in the midst of a world of great and rapid development that requires banks to adapt rapidly to this environment.
E.S. banking stability is of great importance in helping banks rise and remain in the ranks of successful banks and provide the right space for those banks to cope with emergency conditions the more stable the bank is prepared to meet those conditions.

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Banking stability is of great importance, which has prompted the researcher to research banking stability and explore ways to increase it and prosper, including the search for variables that may enhance his role, including financial sustainability.

Banks of all kinds and sizes should ensure banking stability, especially in a framework in which the role of financial sustainability is activated as an independent variable, as it isat the heart of banking.

1-4 Research model : To facilitate access to research objectives and based on previous studies, the researcher built the hypothesis model of the research shown in the form below:

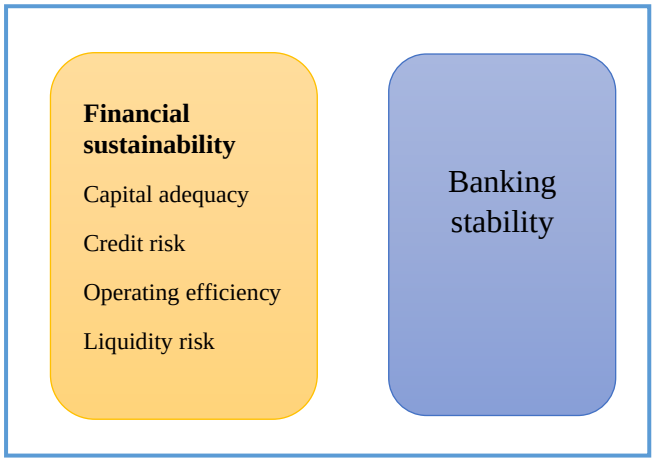

Figure (1) The hypothetical model of researchSource: Preparing the researcher based on previous studies

The banking sector represents aresearch community, but the research sample was represented by a group of commercial banks numbering (16) banks and these banks are (Baghdad, Iraqi Commercial, Middle East Iraqi Investment, Iraqi Investment, United Investment, Iraqi National Investment, Iraqi
Credit, Babylon, Economy for Investment and Finance, Sumer Commercial, Commercial Gulf, Mosul Development and Investment, North Finance and Investment, Iraqi Union, Ashur International Investment Al-Mansour Investment, the researcher chose a time series from (2006 to 2020).

1-5 Research hypotheses: To answer previous questions, the hypotheses have been formulated:
Financial sustainability has a statistically moral impact on thebanker's decision.
The adequacy of capital has a statistically moral impact on banking stability.
Credit risk has a statistically moral impact on bank stability.
Operating efficiency has a statistically moral impact on thebanker's decision.
Liquidity risks have a statistically moral impact on banking stability.

2- LITERATURE REVIEW

2-1 Financial sustainability

2-1-1 The concept of financial sustainability:

Continuity financial sustainability, which is the extent to which the Finance Corporation is able to survive as long as possible while being able to meet customers' demands, aspirations and renewal in tiered loans (survival and growth), also means continuity in financing in revenues and profits , keeping pace with appropriate interest rates and competition, creating a large customer base in the community, a risky controlled portfolio, and capital that is efficiently and effectively exploited and intended for sustainability . The ability to cover all direct and indirect costs through profit margins and other fees paid by the customer in exchange for enjoying the financial service provided (Hussein and the Governor, 2020:39).
Financial sustainability is a description of the steady increase in enterprise revenues and the continuing

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process of free maneuvering and the use of enterprise funds, an ongoing process of production and sales. Financial sustainability is a practice of measurement, disclosure, and accountability efforts for the organization's performance to achieve the Sustainable Development Goals of internal and external stakeholders (Sholikah&Miranti,2020:42).

Sustainability is about ensuring long-term business success, while contributing to meeting the community's current and future social, environmental and economic needs, in line with that, sustainable banking is a decision taken by banks to provide products and services to customers who take into account the environmental and social impacts of their activities. The sustainability and vimof the processis that this performance in the board of the first managers of the Ebuka et al, 2020:252).

Financial sustainability can have positive effects such as attracting an adequate investor fund and thus becoming organizations may be able to contribute to economic development by alleviating poverty as long as they have their own sustainable financial system (Said et al,2019:5). On the other hand, one of the benefits of financial sustainability is to control the completion of the company's work so that it can be used as a decision-making tool for investors and stakeholders. In addition, moving towards financial sustainability improves efficiency, discipline and transparency for companies, as well as improves industry continuity (Chikalipah,2017:184).

Traditional financial theory is based on restrictive assumptions regarding values and investment results, limited to both gains, financial losses and risks, instead, recognizes financial sustainability with a greater range of potential values - including financial return, risk aversion, altruism for current and future generations, attention to environmental flexibility - and a greater potential range of returns or losses, financial and non-financial (Fullwiler), 2015:2).

Sustainability is one of the biggest concerns of governments because of their association with the way banks work well in the long run, the sustainable development of the banking industry will be beneficial to various parties in the economy, including depositors and companies, as well as to the wider community, in the banking sector in particular, sustainability development is primarily related to the issue of self-development, which includes mainly self-development performance and stability, as well as contributing to the

2-1-2 The importance of financial sustainability

Sustainability has become one of the main priorities in the strategy adopted by most institutions in the 21st century, because it has a long-term impact on the success of institutions and their compatibility with the requirements imposed on them by the business environment in the contemporary world, because today they measure the degree of success and acceptance of society as much as their contribution to its stability and rise (Abu Samra, 2017: 28).

Sustainability has established itself as a business in the financial sector, as financial institutions have explored ways to influence sustainable development in a positive way and have developed products and services taking into account sustainability issues (Weber,2012:17).

viable, or organizations become more efficient and transparent, and

development of social well-being. Sustainability is a strategic management agenda because it is about ensuring long-term business success (Orabueze et al,2020:252)). Financial sustainability is a description of the steady increase in enterprise revenues and is an ongoing production and sales process (Pulatovich,2019:4642). The financial sustainability of banks has a positive impact on the efficiency of the bank, which is reflected in the economic boom (Nosratabadi et al,2020:3).

2-1-3 Dimensions of financial sustainability :

The adequacy of the bank's capital: which is vital in banking operations, the adequacy of capital is an indicator of its ability to cope with the risk of losses caused by these operations and the increase in the ratio may cause resistance to risks that positively affect the sustainability of banks.

Risk of loss resulting from the customer's inability to pay his or her debt or liabilities, when payable (87:Jones,2018).

Operating efficiency: It is the bank's ability to reduce or manage its expenses in a way that results in outputs without impairing quality and therefore, in theory, the bank that can manage its expenses efficiently and effectively is expected to be more profitable (Pradhan&Shrestha,2017:4). Versa.

Liquidity Risk: Bank liquidity risk is the bank's inability to pay current obligations (Hamad and Naji, 2017: 408).

2-2 Banking stability

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2-2-1 The concept of banking stability : The concept of banking stability took a wide range in economic studies in the wake of the Asian crisis (1999-1997) and specifically the mortgage crisis in 2008 after this crisis the IMF and the World Bank began to prepare studies to openness as well as the nucleus for economic stability, (Al-Saadi, 2018:1).

A sound banking system is one of the main pillars of the stability of the financial system as a whole and the economic sector in general because the banking system is a component of the financial system (Al-Shammari, Fanlawi, 2020:88). Over the past two centuries, instability has increased significantly, but in the last quarter of the 20th century this increase in instability peaked in the banking crisis of 2007-2008, which was quite different from all previous episodes of banking instability, as the classic 19th-century crises do not seem severe to the banking system like this (Campbell et al.), 2016 : 75).

The banking system can be described as unstable in the presence of excessive asset fluctuations or crises. Such a definition of banking stability is easy to formulate, but it does not reflect the positive contribution to understanding the stability of the banking and financial system. Bank stability is a feature of financial stability. In general, the bank is considered stable if it meets two basic conditions: improving economic performance and eliminating imbalances resulting from internal factors of unexpected or undesirable events from different banking risks, and in most countries, especially developing ones, banks play a vital role in financing their economies. And promote its economic growth (Djebali & Zaghdoudi, 2020: 1050).

2-2-2The importance of banking stability

The banking sector is an important sector for the stability of financial systems where banks play a key role in the formation of funds and investment for economic growth and financing of companies, families and payment systems and therefore, found that the The stability of the banking system is an important issue that must be assessed and controlled in order to withstand the threat of a crisis that could threaten the economy of any country that occurs andis considered a successful country if it is able to maintain its economic growth, of which the stability of the banking system is an important and even essential part of the economic growth is an indicator describing the success of the country's economy to remain stable and constantly evaluate the banking system and know its stability due to the importance of this system and its stability to domestic and foreign economies according to the degree of economic

failure of banking systems is linked to excessive inflation and economic recession, as the global financial crisis attracted the attention of policymakers in developed and emerging economies towards banking stability and put them at the top of their agenda, andothers point to the failure of banks Private as evidence of the fragility of short-term and profit-oriented banking services (Kočišová&Stavárek,2018:40).

Globally, banking stability is an integral part of ensuring the stability of the financial system, because the indirect effects of banking instability can spread widely on the economy in general, bank stability improves the amount of banks absorb unexpected financial shocks and imbalances, it is important that banks pay close attention To ensure financial stability and regulatory financial institutions have this goal as part of their legal functions, central banks worldwide are therefore very concerned about the financial stability of deposited money banks, andit is important to emphasize that in order for depository banks to continue brokerage functions without many interruptions, they must be sound, stable and profitable (Akindutire), et al,2021:53) . Toinvestigate the relationship between the various elements of the financial system and banking stability has played a major role in the controversy generated within academia and politics since the beginning of the recent financial crisis, financial regulation has long-term implications for financial volatility and the way it fuels economic growth. Mitigates the negative effects of volatile capital flows and thus affects economic growth,banking supervision promotes economic growth by strengthening the impact of the negative impact of the capital flows that have been reduced (Benos & Goletsis,2019:50).

increase (Gustiana&Nasrudin), 2021:2) The recent financial crisis has shown that a sound banking system is necessary for some fundamental aspects of the economy and for its decisive contribution to financial and economic stability (Daoud&Kammoun,2020:361).

2-2-3 Measuring bank stability

Some researchers used the aggregate indicator method to measure bank stability, including those who used the famous z score scale , which we will use in our study

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because it is a measure that hasproven successful and accurate in measuring banking stability on a large scale in the world.

It is an indicator used to measure the stabilityof the roa assets with an average natural distribution of μROA and its standard deviation φROA and that the ratio of title to total assets is distributed around the arithmetic medium of return on assets μROA and the higher the value of the asset, the more stable the bank will be. (Cuestas et al ,2019:12) .

Z score is calculated bythe average return on assets and the ratio of equity to assets, and nowthe amount of the assets , as in the following equation (Li,Tripe& Malone,2017:4) :

$$\text{z-score} = \frac{\mu ROA + k}{\sigma ROA}$$

Where:

RoA Return on Assets

Average return on assets μROA

Equity ratio to total assets $k = \frac{E}{A}$

$$E = Shareholders' \ equity + Legal \ and \ general \ precautions$$

Total assets A

Standard deviation of return on assets σROA

$$\sigma ROA = \sqrt{\frac{(ROA - \overline{ROA})^2}{n-1}}$$

The higher the value of the Z-score index, which must be greater than zero, the greater the likelihood of remaining in a state of banking stability and the lower the likelihood of financial instability, i.e. the value of this indicator is inversely associated with the possibility of banking instability, as banking instability is the situation in which losses to total assets are equivalent to or greater than the ratio of equity to total assets, i.e. annual losses exceed or equal bank capital (Lepetit&Strobel,2015:3-4).

3- Practical aspect:

The main hypothesis of the research (financial sustainability has a statistical moral impact on banking stability),

Table (1) shows the estimated relationship between financial inclusion asan interpretive change andfinancial sustainability as a responsive variable:

Table (1) Results of the impact of financial sustainability on banking stability

Dependent variable: banking stability Period: 2006 to 2020 = 15 years Number of banks = 16 total views 16x15= 240				
Interpretive variable financial inclusion		Random effects model	Fixed effects model	General impact model
Financial sustainability	Parameter value β	0.615097	0.845379	0.615097
	t-Statistic	8.678311	10.16912	8.447954
	Prob	0.0000	0.0000	0.0000
constant	Parameter value β	0.655790	0.554336	0.655790
	t-Statistic	20.36821	14.79970	19.82756
	Prob	0.0000	0.0000	0.0000
R^2		0.231438	0.317793	0.231438
Durbin-Watson		1.728512	1.940256	1.728512
F-statistic		71.36793	6.463391	71.36793

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Probability	0.0000	0.0000	0.0000

Source: Researcher preparation based on **eviews_12** outputs

Chow Test and Hausman test were conducted to trade off the overall impact model with the random model: the validity of the fixed effects model between financial sustainability and banking stability was demonstrated.

The results of the fixed effects model appear in table 1 above:

The impact of financial sustainability on banking stability is found because the parameter's reference to financial sustainability is positive and moral.

The results showed that the calculated value (F) was 6.463391) and meanly (0. 0000) By comparing (F) calculated with its scheduling value (3.94) at the moral level (0.05) we find it larger than scheduling and its morale is less than (0.05), this indicates that the sustainability of finance has an impact with a degree of confidence of (0.95) in banking stability, confirmed by the value (t) calculated, as it was (10.16912) It is a statistical function and a moral allowance (0.0000), which proves that financial sustainability has a role to play in increasing banking stability.

The results indicated that the value of the interpretive variable parameter (other thanfinancial sustainability) was 0.845379 at a moral level (0.0000) which is smaller than the level of indication 5%, indicating that the increase inthe sustainability of finance by one unit will lead to an increase in banking stability by (0.845379).

The interpretive strength of the estimated model is an acceptable value, as the determining factor (interpretation) $(R^2 = 0.317)$ i.e. (%) of the change in 31.7banking stability is due to the change in financial sustainability and the rest of the ratio is due to other explanatory variables outside the search model.

The results show the morale of the model as a whole, with the probability value of the F-statistic test (0.000,000,000) being less than 5%, indicating the model's statistical morale.

The results show the morale of the fixed limit at the level of indication 5% and swallowed its value (0.554336) and at the moral level (0.0000).

Durbin-watson's value was 1.940256, which was greater than this indicating that there was no self-link problem for errors.R^2

As for the sub hypotheses of the main hypothesis, they are as follows:

A. The first sub-hypothesis (effect of capital adequacy in banking stability)

Which stipulated (the adequacy of capital has a statistical moral impact on banking stability)

Table (2) shows theestimated relationship between capital adequacy as an interpretive variable of bank stability asunresponsive:

Table (2) Results of the impact of capital adequacy on banking stability

Dependent variable: banking stability Period: 2006 to 2020 = 15 years Number of banks = 16 total views 615 ×= 240			
Interpretive variable		Fixed effects model	General impact model
Capital adequacy	Parameter value ()$\boldsymbol{\beta}$	0.577916	0.451112
	t-Statistic	7.317872	6.509991
	Prob	0.0000	0.0000
constant	Parameter value (β)	0.710124	0.757637

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	t-Statistic	23.06647	27.75145
	Prob	0.0000	0.0000
$\mathbf{R^2}$		0.193640	0.151152
Durbin-Watson		1.93606	1.810633
F-statistic		3.346953	42.37998
Probability		0.000028	0.0000

Source: Researcher preparation based on eviews_12 outputs

Chow Test was tested to trade off the general impact model with the fixed effects model and show the validity of the overall impact model between capital adequacy and banking stability.

The results of the general impact model appear in table 2 above:

There is an impact of capital adequacy on banking stability because the estimated parameter signal of capital adequacy is positive and moral.

The interpretive strength of the estimated model is an acceptable value, as the determining factor $(R^2 = 0.151)$ (interpretation) i.e. (15.1%) of the change in banking stability is due to the change in capital adequacy, while the rest of the ratio is due to other explanatory variables outside the search model.

The results show the morale of the model as a whole, with the probability value of the F-statistic test (0.000,000,000) being less than 5%, indicating the model's statistical morale.

The results showed that the calculated value (F) was 42.37998) and meanly (0. 0000) By comparing (F) calculated with its scheduling value (3.94) at the moral level (0.05) we find it larger than scheduling and its morale is less than (0.05), this indicates that capital adequacy has an impact with a degree of confidence of (0.95) in banking stability, confirmed by the calculated value (t), as it was (6.509991)) it is a statistical function and a moral allowance (0.0000), and this proves thatthe adequacy of capital has a role to play in increasing banking stability.

The results indicated that the value of the interpretive variable parameter (capital adequacy) was 0.451112 at a moral level (0.0000) which is smaller than the level of indication 5%, indicating that an increase in capital adequacy by one unit will lead to an increase in banking stability by (0.451112).

The results show the morale of the fixed limit at the level of indication 5% at the value (0.757) and at the moral level (0.0000).

Durbin-watson's value was 1.8106, as it was larger than this indicating that there was no self-link problem for errors.R^2

B. Second sub-hypothesis (impact of credit risk on banking stability)

Which stipulated (credit risks have a statistical moral impact on banking stability)

Table (3) shows theestimated relationship between credit risk as an interpretive variable andbank stability asunresponsive:

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Table (3) Results of the impact of credit risk on banking stability

Dependent variable: banking stability Period: 2006 to 2020 = 15 years Number of banks = 16 total views1615 ×= 240				
Interpretive variable		Random effects model	Fixed effects model	pooled effects model
Credit risks	Parameter value β	0.496038	0.777074	0.496038
	t-Statistic	6.930456	8.674322	6.759205
	Prob	0.0000	0.0000	0.0000
constant	Parameter value (β)	0.746625	0.644621	0.746625
	t-Statistic	27.41349	19.22623	26.73611
	Prob	0.0000	0.0000	0.0000
R^2		0.161047	0.252290	0.161047
Durbin-Watson		1.675443	1.814121	1.675443
F-statistic		45.68686	4.702741	45.68686
Probability		0.0000	0.0000	0.0000

Source: Researcher preparation based on eviews_12 outputs

Chow and Hausman testing were conducted to trade off the overall impact model with the random and fixed model and show the validity of the fixed effects model between credit risk and banking stability.
The results of the fixed effects model appear in table 3 above:
There is an impact ofcredit risk on bank stability because the estimated parameter signal forcredit risk is positive and moral.
test (0.000,000,000) being less than 5%, indicating the model's statistical morale.
The results showed that the calculated value (F) was 4.702741) and meanly (0. 0000) By comparing (F) The interpretive strength of the estimated model is an acceptable value, as the coefficient (interpretation) was the identification $(R^2 = 0.252)$i.e. (25). 2%) of the change in banking stability is due to the change in credit risk and the rest of the ratio is due to other explanatory variables outside the search model.
The results show the morale of the model as a whole, with the probability value of the F-statistic

calculated with its scheduling value (3.94) at the moral level (0.05) we find it larger than scheduling and its morale is less than (0.05), this indicates that credit risk has an impact of a degree of confidence of (0.95) in

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banking stability, confirmed by the calculated value (t), as it was (8.6743222)) it is a statistical function and a moral allowance (0.0000), this proves that credit risk has a role to play in banking stability.

The results indicated that the value of the interpretive variable parameter (credit risk) was (0.777074) at a moral level (0.0000) which is smaller than the level of indication 5%, indicating that the increase in credit risk by one unit will lead to an increase in banking stability by (0.777074). The results show the morale of the fixed limit at the level of indication 5% and its value (0.644621) and at the moral level (0.0000).

Durbin-watson's value was 1.814121, which was greater than this indicating that there was no self-link problem for errors.R^2

C. Sub-hypothesis III (impact of operating efficiency on banking stability)
Which stipulated (operational efficiency has a statistical moral impact on banking stability)

Table (4) shows theestimated relationship between operating efficiency as an interpretive variable and bank stability asunresponsive:

Table (4) Results of the impact of operating efficiency on banking stability

Interpretive variable		Fixed effects model	pooled effects model
Operating efficiency	Parameter value $\boldsymbol{\beta}$	0.211220	0.165489
	t-Statistic	6.164243	5.538047
	Prob	0.0000	0.0000
constant	Parameter value (β)	0.782873	0.814030
	t-Statistic	31.38893	36.79903
	Prob	0.0000	0.0000
$\mathbf{R^2}$		0.146155	0.114581
Durbin-Watson		1.757825	1.694853
F-statistic		2.375031	30.66997
Probability		0.002748	0.0000

Source: Researcher preparation based on eviews_12 outputs

Chow TEST was tested to trade off the overall impact model with the fixed impact model and show the validity of the overall model between operating efficiency and banking stability.

The results of the general model appear in table 4 above: There is an effect ofoperating efficiency in banking stability because the estimated parameter signal for operating efficiency is positive and moral.

The interpretive strength of the estimated model is an acceptable value, as the determining factor $(R^2 = 0.114)$ (interpretation) i.e. (11.4%) of the change in banking stability is due to the change in operating efficiency and the rest of the ratio is due to other explanatory variables outside the search model.

The results show the morale of the model as a whole, with the probability value of the F-statistic test (0.000,000,000) being less than 5%, indicating the model's statistical morale.

The results showed that the calculated value (F) was 30.66997) and meanly (0. 0000) By comparing (F) calculated with its scheduling value (3.94) at the moral level (0.05) we find it larger than scheduling and its morale is less than (0.05), this indicates that the efficiency of operation has a confidence effect of (0.95) in banking stability, confirmed by the calculated value (t), as it was (5.538047) It is a statistical function and a moral allowance (0.0000), which proves that the efficiency of operation has a role in banking stability.

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The results indicated that the value of the interpretive variable parameter (operating efficiency) was 0.165489 at a moral level (0.0000) which is smaller than the 5% indication level, indicating that an increase in operating efficiency by one unit will change banking stability by (0.165489).
The results show the morale of the fixed limit at the level of indication of 5% at 0.814030) and at the moral level (0.0000).

Durbin-watson's value was 1.694853, which was greater than this indicating that there was no problem with self-association of errors.R^2

D. Sub-hypothesis IV (impact of liquidity risk on banking stability)

Which stipulated (liquidity risks have a statistical moral impact on banking stability)

Table (5) shows theestimated relationship between liquidity risk as an interpretive variable of bank stability asan unresponsive quantity:

Table (5) Results of the impact of liquidity risk on banking stability

Interpretive variable		Fixed effects model	General impact model
Liquidity risk	Parameter value β	1.011433	0.733872
	t-Statistic	6.367769	5.468788
	Prob	0.0000	0.0000
constant	Parameter value (β)	0.578921	0.674351
	t-Statistic	10.46890	14.36694
	Prob	0.0000	0.0000
R^2		0.153856	0.111634
Durbin-Watson		1.874707	1.761503
F-statistic		2.534280	29.90765
Probability		0.001326	0.0000

Source: Researcher preparation based on eviews_12 outputs

Chow TEST was tested to trade off the general impact model with the fixed effects model and demonstrate the validity of the overall impact model between liquidity risk and banking stability.
The results of the general impact model in table 5 above show the following:
Liquidity risk has an impact on banking stability because the estimated parameter signal of liquidity risk is positive and moral.
The interpretive strength of the estimated model is acceptable value, as the determining factor $(R^2 = 0.111)$ (interpretation) i.e. (11.1%) of the change in liquidity risk is due to banking stability and the rest of the ratio is due to other explanatory variables outside the search model.
The results show the morale of the model as a whole, with the probability value of the F-statistic test (0.000,000,000) being less than 5%, indicating the model's statistical morale.
The results showed that the calculated value (F) was 29.90765) and mean (0. 0000) By comparing (F) calculated with its scheduling value (3.94) at the moral level (0.05) we find it larger than scheduling and its morale is less than (0.05), this indicates that liquidity risk has an impact of a degree of confidence of (0.95) in banking stability, confirmed by the calculated value (t), as it was (5.468788)) it is a statistical function and a moral allowance (0.0000), this proves that liquidity risks play a role in banking stability.
The results indicated that the value of the interpretive variable parameter (liquidity risk) was (0.733872) at a moral level (0.0000) which is smaller than the level of indication 5%, indicating that the increase in liquidity risk by one unit will lead to an increase in banking stability by (0.733872).
The results show the morale of the fixed limit at the level of indication of 5% at 0.674351) and at the moral level (0.0000).
Durbin-watson's value was 1.761503, which was greater than this indicating that there was no self-link problem for errors.R^2

4- Conclusions

The results show a direct impact of financial sustainability on banking stability and to a significant extent
The results show a direct impact of capital adequacy on banking stability and at a significant rate
The results show an impact of credit risk on banking stability and a significant proportion

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The results show that the impact of operating efficiency on banking stability is high
The results show that liquidity risks have an impact on banking stability and at a level that does not meet ambition

5- Recommendations

The need to improve the level of operating efficiency by reducing operational expenses and working to increase net incometo obtain a high level of banking stability .

The great focus is on credit and the provision of credit facilities conditional on reasonable guarantees that can be achieved as a matter of fact .
Enhancing the bank's capital through optimal investment and directing banks to sample research on the orientation towards productive sectors to provide financing to banks .
Banks should pay attention to raising their capital to maintain the capital adequacy ratio within the minimum limits set by the Central Bank of Iraq .
Improving liquidity levels while retaining more liquid assets .

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