THE ROLE OF NET FINANCING CASH FLOWS IN THE GROWTH OF BANKING INSTITUTIONS
(AN APPLIED STUDY OF A GROUP OF COMMERCIAL BANKS LISTED IN THE IRAQ STOCK EXCHANGE)

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Article history:		Abstract:
		The growth of banking institutions is of the main pillars that represent the strength of the banking sector, which enhances the quality and diversity of banking services provided to customers, which is considered one of the constants of market competition among commercial banks. and This topic has been selected as a cognitive Starting point and a goal for the researcher To introduce the concept of net financing cash flows and its impact on the growth of banking institutions. As well as identifying the nature and concept of the growth of banking institutions and their impact on increasing the profitability of the bank commercial and increasing its ability to compete in the labor market. The researcher proceeds from the hypothesis that there is a correlation and effect between the net financing cash flows and the growth of banking institutions and tries to prove it using quantitative analysis of statistical methods (simple linear correlation and simple linear regression). By selecting a set of financial indicators, which were represented by the indicators of measuring the independent variable (net financing cash flows) over the years of research, as were the indicators of the dependent variable (growth of banking institutions), namely (the ratio of deposits to capital - the profitability ratio - the liquidity ratio) . As these indicators are part of a group of factors that have a significant impact on measuring the development and growth of the banking institution and the adoption of two commercial banks (Bank of Baghdad and the Investment United Bank) as an intended sample for research and a time series extending over five years from (2016 to 2020), The researcher reached a set of conclusions, the most important of which was the existence of a weak and insignificant correlation and impact relationship between the independent variable and the dependent variable, as well as there was a set of recommendations, including the need for commercial banks to show greater interest in the banking investment policy of the existing resources that help growth and development, since these resources are mostly Available and lack of proper investment.

THE INTRODUCTION

The strategy of increasing the size of the banking institution or developing it is considered one of the important strategies that need to take a joint decision between the general bodies of the concerned banks and the executive management after the availability of advantages and basic factors for development and growth and because of the nature of the work of commercial banks as they depend on the money of others to finance their activities and assets. The decision is one of the difficult and sensitive decisions in banking institutions, and this is reflected in the role that the banking sector plays in the Iraqi economy,

and based on this idea, the research has dealt with a very important topic because it directly affects on economic growth in the country, as the development and growth of commercial banks is positively reflected in other economic sectors In the country, by financing its activities on the one hand, and on the other hand, the banking sector enters into a strong competitive market, which results in providing diversified and high-quality banking services to customers, leading to full financial inclusion for all segments of society.

The first topic / research methodology
First: the research problem

By studying the nature of the work of the banking sector in Iraq, it was noted that the development and growth of banking institutions did not take its own space, but only by a decision of the Central Bank in 2010 by the decision to increase the capital commercial banks, which resulted in growth and an increase in the volume of capital only without this being reflected in the result of the banks' work Rather, it affected it negatively by decreasing the value of its shares in trading to this day. This and through the practical application of the research, the researcher sensed that banking growth depends heavily on a set of factors, including cash flows in all their forms, on which the commercial bank relies in providing the necessary liquidity to finance its activities and assets. and its development through the growing interest in customer service and at the same time the commercial bank has to It works hard to attract deposits of all kinds in order to strengthen its liquidity. Increasing the volume of deposits in the Commercial Bank is one of the important factors that help in its growth and development.

Here, several questions can be asked, including:

1- Do net financing cash flows have an impact on the development and growth of commercial banks?

2- Do the net financing cash flows have an effect on increasing or decreasing the liquidity and profitability of the commercial bank?

3- Do net financing cash flows have an impact on the commercial bank's ability to attract various deposits?

Second: The Importance Of Research

This research derives its importance from the study of a very important topic in the banking sector and the economic growth of the country, since most of the investment projects in the country are one of the parties to be funded by commercial banks operating in that country. Hence, the development or growth of commercial banks will be an important factor for economic growth in the country. By financing its various sectors on the one hand, and on the other hand, the increase in commercial banking growth results in an increase in the market value of the bank itself through an increase in its annual profits as a result of providing various services to customers and its involvement in financing activities and other areas more than before.

Third: Research objectives

1-Clarifying the concept and importance of net financing cash flows

2- Clarifying the importance of banking growth in increasing the competitive advantage between commercial banks and its impact on the economic growth of the country.

3- Knowing the nature of the effect between the independent variable and the dependent variable used in the research.

Fourth: the research hypothesis

The main hypothesis of the research (there is arelationship correlation and a statistically significant effect between the net financing cash flows and the growth of banking institutions)

From this hypothesis, several sub-hypotheses emerge:

The first sub-hypothesis (the existence relationship of a correlation and effect between net financing cash flows and bank liquidity)

The second sub-hypothesis (the existence relationship of a correlation and effect between net financing cash flows and the volume of different bank deposits)

The third sub-hypothesis (the existence relationship of a correlation and effect between the net financing cash flows and the profitability of the commercial bank)

Fifth: the time limits of the research

The research covered its time limits, the period from (2016 to 2020).

Sixth: the research community

The research community includes a group of private commercial banks listed in the Iraq Stock Exchange, which are (Baghdad Private Bank - United Bank for Investment), and the data and financial statements of the mentioned banks are installed on the Iraq Stock Exchange website.

Seventh: Research Methodology

In this research, the researcher used quantitative methods in analyzing financial data to obtain accurate analytical results, as the researcher used the statistical program (spss.23) and application statistical methods (simple linear correlation and simple linear regression) on the variables concerned in the research to reach the best results.

Eighth: Research sources

The researcher used a group of Arab and foreign sources such as books, letters and treatises, as well as the Internet to enhance the theoretical aspect of the research. As for the practical side, the researcher used the program (spss.23) to apply the statistical methods required in the research to analyze the relationship between the independent variable and the dependent variable.

The second topic / the theoretical framework of the research

First: cash flows from financing activities

   1- Concept and definitions

The Accounting and Control Standards Board in Iraq stated that the independent disclosure of cash flows from financing activities is important, because it is useful in predicting future cash flow requests by capital suppliers**(**www.d-raqaba-m.iq /rule7**)**
Financing activities: They are the activities that include items of liabilities and property rights that include Obtaining capital from the owners and providing a return on investments or refunding these investments, As well as borrowing money from creditors and repaying the borrowed money (Kieso, et.al,2013;230). The cash flows from financing activities are the last of the three sections of the statement of cash flows, and it shows the cash inflows and outflows related to financing transactions. (Khalidi, 18: 2018).
as well, financing activities mean activities that lead to a change in the size and elements of capital ownership and borrowing operations carried out by the Enterprise, as well as repayment of loans (Abonsar, Hamidat, 104: 2009). It is also defined as the cash flows resulting from the financing activity related to obtaining financing resources for assets, whether from loans or the issuance of shares (Al-Dahrawi, 146: 2005). Whereas, net financing cash flows refer to the amount of cash difference that the company earned and spent during a certain period of time (Konak, 2018: 344). It is too known as the size of cash that moves to and from the company, and it is called the difference between the cash inside and outside and extracted from it the net positive or negative financing cash flow (chukwunwke, et.al, 2018:1592). It is also defined as the difference between incoming receipts and outgoing payments (Al-Mamouri, 23:2020).
The cash flow from financing activities must be presented in the cash flow statement separately, with an indication of the main sources of the total cash collected and cash paid (Hijazi, 2010: 116). It includes activities related to the sale or repurchase of ordinary shares, or preferred shares, as well as the issuance of bonds, the sale or payment of long-term debt securities, as well as the issuance of notes or the payment of short-term notes, as well as the payment of dividends of ordinary or preferred shares (Al-Ali, 2010 : 71).

2- Components of the financing cash flow statement
A- Cash inflows, which include the following:
-Cash receipts arising from the issuance of shares or other property deeds.
-Cash receipts from the issuance of indebtedness instruments, loans, notes and bonds
Mortgages and other short-term advances.

B- As for the cash outflows, they include the following:- (Al-Hasnawi, 30: 2018)
- Cash payments to the owners for the acquisition and redemption of the corporation's shares.
-cash payment of borrowed amounts.
- Cash payments made by the lessee to reduce the existing obligation related to financial leasing contracts.
-Payment of dividends. (Al-Dainoury, 87: 2008).

3- The objectives of the financing cash flow statement
The list of financing cash flows, through the information it contains, aims at several goals that can facilitate the work of several parties, including management and investors, my agency (-: Al-Khalidi, 19: 2018)
A. Identifying the funding sources obtained by the company during the period, whether in the form of loans, issuance of shares, or bonds, and the value of each of these sources. For example, financing long-term investments may expose the company to financial difficulties in the future.
B. Forecasting the facility's needs for future cash flows, (Hammad, 187: 2006)
C. Identify the amounts paid to repay loans, bonds, dividends and others
D. d- The cash flows from financing activities are used as an indicator of the availability or use of cash through shares, bonds and loans, and the extent to which the company distributes dividends to shareholders.

4- The importance of net financing cash flows statement
The importance of analyzing cash flows from financing activities can be known as an indicator of the extent to which cash is saved or used through the issuance of shares, bonds and borrowing, and it is an indicator of the extent to which the economic unit makes dividend distributions to shareholders. Shareholders' claims of future cash flows (Dergham, 2008: 74). As for the non-cash investment and financing activities, they are non-cash operations that are not included in the cash flow statement, such as the issuance of ordinary or preferred shares in exchange for owning lands, or any other in-kind assets, or using an in-kind asset to pay off loans and convert bonds into ordinary shares. These activities do not result in cash inflows or outflows in the economic unit, but these activities are among the important activities for users of financial statements, and may affect cash flows in the future (Al-Khalayleh, 2007: 199).

Second: The Growth Of Banking Institutions

Introduction:

Economies of scale are related to the size of the enterprise. As the size of the enterprise or one of its elements increases, the cost of production decreases, and vice versa. The efficiency of scale in the bank refers to saving or not saving in its costs when increasing the volume of products while maintaining a constant mix of inputs. Therefore, economies of scale represent the most important factor in increasing profits. In the banking institution, because the expansion of the size of the bank and the volume of its operations gives it the opportunity to obtain lower costs through the distribution of fixed costs This phenomenon is the principle of economies of scale or the principle of yield of scale. However, this increase cannot continue indefinitely, but rather begins to decline at a certain limit, which is the limit at which the enterprise seeks the optimal size. From a theoretical point of view, economies of scale allow large enterprises to provide services and provide products With a lower average cost than smaller-sized establishments, the more production changes and the higher the fixed input costs spread over a larger amount of production and the average costs per unit decrease. The growth or increase in the size of the commercial bank can be measured by monitoring and following up the increase in its basic operational elements, the most important of which are the following:

1- Bank liquidity

A - The concept of banking liquidity:

Banks liquidity concept

Banking liquidity means the ability of a commercial bank to pay in cash all its commercial obligations and to respond to credit requests or grant new loans. Banking ((keeping liquid cash assets in addition to financial assets that are predominantly liquid in order to meet immediate or urgent cash needs (Brigham, E., and Ehrhardt, M, 2010, 43)

Commercial banks are more interested in liquidity than other intermediary financial institutions, such as specialized banks and insurance companies, and this is due to two reasons: the first is that the ratio of their cash liabilities to their total resources is very large, and the second is that a large part of their liabilities consists of short-term obligations.

B: Factors affecting bank liquidity

The liquidity of the commercial bank is not fixed, but in constant change, and the most important factors affecting it are the following:

1- Deposit and withdrawal operations on deposits:

At a time when withdrawals on deposits in cash, i.e. the conversion of deposits into legal money (paper and metal) to complete daily transactions, leads to a reduction in the cash of the fund and the reserves of the commercial bank at the Central Bank, and thus to a reduction in its liquidity, the deposit operations, i.e. the conversion of legal money into deposits Banking working to improve the liquidity of the commercial bank (Jean barreau, 2001, 56).

2- Customer transactions with the public treasury:

The liquidity of the commercial bank can also be affected through the relationship of the public with the public treasury, and in general, banking liquidity improves in the event that the commercial bank's clients are creditors to the treasury, and the credits of customers to the treasury are achieved in many cases, the most important of which are:

a) Customers work in state agencies and deposit the money they receive with a commercial bank.

b) To recover the amounts of government bonds purchased by customers in a previous period.

C) Concluding a deal supplying goods and services to the state (Pierre Vernimmen, 1998.54).

Conversely, the liquidity of the commercial bank shrinks when its customers do the following:

- Paying taxes to the government.

- Purchasing government securities such as treasury bills and long-term public bonds.

- Customers withdraw part of their deposits and deposit them with postal savings funds, given that the rights offered by these institutions have a greater incentive return.

3-Balance of clearing operations between banks:

Clearing Setment Among Banks

The liquidity of the commercial bank increases if it appears that the balance of its current account is in credit with the Central Bank as a result of settling its accounts with other commercial banks operating in the country. In this case, new cash resources are added to its cash reserves that it maintains with the Central Bank, which increases its cash balances.

It should be noted here that clearing operations that take place at the level of the commercial banking system lead to a change in the distribution of available liquidity between banks without accompanying any change in the total amount of banking liquidity. As for the level of a single commercial bank, the amount of available liquidity will be affected as a result. Clearing operations, as the bank that achieves a credit balance before other banks will witness an improvement in its liquidity, and vice versa. (Prakash 13, Pinto, 2017, 21)

3- The position of the central bank in relation to banks:

Central Bank Attitude towards Banks

The central bank, as a representative of the monetary authority, has the ability to influence banking liquidity by providing commercial banks with the required cash of paper money and coins. Lending, and this central bank policy depends on raising the rediscount rate and selling government bonds in the open market, and raising the legal cash reserve ratio, and the opposite happens in the case of expanding the currency supply, because this leads to an increase in bank cash balances, and expands its banking liquidity, which allows analysis The latter expands its lending capacity and counteract various withdrawals from the currency. (Smith, C.W. and L. Watts, 1992, 12)

5- Owned capital balance :

The owned capital balance affects the liquidity of the bank, as the higher the owned capital balance, the higher the liquidity and vice versa, that is, the lower the owned capital balance, the less the bank's liquidity, and then its lending capacity was determined and its confrontation to pay its current obligations decreased.

2- Profitability

a- The concept of profitability

Achieving profits is one of the most important goals pursued by commercial banks Other economic units - (it is necessary for their survival and continuity), as it is considered the main requirement for each of the depositing shareholders, lenders, management, and regulatory authorities, as it is the goal that the shareholders aspire to to increase the value of their wealth, and it is the source of confidence for each of the depositors. And lenders creditors to the bank, which is also the goal you aspire to The management of the bank because it is an important indicator for measuring its efficiency in using the resources it has, (Slash, 11, 2008).

B- Definition. Profitability:

Profitability can be defined as the relationship between the profits achieved by the establishment and the investments that contributed to achieving these profits.

Profitability is considered a goal of the establishment and a measure for judging its efficiency at the level of the total unit or partial units (Awareb, 2007, 54).

C- Factors affecting the profitability of commercial banks

- Management. The bank

The profitability of commercial banks is affected by the ability of the management of these banks to balance the return and risks, and to reduce costs and increase revenues, through management's experience and ability to Planning, organizing, directing and controlling

- Bank size

The size of a bank is usually measured by the amount of assets the bank owns or how much it owns In addition, the increase in the size of the assets of commercial banks increases their ability to Investment It is always expected that an increase in the bank's assets will lead to an increase in its profitability.

- Liquidity

The liquidity of the bank means the ability of the bank to meet its obligations immediately, through Converting any of the assets into liquid cash quickly and without loss in value. Therefore, given the importance of liquidity for banks, they are committed to maintaining a legal liquidity ratio of no less than a minimum of their liquid obligations to meet these requirements. In the sense that achieving one of them will be at the expense of the other, as increasing profitability requires investing in more funds and less liquid assets, and this contradicts the goal of liquidity.

3- Bank deposits

A- The concept of deposits

The first stage of the production of financial commodities depends on the ability of the commercial bank to attract deposits from the external public, as the deposits represent the largest part of the bank's resources, and what capital and reserves are supported by these resources, as they constitute no less than 90% of the total sources of its financing, and the total size of the bank depends On his ability to attract the largest possible number of depositors, as well as increase the total deposits, and of course, when banks accept deposits, they perform an important service for the national economy. (Singhania, Monica and Seth, Abir, 2010, 55)

b- Definition of bank deposits

These are the sums declared in any currency, deposited in banks, and payable on demand or after or after a notice or a specific maturity date. It is an agreement whereby the depositor pays an amount of money to the bank by one of the means of payment, and based on that, creating a deposit on demand or for a term that is determined according to the agreement between the two parties, and this results in the commitment of the bank to pay the amount of the deposit from the money units to the depositor or his orders on demand or within a specific time.

C- Factors affecting the size of bank deposits

1- The interest rate

2- Monetary inflation

3- The rule of alternatives

4- Physical and personal characteristics of the bank

5- Bank policies (deposits, loans and investment policy)

6- Bank size and location

7- The general economic policies of the country

8- The spread of banking awareness and the savings habit of society

It can be said that increasing these basic elements means an increase in the size of commercial banks and growth in its financial activities, and vice versa, as it can be considered one of the basic goals that the bank management seeks to develop continuously. At the same time, these elements represent an important measure for measuring the efficiency of commercial bank management in light of market competition.

The third topic / the practical side of the research

First: the financial analysis of the indicators used in the research

1- Analysis of the net financing cash flows of commercial banks, the research sample.

Table (3-1) presents the changes in the values of the net financing flows of the banks, the research sample, as it is noted that they have taken fluctuating paths during the years surveyed, which may be the result of the expansion of borrowed funds at one time or the distribution of profits at other times, and this is due to the expansion of the activities and businesses of banks, given the The values of the net financing cash flows of the Bank of Baghdad, we find in the year 2016 it was (-1207518) thousand dinars, as it represents the reserves, and there is no distribution of profits in

this year, and in the year 2017 it was (-11789613) thousand dinars, as this value represents the distribution of profits reserves, as the result of the value appeared in a negative And in the year 2018, it was (-846024) thousand dinars, which represents the payment of long-term loans In the year 2019, it was (-2512,210) thousand dinars, as it represents the profits distributed and the repayment of long-term loans, and in the year 2020 it was (1,303,730) thousand dinars, as it represents the proceeds from long-term loans. As the bank achieved the highest value in the year 2020 and the lowest value in the year 2015. As for the values of the net financing cash flows of the United Investment Bank, we find that in the year 2016 it was (-2368390) thousand dinars, as it represents reserves and allocations, and there is no distribution of profits in this year, and in the year 2017 was (-4,507,000) thousand dinars, as this value represents a loan from the Central Bank of Iraq that was repaid, as the result of the value appeared in the negative, and in the year 2018 it was (157,000) thousand dinars, as it represents long-term loans obtained from the Central Bank of Iraq, and in the year 2019 it was (652607) thousand dinars, which represents retained earnings of long-term loans. As for the year 2020, it was (-321,125) thousand dinars, as it represents the proceeds from long-term loans and the change in fair value. The bank achieved the highest value in 2019 and the lowest value in 2016.

Table No. (3-1) Analysis of the net financing cash flows of commercial banks, the research sample

Years	Baghdad Private Bank	United Bank for Investment	average
2016	1,207,518.000-	2,368,390.000-	1,787,954.000-
2017	11,789,613.000-	4,507,000.000-	8,148,306.500-
2018	846,024.000-	157,000.000	344,512.000-
2019	2,512,210.000-	652,607.000	929,801.500-
2020	1,303,730.000	321,125.000-	491,302.500

Source: Financial statements of commercial banks, research sample for the period (2016-2020)

2- Legal Liquidity Ratio Index:

It is considered one of the most objective and used liquidity ratios, as it measures cash and semi-cash liquidity, and refers to the total liquid and semi-liquid

assets held by the commercial bank to cover its financial obligations from deposits and the like.

Cash balances include primary reserves represented by cash on hand, cash at the Central Bank and other

banks, and semi-cash balances, secondary reserves represented by discounted commercial papers and various investments. For the purpose of analyzing and showing the legal liquidity ratio shown in Table (3-2) for the banks of the research sample and for the entire

approved time series, when following up the results, it becomes clear that there is a large variation at the level of one bank and for all sample banks, which is their financial performance, which can be analyzed as follows:

Table (2-3) The evolution of the liquidity ratio of commercial banks for the research sample for the period (2016-2020)

Bank name	2016	2017	2018	2019	2020	average
Baghdad Private Bank	99%	105%	100%	85%	103%	98.4%
United Bank for Investment	38.40%	41%	64%	11%	20%	34.9%

Source: Financial statements of commercial banks, research sample for the period (2016-2020)

In the year (2016), the results showed that the highest percentage was achieved by the Bank of Baghdad, which amounted to (99%), which means an increase in the bank's ability to meet its obligations by having sufficient cash liquidity. As for the percentage of the United Bank for Investment, it amounted to (38.4%), and this means a decrease in this percentage, but it remains within the established coverage ratio. When viewing the results for the year (2017), it is noted that the Bank of Baghdad achieved the highest rates, which amounted to (105%), after it was (99%).   This is an indication of the growth of the bank's balances for the third year and its ability to meet its obligations more than the previous year. On the other hand, there are funds accumulating without use for the second year as well. As for the percentage of the United Bank for Investment, it amounted to (41%), compared to (38.4%), which means an increase in the bank's cash balances from the previous year, which helps it a lot in paying its financial obligations and avoiding the risks that hover around the banking environment.

As for the year (2018), the results showed that the Bank of Baghdad achieved a rate of (100%), after it was (105%) in 2017, and this means a slight decrease compared to the previous year. As for the percentage of the United Bank for Investment, it

amounted to (64%), compared to (41%). The bank witnessed an increase in its cash balances and its ability to pay its obligations. The analysis for the year (2019) shows that the percentage achieved by the Bank of Baghdad amounted to (85%), compared to (100%), as it witnessed a decrease in its cash balances compared to the previous year, and this is due to the beginning of the investment of its liquid funds after the noticeable improvement in the general conditions in the country. As for the lowest percentage of the United Bank for Investment, it reached (11%) after it achieved in the previous year (64%). This means that the bank is witnessing a large and increasing decrease in cash balances, and its ability to meet its obligations from the previous year. Likewise, this percentage has decreased to below the established percentages. from the central bank As for the year (2020), the Bank of Baghdad achieved a rate of (103%), after it was (85%), as it witnessed an increase in its cash balances compared to the previous year. As for the percentage of United Bank for Investment, it amounted to (20%) after it achieved in the previous year (11%), and this means that the bank has improved the level of its cash liquidity, and its ability to meet its obligations for the previous year. . As the following diagram shows:
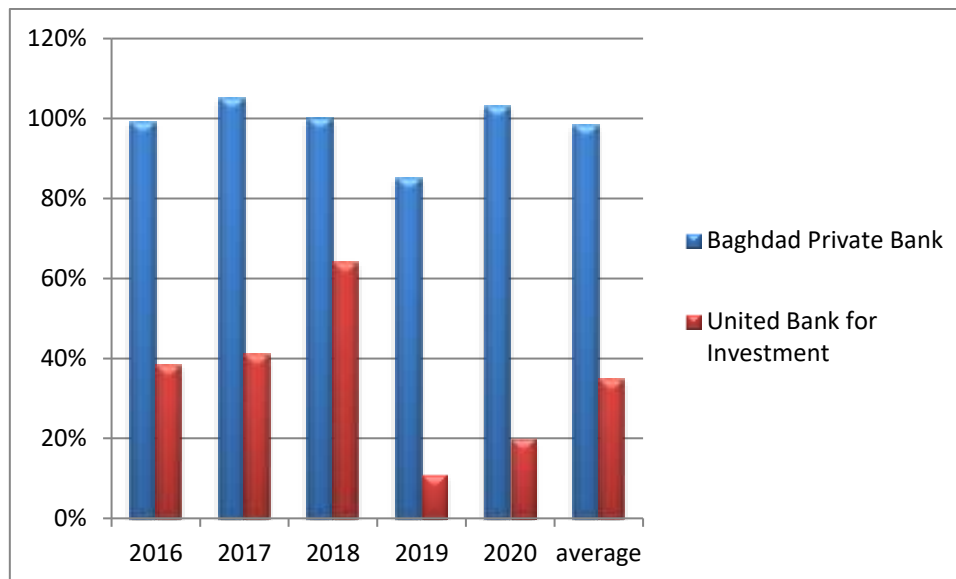
Figure (1-3): The evolution of the legal liquidity ratio of commercial banks for the research sample for the period (2016-2020)
Source: Data in Table (3-2)

3- Profitability ratio indicator:

This ratio is one of the most important financial performance ratios in commercial banks, and the most widely used in financial analysis. It indicates the rate of return achieved when investing money in the commercial and investment activities of the bank. This ratio indicates the extent to which the bank is able to generate profits from its various activities. This ratio is found By dividing the net profit (after taxes) by the total shareholders' equity, which is a good indicator for evaluating the development and growth of various banking operations, and its high level indicates a great ability of the bank's management to manage and expand banking activities, and to invest shareholders' money in an excellent way, it can be analyzed as follows:

Table (3-3) The evolution of the profitability ratio of commercial banks for the research sample for the period (2016-2020)

Bank name	2016	2017	2018	2019	2020	average
Baghdad Private Bank	7%	2.2%	1.5%	2.7%	1%	2.88%
United Bank for Investment	1.60%	0%	0%	0%	0%	0.32%

Source: Financial statements of commercial banks, research sample for the period (2016-2020)

In the year (2016), the results showed that the highest percentage achieved by the Bank of Baghdad amounted to (7%), and this means a good increase in the ability to generate profits. As for the United Bank for Investment, it achieved a profit rate of (1.6%), which means very modest net profits. When viewing the results for the year (2017), it became clear that the Bank of Baghdad achieved profits amounting to (2.2%), after it was (7%) in the previous year, and this is an indication of a significant decline in the bank's ability to achieve profits from the previous year. As for the United Bank for Investment, it did not achieve any profits for this year, as it amounted to (0%), after it was (1.6%). It is noted in the year (2018) that the Bank of Baghdad achieved a profit rate of (1.5%), after it was (2.2%) in the previous year, and this means that the bank's ability to generate profits for its own funds continues to decline compared to the previous year. As for The United Bank for Investment, it did not achieve any profits this year either, which amounted to (0%), and this means that the bank is really suffering from financial performance. And in the year (2019), the Bank of Baghdad achieved the highest percentage, which is (2.7%), after it was (1.5%), and this means that it achieved a relative increase from the previous year in its ability to achieve profits. As for the United Bank for Investment, it also did not achieve profits for this year, as the percentage reached (0%), and this means that it is witnessing a significant and continuous deterioration, and it is

increasing from the previous year, and it did not achieve any profits this year. As for the year (2020), the Bank of Baghdad achieved a profitability rate of (1%), after it was (2.7%), and this means that it achieved a serious decrease from the previous year in its ability to achieve profits. As for the United Bank for Investment, it also did not achieve profits for this year, as the percentage reached (0%), and this greatly affected its market value in trading, which also witnessed a noticeable decline. The following diagram also shows:
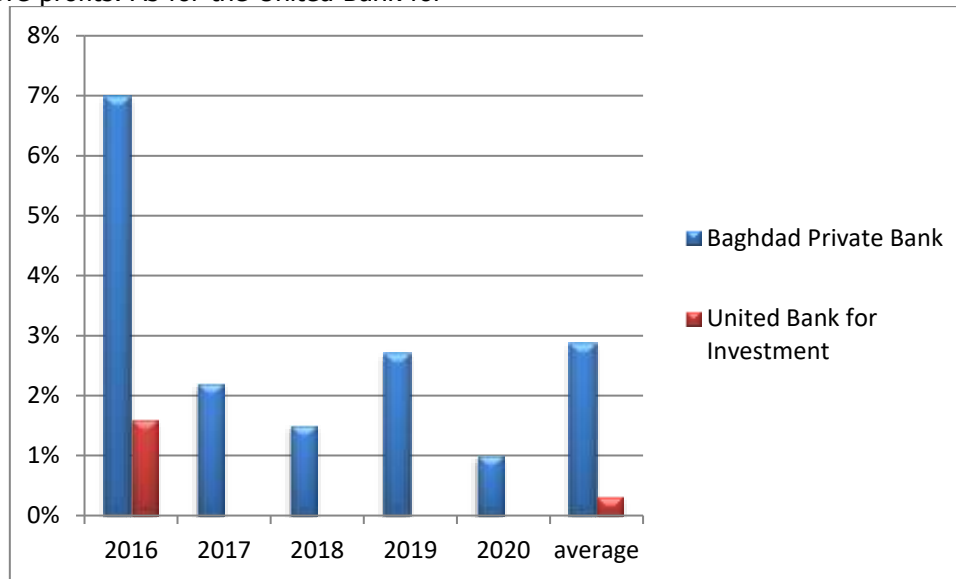

Figure (2-3): Evolution of the profitability ratio of commercial banks for the research sample for the period (2016-2020)

Source: Data in Table (3-3)

4- The ratio of total deposits to equity.

This ratio refers to the amount that deposits constitute of the total financing of the commercial bank as an external source of financing, and it is calculated by dividing the total deposits of all kinds, by equity. The high of this percentage means the bank's great ability to attract deposits from different segments of society on the one hand, and on the other hand, increasing customers' confidence in this bank.It is also considered an important indicator of the increase in the growth rates of commercial banks, the fact that the bank increases the deposits of the public with it, it will reuse them to finance larger and more activities than before. When reviewing table (3-4) the ratio of deposits to equity of sample banks within the approved time series, we find the following:

Table (3-4) Evolution of the ratio (deposits to total equity) of commercial banks, the research sample for the period (2016-2020)

Bank name	2016	2017	2018	2019	2020	average
Baghdad Private Bank	293%	258%	295%	293%	385%	305%
United Bank for Investment	43%	41%	42%	23%	50%	40%

Source: Financial statements of commercial banks, research sample for the period (2016-2020)

In the year (2016) it is noted that the highest percentage achieved by the Bank of Baghdad reached (293%), and this means that the policy of relying on deposits as a source of financing is achieving success..As for the United Bank for Investment, it achieved a rate of (43%), and this means that the bank uses deposits as a source of A group of sources to finance its activities. By looking at the results for the year (2017), it was found that the Bank of Baghdad achieved a rate of (258%), after it was (293%) for the previous year, and this means that the bank will continue to rely on the policy of attracting deposits

with a relative decrease from the percentage of the previous year. As for the United Bank for Investment, it reached (41%) after achieving (43%), and this means continuing the same policy to deal with attracting customer deposits. . And in the year (2018), the percentage achieved by the Bank of Baghdad amounted to (295%), compared to (258%), and this means that the bank's dependence on financing with depositors' money increased from the previous year. As for the United Bank for Investment, it reached (42%) after achieving (41%) in the previous year, as it still relies on the same approach in dealing with various deposits. This means the continuation of the bank's policy towards funding levels with deposit funds along with other sources. The analysis for the year (2019) stated that the Bank of Baghdad had achieved

(293%), which was (295%), and this indicates the continuation of the bank with its current policy of dealing with depositors money. The United Bank for Investment has reached (23%) after achieving (42%), and this means a decrease in the bank's ability to attract depositors' money, which significantly affected its banking activities. As for the year (2020), the Bank of Baghdad achieved a rate of (385%), which was (293%), and this explains the large increase in attracting funds, which was supposed to directly affect the increase in its profitability. As for The United Bank for Investment, its rate reached (50%) after it achieved (23%), and this means an increase in the bank's ability to attract depositors' money and return to the normal situation approved in the policy of attracting deposits, as shown in the following diagram:
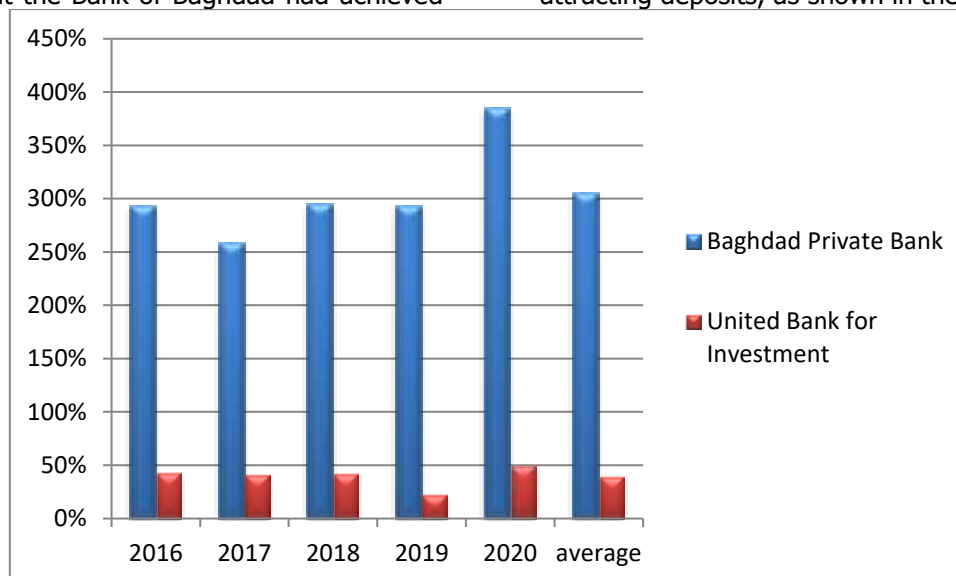

Figure (3-3): Evolution of the ratio of total deposits to property rights for commercial banks, the research sample for the period (2016-2020)

Source: Data in Table (3-4)

Third: Hypotheses Test:
1- Proof of the first sub-hypothesis

For the purpose of testing the first sub-hypothesis, which states that there is a significant and statistically positive correlation and effect of net financing cash

flows on banking liquidity), simple linear correlation and simple linear regression have been used to find out the extent of a correlation and effect between variables, as shown in the table below:

Table (3-5) Correlation and simple linear regression of the correlation relationship and the effect (of net financing cash flows on legal liquidity) for the research sample banks

Bank name	correlation coefficient(R)	Selection parameter box (R²)	tabular value(B)	fixed limit	significance level(sig)
Baghdad Private Bank	0.251	0.063	97.23	0.00	0.684

United Bank for Investment	0.24	0.057	31.94	-2.30	0.698

The results of the statistical analysis of the first sub-research hypothesis in Table (5-3) showed that there is a weak, positive and non-significant correlation and effect relationship between the net financing cash flows and the legal liquidity used in the research for both banks of the research sample, as the correlation coefficient "R" in the Bank of Baghdad reached ((0.251) with a level of significance (0.684), which is higher than the level of significance approved by the research, which is (0.05), which means that there is a weak positive correlation and is not significant, and the interpretation coefficient "R2" amounted to (0.063), which explains the degree of influence of the independent variable "net financing cash flows "With legal liquidity, meaning that the independent variable was able to explain its percentage (0.063) of the total variations of the dependent variable, and that (0.937) of the discrepancies are due to other factors, and the value of the influence of legal liquidity determinants on net financing cash flows showed different results based on the answers of the research sample, As the value of the degree of "β" vulnerability to liquidity reached (97.23), which means that the increase of one degree in net financing cash flows is reflected in the legal liquidity determinants in the Bank of Baghdad, with a value of (97.23), and this means rejecting the first sub-hypothesis of the research, which states (the existence of a relationship Correlation and a significant and statistically significant positive effect of net financing cash flows on cash liquidity" at the Private Bank of Baghdad.

As for the United Bank for Investment, the correlation coefficient "R" reached (0.240) at a level of significance (0.698), which is higher than the level of

significance approved by research and amounted to (0.05), which means that there is a weak positive correlation and is not significant, and the interpretation coefficient "R2" amounted to (0.057). , which explains the degree of impact of the independent variable "net financing cash flows" on legal liquidity, meaning that the independent variable was able to explain its percentage (0.057) of the total variations of the dependent variable, and that (0.943) of the variations are due to other factors, and the value of the influence of legal liquidity determinants was shown With net financing cash flows with different results based on the answers of the research sample, as the value of the degree of "β" vulnerability to liquidity reached (31.94), which means that the increase of one degree in net financing cash flows is reflected in the legal liquidity determinants with a value of (31.94), and this means rejecting the sub-hypothesis The first of the research, which states (the existence of a positive correlation and impact of the net financing cash flows on the cash liquidity) in the United Bank for Investment.

2- Proof the second sub-hypothesis
For the purpose of testing the second sub-hypothesis, which states (the existence of a positive correlation and effect of the net financing cash flows on the profitability of the research sample banks), the simple linear correlation and simple linear regression were used to find out the extent of the existence of a correlation and effect relationship between the variables used in the research, and as shown In the table below:

Table (3-6) Correlation and simple linear regression of the correlation relationship and the impact (of net financing cash flows on profitability) for the research sample banks

Bank name	correlation coefficient (R)	Selection parameter box (R2)	tabular value(B)	fixed limit	significance level(sig)
Baghdad Private Bank	0.045	0.002	2.944	2.12	0.942
United Bank for Investment	0.285	0.081	1.98	-9.53	0.642

The results of the statistical analysis of the second research sub-hypothesis in Table (3-6) showed that there is a weak, positive and non-significant

correlation and effect relationship between net financing cash flows and profitability for both banks of the research sample, as the correlation coefficient "R"

in the Bank of Baghdad reached (0.045) at the level of Significance (0.942), which is higher than the level of significance approved by the research, amounting to (0.05), which means that there is a very weak and non-significant positive correlation, and the interpretation coefficient "R2" amounted to (0.002), which explains the degree of influence of the independent variable "net financing cash flows" on profitability That is, the independent variable was able to explain only (0.002) of the total variations of the dependent variable, and that (0.998) of the variations are due to other factors, and the value of the profitability determinants affected by net financing cash flows showed different results based on the answers of the research sample, as it amounted to a value The degree of influence of "β" on profitability (2.944), which means that the increase by one degree in the net financing cash flows is reflected in the determinants of profitability in the Bank of Baghdad, with a value of (2.944), and this means rejecting the first sub-hypothesis of the research, which states (the existence of a significant correlation and effect relationship Positive statistical and significant net financing cash flows on profitability (at the Private Bank of Baghdad.

As for the United Bank for Investment, the correlation coefficient "R" reached (0.285) at a level of significance (0.642), which is higher than the level of significance approved by research and amounted to (0.05), which means that there is a weak positive

correlation and is not significant, and the interpretation coefficient "R2" amounted to (0.081). , which explains the degree of impact of the independent variable "net financing cash flows" on profitability, meaning that the independent variable was able to explain its percentage (0.081) of the total variations of the dependent variable, and that (0.919) of the variations are due to other factors, and the value of profitability determinants was affected by net flows The financing cash produced different results based on the answers of the research sample, as the value of the degree of "β" vulnerability to liquidity reached (1.98), which means that the increase of one degree in net financing cash flows is reflected in the determinants of profitability, with a value of (1.98), and this means the rejection of the second sub-hypothesis of the research Which stipulates (the existence of a positive correlation and impact of net financing cash flows on profitability) in the United Bank for Investment.

3- Proof the third sub-hypothesis.

For the purpose of testing the third sub-hypothesis, which states that "there is a positive correlation and effect of the net financing cash flows on the ratio of total deposits to the equity of the banks (the research sample), the correlation and simple linear regression were used to find out the extent of the existence of a correlation and effect between the variables used in the research , as shown below:

Table (3-7) Correlation and simple linear regression of the correlation and impact (net financing cash flows on the ratio of total deposits to equity) of the research sample banks.

Bank name	correlation coefficient (R$^)$	Selection parameter box (R$^{2)}$	tabular value(B)	fixed limit	significance level(sig)
Baghdad Private Bank	0.733	0.537	325.33	6.82	0.159
United Bank for Investment	0.313	0.098	37.925	-1.40	0.608

The results of the statistical analysis of the third sub-research hypothesis in Table (3-7) showed that there is a strong positive and non-significant correlation and effect relationship between net financing cash flows and profitability in the Private Bank of Baghdad, but in the United Bank for Investment, the relationship was weak, positive and not significant, according to the following analysis :

As the correlation coefficient "R" in the Bank of Baghdad reached (0.733) at a level of significance

(0.159), which is higher than the level of significance approved in the research and amounted to (0.05), which means that there is a good positive correlation and is not significant, and the interpretation coefficient "R2" amounted to (0.537), Which explains the degree of influence of the independent variable "net financing cash flows" by the percentage of total deposits, meaning that the independent variable was able to explain only (0.537) of the total variations of the dependent variable, and that (0.463) of the variations

are due to other factors, and the value of the influence of the determinants of the ratio showed Total deposits to equity in net financing cash flows with different results based on the answers of the research sample, as the value of the degree of "β" impact of profitability reached (325.33), which means that the increase of one degree in net financing cash flows is reflected in the determinants of the ratio of total deposits in the Bank of Baghdad, With a value of (325.33), this means rejecting the third sub-hypothesis of the research, which states (the existence of a correlation and impact of significant and positive statistical significance of net financing cash flows on the ratio of total deposits to equity) in the Private Bank of Baghdad.

As for the United Bank for Investment, the correlation coefficient "R" reached (0.313) at a level of significance (0.608), which is higher than the level of significance approved by research and amounted to (0.05), which means that there is a weak positive correlation and is not significant, and the interpretation coefficient "R2" amounted to (0.098) , which explains the degree of influence of the independent variable "net financing cash flows" by the percentage of total deposits, meaning that the independent variable was able to explain its proportion (0.098) of the total variations of the dependent variable, and that (0.902) of the variations are due to other factors, and the value of the influence of the determinants of the ratio showed Total deposits with net financing cash flows with different results based on the answers of the research sample, as the value of the degree of influence of "β" for the percentage of total deposits reached (37.925), which means that the increase of one degree in net financing cash flows is reflected in the determinants of the percentage of total deposits, with a value of (37.925). This means rejecting the third sub-hypothesis of the research, which states (the existence of a positive correlation and impact of net financing cash flows on profitability) in the United Bank for Investment.

CONCLUSION

Through the statistical analysis of the correlation and effect relationship between the indicators of the independent variable and the indicators of the dependent variable, it was found that there is no correlation and effect between the net financing cash flows and the growth indicators of commercial banks used in the research, represented by (legal liquidity, profitability, the ratio of total deposits to equity), and this means that Indicators of the growth of commercial banks do not relate to their work with the net financing cash flows except with a weak and non-

significant relationship, meaning that they work in isolation from them. There are other indicators that may have a greater impact on the growth indicators of commercial banks used in the research.

Conclusions and recommendations
First: conclusions

1- It was found through the financial analysis of the indicators used to measure the research variables that there is a clear fluctuation in the net financing cash flows of the surveyed banks, as their value in most years of the research was negative, and this is due to several reasons, including the policy of distributing profits and reserves and paying the income tax, which is in most cases Its are greater than the increase in capital.

2- It was found through the financial analysis of the indicators of the growth of commercial banks that the banks in question are not committed to the legal ratios of liquidity in most years of the research, where we find the Bank of Baghdad, for example, holding much more money than the ratios established by the Central Bank of Iraq in most years of the research, while the United Bank for Investment in some years In the research, its liquidity is less than the established percentages. As for profitability, we find that the banks sampled in the research did not achieve the expected profits from their work.Most of the years, the profits were low, especially the United Bank for Investment, which did not achieve profits.Especially the Private Bank of Baghdad, they have a high rate of attracting deposits in most years of research and at the same time achieve very low profits.

3- It was found through statistical analysis (correlation and effects) that net financing cash flows have a very weak and non-significant correlation with all indicators of banks' growth used in the research, which means that net financing cash flows do not effectively affect the bank's ability to grow and develop its expansion activities In the same search banks

4- Not exploiting the factors that help the growth of commercial banks, the research sample, since most of these factors exist, such as (liquidity and deposits), but the failure of banks to use correct policies in investing them and achieving returns from them made them useless.

SECOND: RECOMMENDATIONS

1- The need for commercial banks, the sample of the research, to show the greatest interest in investment banking policies because of their role in the growth and development of commercial banking institutions, especially since most growth factors are available in commercial banks**.**

2- Commercial banks not adopting the net financing cash flow index as a measure of growth and development of banking activities, since this index often does not cover reserves and income tax in most banks.

3- 3-The need for commercial banks to pay attention to the policy of profitability growth, as it is one of the main factors that help in the growth and development of commercial banks through setting promising policies to develop banking services provided to customers.

4- Commercial banks should focus on exploiting the banking liquidity available in banks and avoid hoarding their funds and exploiting them in banking and financing activities that have good benefits for growth and development.

5- The need for the central bank to reduce the involvement of commercial banks in its safe investments, such as (purchasing government bonds and participating in the currency sale auction) in order to focus banks on new activities that serve society and the bank together.

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