Turkish Online Journal of Qualitative Inquiry (TOJQI)
Volume 12, Issue 9, August 2021: 3813-3826

# Measuring the impact of commercial banks on economic development for the duration (2004-2019)

Ebtdaa Mohammed Kadhm[A] Dr. Azhar Shamran Jaber[B]

**A-** Iraq - Wasit University / Email: abtida15@gmail.com
**B-** Iraq - Wasit University / Email: azharshamran93@gmail.com

## Abstract

Commercial banks are of great importance in an economy where they contribute effectively to its further growth, are a fundamental pillar of the economy as well as its driving source, and the importance of commercial banks is linked to the rate of increase in the development process through commercial banks.

## Introduction

Commercial banks are one of the fundamental pillars of a country's economic and financial development and reflect its economic and financial systems as the basis and centerpiece of the economy, States do not progress or develop without an effective and healthy banking system because of its potential through its activities, Since the process of building the economy of any country, whatever it may be, banks occupy a special part of it, According to above , the research structure consists of the following four axes:

1. methodology of research
2. the theoretical aspect
3. Standard Practical Aspect
4. Conclusions and Recommendations

## Methodology Of Research

1. Research Problem: - The abnormal conditions that Iraq has experienced have led to many constraints that have affected the role of commercial banks in economic development.
2. Research hypothesis:- Commercial banks play an important role in driving economic development in the Iraqi economy.
3. methodology of research:- The study was based on the descriptive and standard curriculum
4. search limits :- The temporal boundary of 2004-2019, and the spatial boundary of the research sample of state and private commercial banks in Iraq.

## The Theoretical Aspect

- **firstly** :- Concept of Commercial banks . Commercial banks "are those that normally accept deposits paid on demand or for limited periods and conduct and service internal and external financing in order to achieve the objectives of the development plan, State policy and national

economic support, The development of savings and financial investment at home and abroad, including contributions to the creation of enterprises and required banking, commercial and financial operations, shall be undertaken in accordance with the conditions established by the Central Bank. "

- **Secondary**:- Concept of economic development . Definition of development as "representing the structural evolution or change of society in its economic, social, intellectual and organizational dimensions in order to provide a decent life for all members of society."

**Standard aspect**

The concept and definition of econometrics. The literal interpretation of the meaning of econometrics is “economic measurement” And although measurement is the main element of econometrics, the widespread econometrics make us know "econometrics "It's the result of a certain empirical view of the role of economics to include an application of mathematical statistics and economic data that would lead to empirical support for models shown using mathematical economics and obtain numerical results.

- **Firstly** :- The standard aspect of studying the impact of loans on (Gross Domestic Product (GDP)).

Table (11) is the descriptive statistic of the study variables for banks of the sample (loans and Gross Domestic Product (GDP)), the sample size (n = 16).

Table (11) Descriptive Statistics of Study Sample Bank Variables.

| Descriptive Statistics | | |
|---|---|---|
| | **Mean** | **Standard Deviation** |
| **Gross Domestic Product** | **179859904.3688** | **74771270.59548** |
| **Rafidain Bank Loans** | **5686314878.3750** | **5654594094.99909** |
| **Rasheed Bank Loans** | **4805020513.2438** | **13664669591.39953** |
| **Trade Bank Of Iraq Loans** | **2066689688.2875** | **1904265223.44124** |
| **Khaleeji Commercial Bank Loans** | **70674352.7500** | **91418647.08724** |
| **Iraqi Investment Bank Loans** | **72767928.3125** | **46503578.08413** |
| **Middle East Bank Loans** | **61765714.1875** | **42943995.59422** |

and through the results of table (12), which shows the correlation factor between the dependent variable (Gross Domestic Product (GDP)) and the independent variable (loans) It was noted that the relationship of loans to GDP was strong and for all the banks under study, and the higher the volume of loans, the higher the GDP, As shown in the table below, this is identical from economic theory, and we note that, in terms of loans granted, the most impact on the value of Gross Domestic Product (GDP) was on the “Iraqi Investment Bank” at an impact value (0.837), while the “Rashid Bank” at the last degree came with an impact value (0.104).

Table (12) represents Pearson's correlation factor between variables of capital and Gross Domestic Product (GDP).

| | Gross Domestic Product | Rafidain Bank Loans | Rasheed Bank Loans | Trade Bank Of Iraq Loans | Khaleeji Commercial Bank Loans | Iraqi Investment Bank Loans | Middle East Bank Loans |
|---|---|---|---|---|---|---|---|
| **Gross Domestic Product** | **1.000** | **0.718** | **0.104** | **0.468** | **0.472** | **0.837** | **0.777** |
| **Rafidain Bank Loans** | **0.718** | **1.000** | **0.368** | **0.483** | **0.585** | **0.703** | **0.496** |
| **Rasheed Bank Loans** | **0.104** | **0.368** | **1.000** | **0.077** | **0.095** | **0.092** | **0.157** |
| **Trade Bank Of Iraq Loans** | **0.468** | **0.483** | **0.077** | **1.000** | **0.850** | **0.309** | **0.291** |
| **Khaleeji Commercial Bank Loans** | **0.472** | **0.585** | **0.095** | **0.850** | **1.000** | **0.411** | **0.174** |
| **Iraqi Investment Bank Loans** | **0.837** | **0.703** | **0.092** | **0.309** | **0.411** | **1.000** | **0.791** |
| **Middle East Bank Loans** | **0.777** | **0.496** | **0.157** | **0.291** | **0.174** | **0.791** | **1.000** |

Table (13) shows a test of correlation coefficients.

| | Gross Domestic Product | Rafidain Bank Loans | Rasheed Bank Loans | Trade Bank Of Iraq Loans | Khaleeji Commercial Bank | Iraqi Investment Bank Loans | Middle East Bank Loans |
|---|---|---|---|---|---|---|---|
| **Gross Domestic Product** | **.** | **0.001** | **0.351** | **0.034** | **0.032** | **0.000** | **0.000** |
| **Rafidain Bank Loans** | **0.001** | **.** | **0.080** | **0.029** | **0.009** | **0.001** | **0.025** |
| **Rasheed Bank Loans** | **0.351** | **0.080** | **.** | **0.388** | **0.363** | **0.367** | **0.280** |
| **Trade Bank Of Iraq Loans** | **0.034** | **0.029** | **0.388** | **.** | **0.000** | **0.122** | **0.137** |
| **Khaleeji Commercial Bank Loans** | **0.032** | **0.009** | **0.363** | **0.000** | **.** | **0.057** | **0.260** |
| **Iraqi Investment Bank Loans** | **0.000** | **0.001** | **0.367** | **0.122** | **0.057** | **.** | **0.000** |
| **Middle East Bank Loans** | **0.000** | **0.025** | **0.280** | **0.137** | **0.260** | **0.000** | **.** |

From the results of the above analysis containing tests of correlation coefficients between the study variables and from the (P-value) values of the test we note that all values are smaller than the semantic level, which means the morale of the relationship between Gross Domestic Product (GDP) and loans to all banks under study.

Table (14) represents the identification factor for the banking sector.

| CORRELATION COEFFICIENT | THE COEFFICIENT OF DETERMINATION | CORRECTED DETERMINATION COEFFICIENT | ESTIMATED STANDARD ERROR | Durbin-Watson |
|---|---|---|---|---|
| .897[a]0 | .8050 | .6750 | 42636219.65948 | 1.110 |

The identification factor (r-square) is clearly (0.805) and represents the ratio of interpretation of the phenomenon under study by the standard model that represents the role of banks' loans (sample study) on domestic output.

Table (15) represents the estimate of the standard model under study.

| | B | STD-ERROR | T | P-VALUE |
|---|---|---|---|---|
| (Constant) | 74836073.011 | | 3.192 | 0.011 |
| Rafidain Bank Loans | 0.004 | 0.284 | 9.078 | 0.025 |
| Rasheed Bank Loans | -0.001 | -0.100 | -8.583 | 0.035 |
| Trade Bank Of Iraq Loans | 0.004 | 0.102 | 10.294 | 0.026 |
| Khaleeji Commercial Bank Loans | 0.032 | 0.040 | 11.105 | 0.019 |
| Iraqi Investment Bank Loans | 0.483 | 0.301 | 9.812 | 0.049 |
| Middle East Bank Loans | 0.656 | 0.377 | 11.196 | 0.029 |

$$\widehat{Y}_I = 74836073.011 + 0.004X_{i1} + -0.001X_{i2} + 0.004X_{i3} + 0.032X_{i4} + 0.483X_{i5} + 0.656X_{i6}$$

from the results of the assessment described above is that each of the six banks under consideration has a positive impact on domestic output in varying proportions, by testing (t) all the parameters of the above model, it is clear that (p-value) the values of loans and Gross Domestic Product are below an indicative level (0.05 =), that is, there is a moral impact on Gross Domestic Product for the variables of loans for each of the above banks.

Table (16) represent Contrast analysis (ANOVA model test).

| SOURCES OF DIFFERENCE | SUM SQUARE | DF | MEAN SQUARE | F | P-VALUE |
|---|---|---|---|---|---|
| REGRESSION | 67500518555280896 | 6 | 11250086425880150 | 3.975 | .032[b]0 |

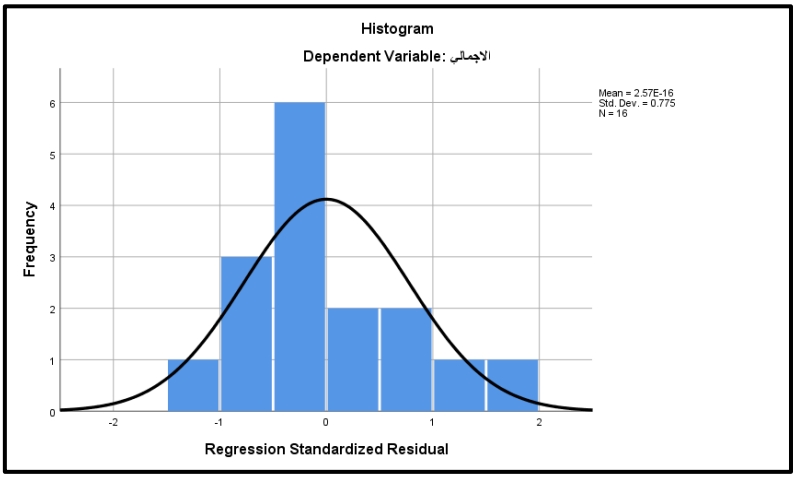
| | | | | | |
|---|---|---|---|---|---|
| **ERROR** | **16360625041665860** | **9** | **1817847226851762.200** | | |
| **TOTAL** | **83861143596946752** | **15** | | | |

We note from the (16) table that the ( F) value calculated for the regression model test is (3.975) with a probability value (p-value = 0. 032 b) that is less than the moral level (0.05 =) of the standard model.

Table (17) represents the descriptive statistics of errors

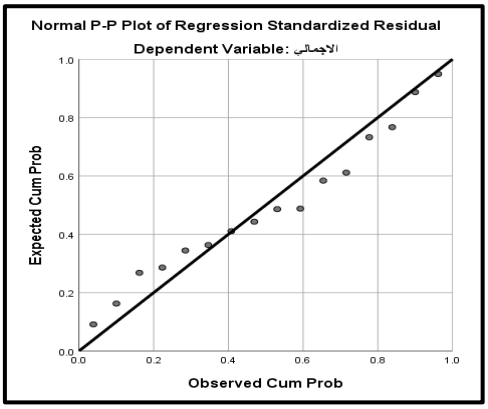
| **Predicted Value** | **Min** | **Max** | **Mean** | **Standard Deviation** |
|---|---|---|---|---|
| | 85804368 | 290320928 | 179859904.3687 | 67082296.99669 |
| Residual | -56874040 | 69831632 | .00000 | 33025873.73728 |
| Std. Predicted Value | -1.402 | 1.647 | .000 | 1.000 |
| Std. Residual | -1.334 | 1.638 | .000 | .775 |

figure (7) represents the normal distribution of standard model errors.




Source/ researcher , based on spss25.

figure (8) illustrates the linear decline and the spread of the values of the study variable (loans).



**Source**/ Researcher, based on spss25.

From the above figure it is clear that there are no anomalous or extreme values for the data of the variable of loans and Gross Domestic Product.

**Secondary**: - The standard aspect of studying the impact of loans on inflation.

Table (18) is the descriptive statistic of the study variables for banks of the sample (loans and inflation), the sample size (n = 16).

Table (18) is the descriptive statistic of the study variables for banks of the sample

| Descriptive Statistics | | |
|---|---|---|
| | **Mean** | **Standard Deviation** |
| **Inflation** | **11.9437** | **16.11339** |
| **Rafidain Bank Loans** | **5686314878.3750** | **5654594094.99909** |
| **Rasheed Bank Loans** | **4805020513.2438** | **13664669591.39953** |
| **Trade Bank Of Iraq Loans** | **2066689688.2875** | **1904265223.44124** |
| **Khaleeji Commercial Bank Loans** | **70674352.7500** | **91418647.08724** |
| **Iraqi Investment Bank Loans** | **72767928.3125** | **46503578.08413** |
| **Middle East Bank Loans** | **61765714.1875** | **42943995.59422** |

The results of table (19) show the correlation factor between the dependent variable (inflation) and the independent variables (loans) It has been noted that the relationship of loans to inflation is strong and for all the banks under study, where the higher the loans, the higher the rate of inflation, and as shown in the table below, this corresponds to economic theory.

Table (19) represents Pearson's correlation factor between the variables of loans and inflation.

| | **Inflation** | **Rafidain Bank Loans** | **Rasheed Bank Loans** | **Trade Bank Of Iraq Loans** | **Khaleeji Commercial** | **Iraqi Investment Bank Loans** | **Middle East Bank Loans** |
|---|---|---|---|---|---|---|---|
| **Inflation** | **1.000** | **-0.612** | **-0.233** | **-0.534** | **-0.393** | **-0.585** | **-0.699** |
| **Rafidain Bank Loans** | **-0.612** | **1.000** | **0.368** | **0.483** | **0.585** | **0.703** | **0.496** |
| **Rasheed Bank Loans** | **-0.233** | **0.368** | **1.000** | **0.077** | **0.095** | **0.092** | **0.157** |
| **Trade Bank Of Iraq Loans** | **-0.534** | **0.483** | **0.077** | **1.000** | **0.850** | **0.309** | **0.291** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Khaleeji Commercial Bank Loans** | **-0.393** | **0.585** | **0.095** | **0.850** | **1.000** | **0.411** | **0.174** |
| **Iraqi Investment Bank Loans** | **-0.585** | **0.703** | **0.092** | **0.309** | **0.411** | **1.000** | **0.791** |
| **Middle East Bank Loans** | **-0.699** | **0.496** | **0.157** | **0.291** | **0.174** | **0.791** | **1.000** |

Table (20) shows a test of correlation coefficients

| | **Inflation** | **Rafidain Bank Loans** | **Rasheed Bank Loans** | **Trade Bank Of Iraq Loans** | **Khaleeji Commercial** | **Iraqi Investment Bank Loans** | **Middle East Bank Loans** |
|---|---|---|---|---|---|---|---|
| **Inflation** | **.** | **0.006** | **0.193** | **0.017** | **0.066** | **0.009** | **0.001** |
| **Rafidain Bank Loans** | **0.006** | **.** | **0.080** | **0.029** | **0.009** | **0.001** | **0.025** |
| **Rasheed Bank Loans** | **0.193** | **0.080** | **.** | **0.388** | **0.363** | **0.367** | **0.280** |
| **Trade Bank Of Iraq Loans** | **0.017** | **0.029** | **0.388** | **.** | **0.000** | **0.122** | **0.137** |
| **Khaleeji Commercial Bank Loans** | **0.066** | **0.009** | **0.363** | **0.000** | **.** | **0.057** | **0.260** |
| **Iraqi Investment Bank Loans** | **0.009** | **0.001** | **0.367** | **0.122** | **0.057** | **.** | **0.000** |
| **Middle East Bank Loans** | **0.001** | **0.025** | **0.280** | **0.137** | **0.260** | **0.000** | **.** |

From the results of the above analysis containing tests of correlation coefficients between the study variables and from the (P-value) values of the test we note that all values are smaller than the semantic level, meaning the morale of the relationship between the loan variable and the inflation under study.

Table (21) represents the identification factor for the banking sector

| **CORRELATION COEFFICIENT** | **THE COEFFICIENT OF DETERMINATION** | **CORRECTED DETERMINATION COEFFICIENT** | **ESTIMATED STANDARD ERROR** | **Durbin-Watson** |
|---|---|---|---|---|
| **.814[a]0** | **.6630** | **.4390** | **12.06877** | **1.573** |

It is clear from table 21 that the identification factor (r-square) is equal to 0.66, i.e., an explanation of the phenomenon under study (loans and their relation to inflation), which is what the stylistic variables of the model have explained.

Table 22 represents the estimate of the standard model under study

| | B | STD-ERROR | T | P-VALUE |
|---|---|---|---|---|
| (Constant) | **31.739** | | **4.783** | **0.001** |
| **Rafidain Bank Loans** | **-1.003E-9** | **-0.352** | **-7.016** | **0.026** |
| **Rasheed Bank Loans** | **-2.221E-11** | **-0.019** | **-8.084** | **0.032** |
| **Trade Bank Of Iraq Loans** | **-3.724E-9** | **-0.440** | **-6.966** | **0.009** |
| **Khaleeji Commercial Bank Loans** | **4.013E-8** | **0.228** | **10.460** | **0.017** |
| **Iraqi Investment Bank Loans** | **4.547E-8** | **0.131** | **9.270** | **0.003** |
| **Middle East Bank Loans** | **-2.013E-7** | **-0.537** | **-11.296** | **0.024** |

$$\widehat{Y}_i = 31.739 + -1.003E-9X_{i1} + -2.221E-11X_{i2} + -3.724E-9X_{i3} + 4.013E-8X_{i4} + 4.547E-8X_{i5} + -2.013E-7X_{i6}$$

One of the results of the assessment described above is that the impact of each of the six banks under consideration has a negative impact on inflation in varying proportions and through a test (t) of all features of the higher model It is clear that (p-value) inflation loan values are below an indicative level (0.05 =), i.e., there is a moral impact on inflation of the variables of loans to each of the above banks.

Table 23 represents contrast analysis (ANOVA model test)

| SOURCES OF DIFFERENCE | SUM SQUARE | DF | MEAN SQUARE | F | P-VALUE |
|---|---|---|---|---|---|
| REGRESSION | **2583.722** | **6** | **430.620** | **2.956** | **.007[b]0** |
| ERROR | **1310.898** | **9** | **145.655** | | |
| TOTAL | **3894.619** | **15** | | | |

We note from table (23) that the F value calculated for the regression test is (2.956) with a probability value (p-value =0.007[b]), less than the moral level (0.05 =) of the morale of the standard model.

Table (24) represents descriptive statistics of errors or remainders

| Predicted Value | Min | Max | Mean | Standard Deviation |
|---|---|---|---|---|
| | **-8.2728** | **31.9510** | **11.9437** | **13.12433** |
| Residual | **-16.49596** | **21.04897** | **.00000** | **9.34843** |
| Std. Predicted Value | **-1.540** | **1.524** | **.000** | **1.000** |
| Std. Residual | **-1.367** | **1.744** | **.000** | **.775** |

Figure (9) represents the normal distribution of standard model errors.

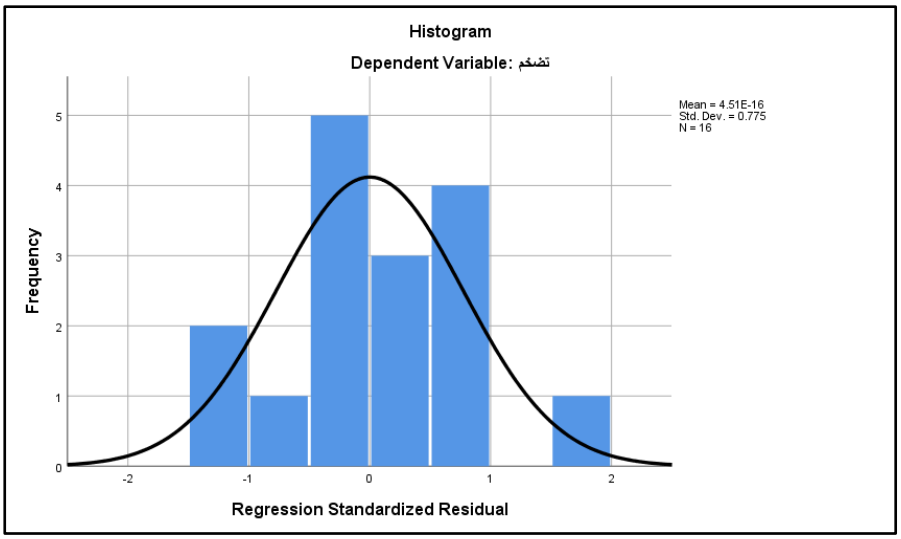
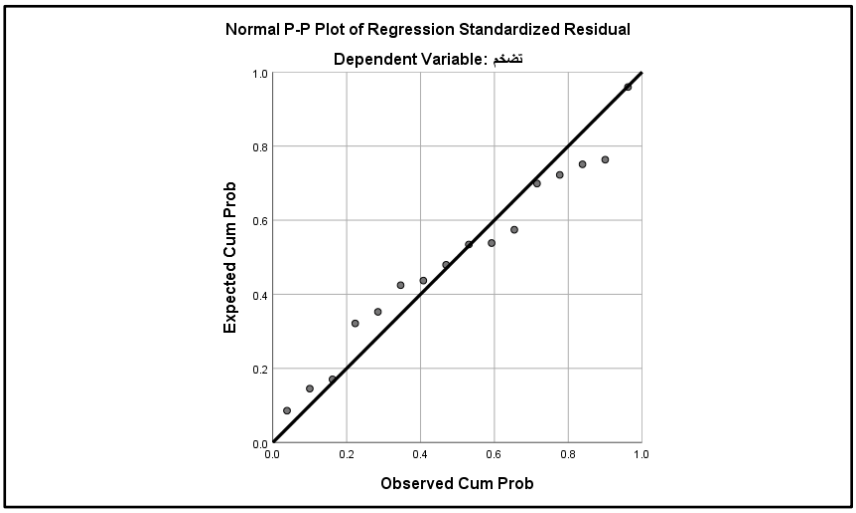



Figure (10) shows linear decline and prevalence of variable study values (inflation)




From the above figure it is clear that there are no anomalous or extreme values for the data of the inflation variable.

- **Thirdly**:- The impact of the loans granted by the sample bank on unemployment.

Table (25) Descriptive Statistics of Sample Banking Variables.

| Descriptive Statistics | | |
|---|---|---|
| | **Mean** | **Standard Deviation** |
| **Unemployment** | **15.8875** | **4.54927** |
| **Rafidain Bank Loans** | **5686314878.3750** | **5654594094.99909** |
| **Rasheed Bank Loans** | **4805020513.2438** | **13664669591.39953** |
| **Trade Bank Of Iraq Loans** | **2066689688.2875** | **1904265223.44124** |

| | | |
|---|---|---|
| **Khaleeji Commercial Bank Loans** | **70674352.7500** | **91418647.08724** |
| **Iraqi Investment Bank Loans** | **72767928.3125** | **46503578.08413** |
| **Middle East Bank Loans** | **61765714.1875** | **42943995.59422** |

While, through the results of table 26 showing the correlation factor between dependent variable (unemployment) and independent variables (loans), it was noted that the relationship of loans to unemployment was strong and that all banks under study had a strong inverse relationship , as loans increase, this is offset by a significant reduction in unemployment rates, and as shown in the table below, this is identical to economic theory.

Table (26) represents Pearson's correlation factor between the variables of loans and unemployment.

| | **Unemployment** | **Rafidain Bank Loans** | **Rasheed Bank Loans** | **Trade Bank Of Iraq Loans** | **Khaleeji Commercial Bank Loans** | **Iraqi Investment Bank Loans** | **Middle East Bank Loans** |
|---|---|---|---|---|---|---|---|
| **Unemployment** | **1.000** | **-.062** | **-.171** | **.120** | **.262** | **-.204** | **-.346** |
| **Rafidain Bank Loans** | **-.062** | **1.000** | **.368** | **.483** | **.585** | **.703** | **.496** |
| **Rasheed Bank Loans** | **-.171** | **.368** | **1.000** | **.077** | **.095** | **.092** | **.157** |
| **Trade Bank Of Iraq Loans** | **.120** | **.483** | **.077** | **1.000** | **.850** | **.309** | **.291** |
| **Khaleeji Commercial Bank Loans** | **.262** | **.585** | **.095** | **.850** | **1.000** | **.411** | **.174** |
| **Iraqi Investment Bank Loans** | **-.204** | **.703** | **.092** | **.309** | **.411** | **1.000** | **.791** |
| **Middle East Bank Loans** | **-.346** | **.496** | **.157** | **.291** | **.174** | **.791** | **1.000** |

Table (27) shows a test of correlation coefficients

| | **Unemployment** | **Rafidain Bank Loans** | **Rasheed Bank Loans** | **Trade Bank Of Iraq Loans** | **Khaleeji Commercial Bank Loans** | **Iraqi Investment Bank Loans** | **Middle East Bank Loans** |
|---|---|---|---|---|---|---|---|
| **Unemployment** | **.** | **0.410** | **0.263** | **0.329** | **0.163** | **0.224** | **0.095** |
| **Rafidain Bank Loans** | **0.410** | **.** | **0.080** | **0.029** | **0.009** | **0.001** | **0.025** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Rasheed Bank Loans** | **0.263** | **.080** | **.** | **0.388** | **0.363** | **0.367** | **0.280** |
| **Trade Bank Of Iraq Loans** | **0.329** | **.029** | **0.388** | **.** | **0.000** | **0.122** | **0.137** |
| **Khaleeji Commercial Bank Loans** | **0.163** | **.009** | **0.363** | **0.000** | **.** | **0.057** | **0.260** |
| **Iraqi Investment Bank Loans** | **0.224** | **.001** | **0.367** | **0.122** | **0.057** | **.** | **0.000** |
| **Middle East Bank Loans** | **0.095** | **.025** | **0.280** | **0.137** | **0.260** | **0.000** | **.** |

From the results of the above analysis containing the tests of the correlation coefficients between the variables studied and from the (P-value) values of the test we note that all values are smaller than the semantic level, meaning the morale of the relationship between the variables under study.

Table (28) represents the identification factor for the banking sector

| CORRELATION COEFFICIENT | THE COEFFICIENT OF DETERMINATION | CORRECTED DETERMINATION COEFFICIENT | ESTIMATED STANDARD ERROR | Durbin-Watson |
|---|---|---|---|---|
| **0.7906** | **0.625** | **0.604** | **5.01544** | **1.179** |

Table (29) represents the estimate of the standard model under study

| | B | STD-ERROR | T | P-VALUE |
|---|---|---|---|---|
| (Constant) | **18.158** | | **6.585** | **0.000** |
| **Rafidain Bank Loans** | **1.954E-11** | **0.024** | **7.048** | **0.023** |
| **Rasheed Bank Loans** | **-5.781E-11** | **-0.174** | **-8.525** | **0.012** |
| **Trade Bank Of Iraq Loans** | **-8.240E-10** | **-0.345** | **-8.515** | **0.019** |
| **Khaleeji Commercial Bank Loans** | **3.465E-8** | **0.696** | **7.955** | **0.025** |
| **Iraqi Investment Bank Loans** | **-2.786E-8** | **-0.285** | **-10.398** | **0. 030** |
| **Middle East Bank Loans** | **-1.332E-8** | **-0.126** | **-9.206** | **0.041** |

One of the results of the assessment described above is that the impact of each of the six banks under consideration has on unemployment in varying proportions and through a test (t) of all the features of the top model, It is clear that (p-value) the values of loans and unemployment are below a significant level (0.05 =) i.e. there is a moral impact on unemployment of the variables of loans for each of the above banks.

Table 30 represents contrast analysis (ANOVA model test)

| SOURCES OF DIFFERENCE | SUM SQUARE | DF | MEAN SQUARE | F | P-VALUE |
|---|---|---|---|---|---|
| REGRESSION | 194.046 | 6 | 32.341 | .5012 | .755[b]0 |
| ERROR | 116.392 | 9 | 12.932 | | |
| TOTAL | 310.437 | 15 | | | |

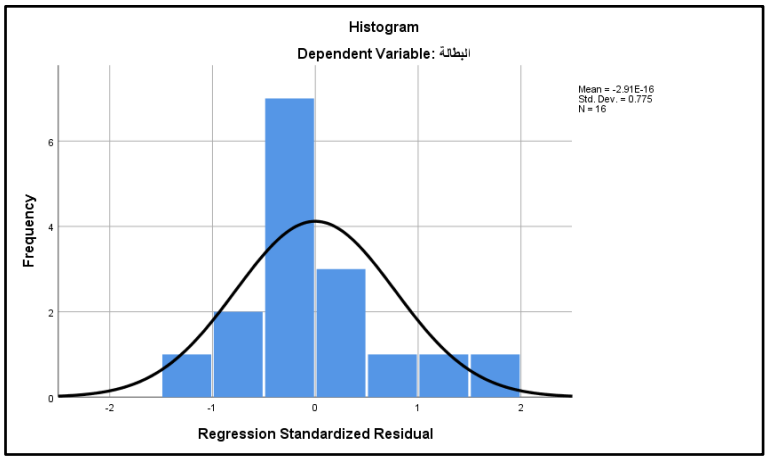
$$\hat{Y}_i = 18.158 + 1.954E-11X_{i1} - 5.781E-11X_{i2} - 8.240E-10X_{i3}, + 3.465E-8X_{i4} - 2.786E-8X_{i5} - 1.332E-8X_{i6}$$

We note from a table (30) that the (F) value calculated for the regression model test is (.5570) with a probability value (p-value = 0.755b) that is less than the moral level (0.05 =) of the morale of the standard model.

Table (31) represents descriptive error statistics

| Predicted Value | Min | Max | Mean | Standard Deviation |
|---|---|---|---|---|
| | 12.1046 | 20.0684 | 15.8875 | 2.36707 |
| Residual | -6.26835 | 9.91029 | .00000 | 3.88494 |
| Std. Predicted Value | -1.598 | 1.766 | .000 | 1.000 |
| Std. Residual | -1.250 | 1.976 | .000 | .775 |

Figure (11) represents the normal distribution of standard model errors



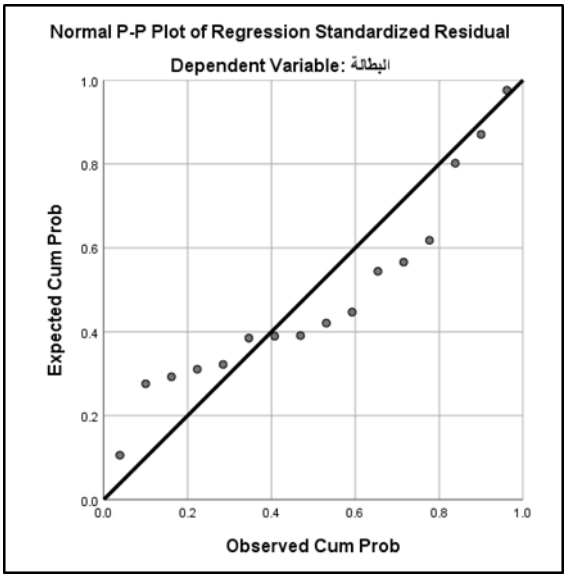



Figure (12) illustrates linear regression and the spread of the values of the study variable

**Source**/ Researcher, based on spss25.

From the above figure it is clear that there are no anomalous or extreme values for the data of the variable of loans and Gross Domestic Product.

**Conclusions and Recommendations**

- **Firstly:- Conclusions.**

1. The hypothesis of the study on which this research was based demonstrates that commercial banks are instrumental in the development process, And that's through the volume of loans that increases year after year, which contributes to the process of economic enterprise development, and productivity expansion, which in turn will work to reduce unemployment and absorb purchasing power, thereby reducing inflation rates.
2. By analysing the data for the banks under study (Rafidain, Rashid, Iraq Trade, Gulf Trade, Iraqi Investment, Middle East) Shown in the standard models, which represent the impact of loans, capital and deposits on all variables (gross domestic product, inflation, unemployment). The main conclusions were reached:

1) It was noted that the highest impact on GDP was from Iraqi investment bank loans, which applied to the realistic labor market theory.
2) As for the model illustrating the impact of loans on inflation, it was noted that the biggest impact had been on the Iraqi investment bank.

- **Secondary:- Recommendations**

1. It is absolutely necessary for the Central Bank to play a greater role in increasing banking activity, and the trend towards increasing the role of commercial banks in economic development is achieved by directing their financial resources towards investment projects, since most loans are directed towards non-investment purposes.
2. The construction of a random standard model that illustrates some of the known and unknown variables of governmental and private banks and their individual impact on certain variables such as gross domestic product, inflation and unemployment.

3. To keep pace with developments in the banks of the outside world (foreign banks) from an electronic transaction and to provide the best and fastest services.
4. Consideration of the banking sector's determinants and factors, whether external or internal, that may have an impact on the bank's performance through the provision of oversight and through an efficient body characterized by its qualitative characteristics in the oversight process.

**References**:-

1. Ahmed Jamal Alddin Musa, Theories and Monetary and Banking Systems, Islam Printing and Publishing House, 2003, p. 127.
2. Madhat Al-Qurayshi, Economic Development Theories, Policies and Themes, Wael Publishing House, Jordan, P. 1, 2007, 122-123.
3. spss25 program
4. Ahmed Sultan Mohammed, and Abrazen, Analysis of Decline Problems Using Software (EVIEWS 8.1) Part II, Central Press, Baghdad Diyala University, 2015
5. Gerhard Tintner , Methodology of Mathematical Economical and Econometrics ,The university of Chicago press ,Chicago ,1968,p74.