THE IMPACT OF OIL REVENUES ON THE DEPOSIT POLICY IN THE IRAQI BANKING SECTOR FOR THE PERIOD (2004-2021)

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Abstract
The research aims to know the impact of oil revenues on deposit policy for the period (2004-2021), as the research problem focused on the Iraqi economy in that it is a rentier economy that relies excessively on oil revenues, as oil revenues constitute the largest portion of public revenues, and also the dependence of all economic sectors on These revenues are characterized by fluctuations, and therefore any imbalance affecting these revenues will affect all economic sectors, including the banking sector. The research assumed that the fluctuations that occur in these revenues will directly or indirectly affect the banking sector, and that these fluctuations negatively or positively affect bank deposits in the Iraqi banking sector, as the research adopted the deductive approach for the theoretical side and the standard analytical approach for the practical side, as well as the use of Program (13Views). The research reached a set of conclusions, the most important of which was that the oil sector in the Iraqi economy is the main source of government revenues, and thus affects all economic sectors, including the banking sector, which is considered an artery that feeds various economic joints by attracting and pumping money. Consequently, the fluctuations that occurred in public revenues were reflected negatively or positively on deposits in the Iraqi banking sector, and the research recommended the necessity of working to reform the banking sector in a stable economic environment, and the need for the banking reform process to take place in conjunction with the economic reform process in the country. Complete the economic reform process in Iraq properly unless it is liberated from excessive dependence on oil.
Keywords: *oil revenues, deposit policy*

INTRODUCTION:

The Iraqi economy is a unilateral renter economy because it depends on the production and export of oil and by virtue of the Iraqi economy's dependence on oil revenues, and thus its economy is vulnerable to receiving shocks, especially related to the decline in oil prices in global markets, as well as external factors represented by the decline in global demand for oil exports, which leads to To make the Iraqi economy suffer from fluctuation and imbalance in the structure of the economy and public revenues. Oil revenues affect all economic sectors, including the banking sector, which is greatly affected by oil revenues, as any increase or decrease in oil revenues will negatively or positively affect the banking sector. There is an important policy in the banking sector that represents the core of the banks' function in the economy, which is represented by the deposit policy.

The first section: research methodology and some previous studies

1: Research methodology

1:1 Importance of research: The importance of the research is summarized in analyzing oil revenues in Iraq for the period (2004-2021) and explaining their importance in the Iraqi economy. Explaining the impact of oil revenues on deposit policy in Iraq for the period (2004-2021).

2:1 Research problem: The problem of the study revolves around the fact that the Iraqi economy is a rentier economy that depends on the oil sector and its revenues, and that any imbalance or fluctuation in oil revenues will affect all economic sectors, especially the banking sector.. This problem can be raised through the main question: (Is there an impact of oil revenues on the deposit policy in the Iraqi banking sector for the period (2004-2021))?

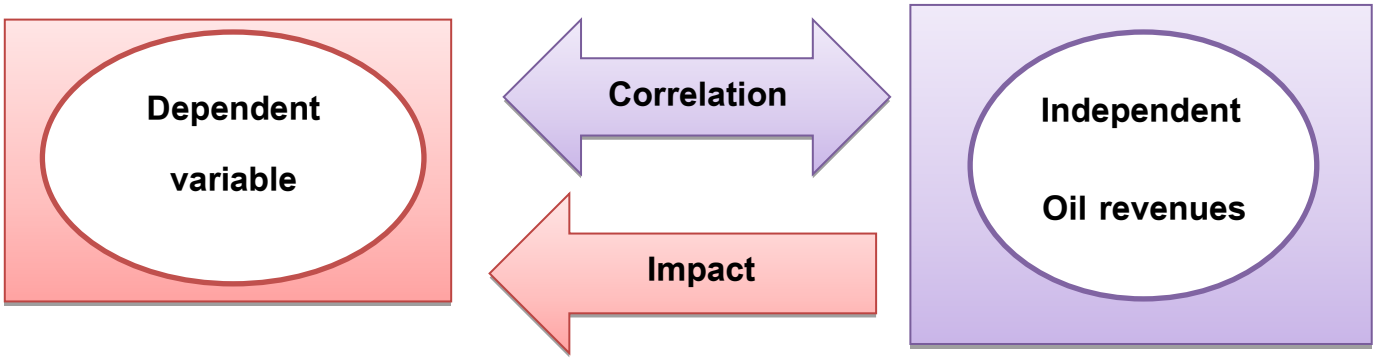
3:1 Research hypotheses: Based on the research problem, the main hypothesis was formulated, through which the researcher can find solutions and treatments for the research problem through the applied aspect, and the main hypothesis of the study begins (that there is no moral impact of oil revenues in the banking sector represented by the deposit policy in the Iraqi banking sector for the period 2004-2021) .

4:1 Research objectives: The study aims to demonstrate the importance of oil revenues in the banking sector and the impact of these revenues on deposit policy through:

1- Explaining the importance of oil revenues in the Iraqi economy for the period (2004-2021) and the extent of their contribution to the general revenues of the general budget.

2- Explaining the importance of deposit policy in the Iraqi banking sector for the period (2004-2021).

5:1 Hypothetical outline of the research:



Source: Prepared by the researchers

Figure No. (1) The impact of oil revenues on deposit policy

The second section: The theoretical framework of oil revenues and deposit policy

1: Oil revenues

Oil revenues are one of the most important sources of financing the public budget in rentier oil-exporting and oil-producing countries, and they rely on revenues to finance their strategic economic and social plans in order to achieve sustainable development, as well as providing foreign currencies. Achieving these strategic plans often faces obstacles, because these revenues depend on the level of oil prices. When prices rise, there is an increase in revenues that is reflected in public revenues, but when these prices decrease, there will be a decrease in revenues and it will negatively affect public revenues. (Abadi, Al-Tamimi, 2019: 11), Oil revenues increase when oil prices rise, and tend to have a positive impact on oil-exporting countries (Laourari & Gasmi, 2016: 39).

Oil revenues can also be defined as:(Countries producing and exporting oil or its derivatives obtain financial returns, which are part of the real value of this resource that is owned by everyone.)(Mohamed, 2014: 95), oil revenues are also known as (they are an important source of income for the Union, that is, oil revenues are revenues from exports of crude oil and gas, revenues from petroleum profits tax, as well as royalties and revenues from domestic crude oil sales) (Ihendinihu, Ebieri & Ibanichuka, 2014:7).

2:1 the importance of oil revenues

The importance of oil revenues is reflected in the economies of rentier states because these countries depend on oil revenues and finance the bulk of the state's public expenditures. The importance of oil revenues can be identified through the following main axes:

1- Oil revenues play an important role in all economic activities, because they help develop the national economy and advance it by developing the rest of the economic sectors. (Yamani, 2000: 17)

2-Oil revenues play an important role in the public budget, because they constitute the largest portion of public revenues if they constitute (90%) of the public revenues of rentier states dependent on oil revenues (unilaterally). (Nabil, Abdel Qader, 2008: 46).

3-Oil revenues have great importance in economic growth, as the countries that produce and export crude oil are characterized by economic growth rates linked to the performance levels of their oil sector. Therefore, the increase in economic growth rates has a positive impact in terms of demand for oil in global oil markets. (Berjas, 2000: 51) .

4-Oil revenues contribute to determining and increasing national income, as well as increasing gross domestic product, and also affect the average share of output or national income. (Al-Zubaidi, 2012: 177)

2: Deposit policy

1:2 the concept of deposit policy

Deposit policy is the essential part of the overall banking policy that determines the strategy and tactics of credit institutions for carrying out deposit activities, and it represents banking activities by attracting funds from depositors and creditors. (OILavrushin, 2009: 295) The deposit policy is defined as "a banking policy to effectively attract and manage customer deposits" (G.S.Panova,1997: 464)**Also known as the deposit policy** "It is the process of temporarily attracting free funds into various deposits available in commercial banks."(GNBeloglazova,2014: 591).The bank's deposit policy is necessary to maintain a balance that attracts deposits from individuals and legal entities to finance various banking operations and projects, but also to maintain the interest rate, i.e. the positive difference between the bank's interest income and interest payments. (2020) Tukhtabaev, J.Sh). To achieve this goal, the bank must use a fitting strategy. Experience shows that an effective deposit policy strategy must be based on the following three basic principles:

- **First principle** It is to follow the rule of effectiveness in terms of cost or profitability. Banks must seek to obtain higher interests as a result of their credit activity, through which they can pay the interest resulting from deposits in addition to the operational expenses resulting from their banking activity. (Tukhtabaev, J.Sh., 2020)
- **The second principle** It is that bank deposits can be an effective factor, if the financial system in the banking sector is able to attract deposits and not monopolize them in one bank.) Uktamov, XF,: 182020)
- **The third principle** It is that the components of the deposit policy should not conflict with each other, that is, all financial instruments of a certain type should be interconnected with a commercial bank.),Gribanov, A.V.,1920: 3)

2:2 the concept of bank deposits

Bank deposits of all types are closely linked to the banking industry, and are considered one of the most important services and functions that commercial banks provide to the public. (E.GUP&W.kolari,2005,23). Bank deposits are one of the oldest services provided by banking institutions, as this service requires that the bank bear any direct withdrawal of the deposit, whether from the owner of the deposit or from someone authorized to withdraw, as the bank provides, through these deposits, protection for the deposited funds (Rose & Hudgins, 2008: 388).).Cash bank deposits are characterized by a basic advantage, which is that the bank acquires ownership of the deposited funds and has the right to dispose of them for the needs of its own activity, provided that it undertakes to return a similar amount to the depositor. (Taha, 2005: 61) Bank deposits are defined as (representing money deposited by persons and institutions with... Commercial banks for safety and often with the aim of obtaining interest)Peter K. Oppenheim, 1972: 13) ,**You also know bank deposits**(It is the money that individuals or organizations entrust to the bank with an equal or equal return to them upon request or according to agreed upon terms.) (Al-Hiti, 1998: 258)

3:2 the importance of bank deposits

- **The importance of deposits to the national economy:** Banks that accept deposits provide a great service to the national economy, as they facilitate payment operations resulting from trade

exchange and encourage saving and use of funds in various economic fields. (Al-Shamaa, 2004: 138).

- **The importance of deposits for banks:** Deposits are the lifeblood of the banking sector in general and commercial banks in particular, which constitute more than 70% of the bank's funding sources, which reflects its effective role in achieving the bank's objectives (liquidity, profitability, and security) (Rahim et al., 2017: 52).
- **The importance of deposits for the depositor:** Deposits are of great importance to depositors, institutions, government companies, and others because they achieve many advantages, and that deposits will not be the subject of theft or loss, and that when transferring deposits, they are without cost or risk and with ease. (Al-Jazrawi, 2010: 286).

4:2 Types of bank deposits

1-Current deposits (on demand): It is an account through which funds are deposited and can be withdrawn at any time without notifying the depository institution. This account allows you to "call" or "call" your funds at any time, unlike a time deposit, which cannot be accessed for a predetermined period. Yang (2009: 34), this type of account does not pay interest on banks and allows the account holder to make daily settlements for purchases of goods and services or through checks to pay off debts (Barbara Casu, at, 2006: 30).

2- Savings deposits (savings account): It is an agreement between the bank and the customer, whereby the customer deposits an amount of money with the bank in exchange for receiving an interest agreed upon between the two parties, and the customer has the right to withdraw from the account at any time without notifying the bank. (Hindi, 2000:147) The customer is not given a check book, but rather a savings book from which withdrawals and deposits are made, and the savings account may not be disclosed. (Al-Lawzi, 1997: 134) Deposit interest is usually calculated at the end of the year based on the monthly balance in the account at a limited interest rate, (Saeed, 2000: 32).

3- Fixed deposits: It is called fixed because when it is deposited, the bank agrees with the customer on the maturity date, so the customer does not have the right to withdraw part or all of it except after the expiry of the agreed-upon period. We are considered a form of investment for customers who wish to lend money to the bank for a specific period of time. It is up to them with the flow of money. Cash in the form of interest, which is a fixed sum of money that is usually large and is invested for a specific period of time and does not count until maturity.(2010: 77 Paul & Suresh,).

3: The relationship between oil revenues and bank deposits

The banking sector is one of the most important basic sectors in the economy, and this sector is affected by the fluctuations that occur in oil revenues, which affect the banks' balance sheets significantly, which leads to a decrease in the oil growth rate leading to a decrease in the real growth rates of bank deposits, that is, an increase in oil revenues leads to an increase The volume of government spending for the state in general, which leads to an increase in individuals' income through the state's current spending, which is represented by increasing employee salaries or increasing spending on new or existing investment projects (Espinoza and Prasad, 2010: 9), which leads to an increase in national income and an increase in the size of cash balances of individuals and projects, and thus an increase in the volume of savings, as government spending on savings is directly affected by the increase in government spending, which leads to an increase in income in general, as individuals When their income increases, they tend to save. The relationship will be positive (direct relationship) between increased government spending and saving, and all of this will contribute to increasing the volume of deposits in the banking sector as a result of individuals depositing part of their increased incomes as a result of increased government spending, and thus increasing the ability of the banking sector to grant bank credit to provide banking liquidity, and the opposite happens. In the event that the state reduces the volume of government spending, as incomes and cash balances in society decrease, and deposits decrease, then cash balances with banks decrease, and thus commercial banks are forced to reduce granting bank credit (Keliuotyte, 2015:28-29)

The third topic: the practical framework

1: Analyzing and measuring the impact of oil revenues on bank deposits for the period (2004-2021)

1:1 Analysis of oil revenues in the Iraqi oil sector for the period (2004-2021)

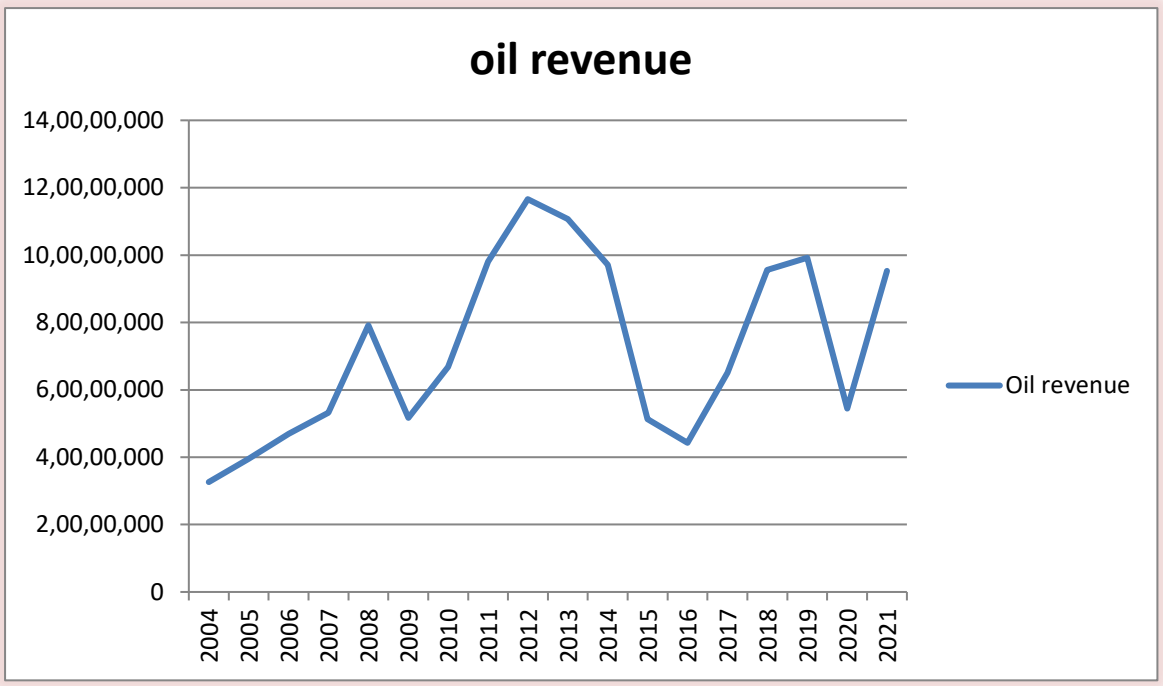
Public revenues consist of oil and non-oil revenues (taxes, fees, subsidies, public loans...etc.), and Iraq is considered one of the rentier countries that depends on its revenues by approximately 90% on oil revenues, and the oil sector is the main source of financing the state's general budget. In the event of any global oil price crisis, Iraq loses a large portion of public revenues, and is unable to cover its operating expenses, which are represented in salaries and wages, at a rate of 70% of the general budget. Oil revenues can be analyzed to show the extent of development of the oil sector in Iraq, as shown in the following table: -

The independent variable (oil revenues from the Iraqi oil sector for the period (2004-2021))**)**

Growth rate%	Oil revenues	Year
16.718	32,627,203	2004
21.003	39,480,069	2005
18.814	46,908,043	2006
13.333	53,162,592	2007
48.848	79,131,752	2008
34.641	51,719,059	2009
29.197	66,819,670	2010
46.798	98,090,214	2011
18.867	116,597,076	2012
)(5.076)	110,677,542	2013
)(12.292)	97,072,410	2014
)(47.139)	51,312,621	2015
)13.73(	44,267,063	2016
46.998	65,071,929	2017
46.944	95,619,820	2018
3.761	99,216,318	2019
)(45.121)	54,448,514	2020
74.973	95,270,298	2021

The source was prepared by the researchers based on the data contained in the statistical bulletins of the Central Bank

We note from Table (1) the development of the stages of oil revenues during the research period, as they varied during the study period and developed at significant growth rates as a result of the increase in the oil export share. However, the variation in oil prices between rise and fall led to the disparity of public revenues and their inability to cover the state's expenses, in In 2004, oil revenues amounted to (In 2020, oil revenues decreased, due to the spread of the Covid-19 disease, which stopped economic activity among countries around the world, and in 2021, oil revenues jumped due to the lifting of the ban on trade movement between countries of the world due to Covid-19. Figure No. (2) shows the growth rate of oil revenues during the study period 2004-2021:



Source: Prepared by the researchers based on the data in Table No. (1)

Figure (1)

It shows the growth rate of oil revenues for the period 2004-2021

2:1 Analysis of bank deposits for the Iraqi banking sector for the period from 2004-2021

Bank deposits are the artery that feeds banks in providing liquidity and money supply. To state and analyze bank deposits **In Iraq, as shown in the following table**

Table No. (2) Development of bank deposits in the Iraqi banking sector for the period 2004-2021

Government sector deposits/in millions	Private sector deposits/in millions	growth rate %	Total deposits	the year
5,188,470	3,431,339	%83	8,619,809	2004
7,080,078	3,689,917	%35	10,769,995	2005
12,177,046	4,751,249	56%	16,828,295	2006
16,786,388	9,402,538	55%	26,188,426	2007
22,909,288	11,615,671	%31	34,524,959	2008
25,896,259	12,686,218	%11	38,582,477	2009
42,461,140	5,486,092	%24	47,947,232	2010
49,802,000	6,348,094	17%	56,150,094	2011
53,382,546	8,623,389	10%	62,005,935	2012
58,891,144	9,964,343	11%	68,855,487	2013
64,376,209	9,697,127	7.5%	74,073,336	2014
55,230,846	9,113,215	-13%	64,344,061	2015
53,806,578	8,592,155	-3%	62,398,733	2016
58,492,457	8,556,174	7%	67,048,631	2017
66,095,110	10,798,817	14.6%	76,893,927	2018

71,383,400	10,723,025	6.7%	82,106,425	2019
74,221,689	10,702,479	3.4%	84,924,168	2020
83,577,363	12,494,015	13%	96,071,378	2021

Source: Prepared by the researchers based on the data contained in the statistical bulletins of the Central Bank of Iraq For the period 2004-2021

We note in the table above (2) the variation in the volume of bank deposits during the years (2004-2021) and the rise and fall in growth rates. This is due to the rate of banking stability and the bank's ability to provide a safe environment to attract financial savings from individuals. Deposits in the government sector occupy a large percentage compared to the private sector, because the customer sees them as banks guaranteed by the state. Bank deposits were concentrated in the government sector, as government banks constituted the highest percentage of bank deposits in the private sector.

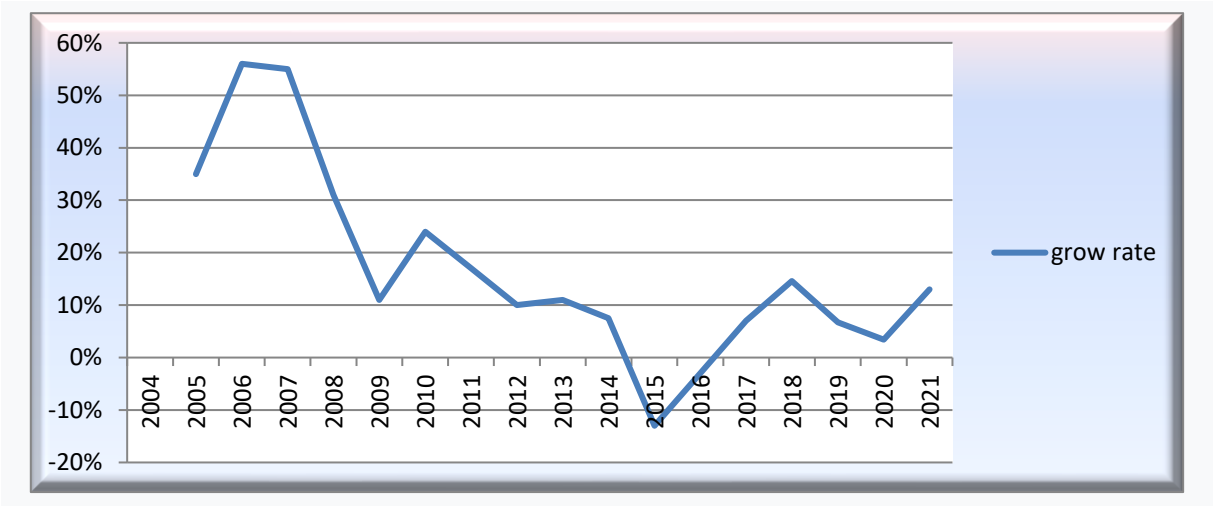


Figure (2) Evolution of the growth rate of bank deposits in the Iraqi banking sector for the period 2004-2021

2: Measuring the impact of oil revenues on bank deposits for the period (2004-2021)

First: Building the model: For the purpose of building the model, we relied on quarterly data in Iraq for the period 2004-2021, and to test the research hypotheses, statistical methods will be used to identify the compatibility of the theoretical aspect with the results of quantitative estimation.This is done by testing the extent of the impact of oil revenues on total bank credit and total bank deposits in Iraq for the period 2004-2021.

Estimating the second model according to the methodology (ARDL): The model consists of three equations: the first is the equation for total bank deposits, the second is the equation for government bank deposits, and the third is the equation for private bank deposits, which are as follows:

$$TBD=a0+a1TOR+U1$$

$$TBDGS=b0+b1TOR+U2$$

$$TBDPS=c0+c1TOR+U3$$

First: The equation of total bank deposits

1- Model ARDL The results of the model (Table 3) indicate that deposits "Banking has a significant effect at the level of 1% on total oil revenues, while the explanatory power of the model was 0.98, which indicates that 98% of the change occurring in deposits "Banking results from the change in total oil revenues, while the remaining 2% is due to other

factors not included in the model,as We notice DW reached (1.46) This indicates that there is no problem of autocorrelation between the independent variables, represented by total oil revenues, and the dependent variable, total bank deposits. When studying the overall morale of the model, we find that the valueThe calculated F reached (955.2557) with a probability of (0.00000), which is greater than the tabulated F value at a significant level. 1%. This indicates the quality of the model in expressing the relationship between oil revenues and bank deposits in Iraq for the period 2004-2021.

Table (3) model ARDL for total bank deposits

Dependent Variable: TBD Method: ARDL Date: 07/08/23 Time: 23:36 Sample (adjusted): 2005Q1 2021Q4 Included observations: 68 after adjustments Maximum dependent lags: 4 (Automatic selection) Model selection method: Akaike info criterion (AIC) Dynamic regressors (4 lags, automatic): TOR Fixed regressors: C Number of models evaluated: 20 Selected Model: ARDL(4, 1)				
R-squared	0.989469	Mean dependent var		14260494
Adjusted R-squared	0.988433	SD dependent var		6065738.
SE of regression	652359.1	Akaike info criterion		29.71183
Sum squared residence	2.60E+13	Schwarz criterion		29.94031
Log probability	-1003.202	Hannan-Quinn crater.		29.80236
F-statistic	955.2557	Durbin-Watson stat		1.461197
Prob(F-statistic)	0.000000			
***Note**: p-values and any subsequent tests do not account for the model				
Selection.				

Source: Prepared by the researchers based on the statistical program 13Views

2- Bounds Test for Cointegration: Table (4) refers to the disclosure "About the existence of a co integration relationship between oil revenues and bank deposits of the private and government sectors, that is, there is a long-term equilibrium relationship between the independent variable and the dependent variable, so it appeared in the test that the value The calculated F (15.32429) is greater than the minimum value "The amount is (5.157) and the maximum limit is (5.957) at the 1% level. Therefore, we accept the alternative hypothesis, which states that there is Cointegration this confirms the existence of long-term linear relationships between oil revenues and bank deposits in the long term

Table (4) Bounds test for co integration Bounds Test

ARDL Long Run Form and Bounds Test				
Dependent Variable: D(TBD)				
Selected Model: ARDL(4, 1)				
Case 2: Restricted Constant and No Trend				
Date: 07/08/23 Time: 23:37				
Sample: 2004Q1 2021Q4				
Included observations: 68				
F-Bounds Test		Null Hypothesis: No relationship levels		

TestStatistic	Value	Signif.	I(0)	I(1)
			Asymptomatic: n=1000	
F-statistic	15.32429	10%	3.02	3.51
K	1	5%	3.62	4.16
		2.5%	4.18	4.79
		1%	4.94	5.58
Actual Sample Size	68		Finite Sample: n=70	
		10%	3.12	3.623
		5%	3.78	4.327
		1%	5.157	5.957

Source: Prepared by the researchers based on the statistical program 13Views

3- Estimating the short-term relationship: using the error correction model ECM)) : This form is used "To verify whether there is a short-run cointegration relationship between the two variables and estimate the short-run equivalent relationship through the error correction model (ECM), this model measures the speed of adaptation that The independent variable is used to correct the imbalances that It occurs in the short term to the long term. If the error correction parameter is negative and significant, this confirms the existence of a short-term equilibrium relationship between the two variables. That's whatTable 5:

Table (5): Estimation of the short-term relationship to total bank deposits

ARDL Error Correction Regression				
Dependent Variable: D(TBD)				
Selected Model: ARDL(4, 1)				
Case 2: Restricted Constant and No Trend				
Date: 07/08/23 Time: 23:38				
Sample: 2004Q1 2021Q4				
Included observations: 68				
ECM Regression				
Case 2: Restricted Constant and No Trend				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(TBD(-1))	-0.326496	0.087370	-3.736910	0.0004
D(TBD(-2))	-0.498579	0.075346	-6.617195	0.0000
D(TBD(-3))	-0.326517	0.087799	-3.718918	0.0004
D(TOR)	0.206667	0.023297	8.871106	0.0000
CointEq(-1)*	-0.037020	0.005373	-6.890587	0.0000

Source: from the work of the researchers based on a statistical program: Eveiws13

Table (5) shows that The error correction factor had a negative and significant value as it reached (-0.03), meaning the existence of a cointegration relationship between the independent variable represented by the total oil revenues and bank deposits of the government and private sectors as a

dependent variable. In other words, the existence of a long-term equilibrium relationship between the variables studied in the short term. , It also becomes clear to us from the results that the negative and significant value of the error correction factor reveals to us the speed of the return of the variable of total bank deposits towards its long-term equilibrium value in a period of time, and that the error correction rate -0.03 means that 3% of Short-term imbalance from the previous period (t-1) can be corrected in the current period towards a long-term equilibrium That is, oil revenues can address 3% of the imbalances that occur in the banking sector's deposits.

The long-term relationship is shown in the table(6) which indicates the existence of a direct and significant relationship between oil revenues and total bank deposits. That is, whenever oil revenues increase by 1%, total bank deposits increase by (60%). This result is consistent with the economic theoretical relationship. Therefore, the null hypothesis can be rejected and the alternative hypothesis can be accepted, which confirms the existence of a significant relationship between the two variables. As in the following equation:

TPO = 95670654.7625+0.6051*TOR

Table (6): Estimating the long-term relationship of total bank deposits

Levels Equation				
Case 2: Restricted Constant and No Trend				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
TOR	0.605107	0.838689	0.721491	0.4732
C	95670655	1.09E+08	0.880102	0.3821
EC = TPO - (0.6051*TOR + 95670654.7625				

Source: From the work of the researchers based on a statistical program:Eveiws13

4- Standard diagnostic tests

These tests are used to confirm whether the standard problems in the model have been passed or not through the following:

i- **Testing the autocorrelation problem**Breusch–Godfrey Correlation LM Test

Table (7) Testing the autocorrelation problem for the second model

Breusch-Godfrey Serial Correlation LM Test:			
Null hypothesis: No serial correlation at up to 2 lags			
F-statistic	7.580724	Prob. F(2,59)	0.9912
Obs*R-squared	13.90181	Prob. Chi-Square(2)	0.9501

Source: The work of the researchers based on a programEveiws13

We note from Table (7) The model is free from the problem of autocorrelation, as the value of Prob). Square Chi- It reached (0.9501), which is greater than the significance level (5%)So We accept the null hypothesis which states that the residuals are not correlated "Self.

B- Testing the homogeneity problem Heteroskeda sticity Test: ARCH

Table (8): Testing the heterogeneity problem for the second model

Heteroske dasticity Test: ARCH			
F-statistic	5.26E-05	Prob. F(1,65)	0.9942
Obs*R-squared	5.42E-05	Prob. Chi-Square(1)	0.9941

Source: The work of the researchers based on a programEveiws13

Table (8) confirms that the residuals "We find that the parameter does not suffer from the problem of homogeneity of variance rob chi-square (has reached (0.9941) and is greater than the level of significance (5%). Therefore, we reject the null hypothesis, which states that the variance of the residuals in the estimated model is not homogeneous, and we accept the alternative hypothesis. Which confirms the homogeneity of the variance of the residuals?

Second: Equalizing government bank deposits

Model ARDL:

The results of the model (Table 9) indicate that deposits Banking for the government sector has a significant effect at the level of 1%, while the explanatory power of the model was 0.98, indicating that 98% of the change occurring in banking deposits for the government sector is due to the change in total oil revenues, while the remaining 2% is due to other factors not included in the model., as We notice DW) (reached (1.729904) This indicates that there is no problem of autocorrelation between the independent variables represented by total oil revenues and the dependent variable, bank deposits of the government sector. When studying the overall morale of the model, we find that the value The calculated F reached (734.8399) with a probability of (0.00000), which is greater than the tabulated F value at a significant level. 1%. This indicates the quality of the model in expressing the relationship between oil revenues and bank deposits of the government sector in Iraq for the period 2004-2021.

Schedule (9)Model ARDL for government bank deposits

Dependent Variable: TBDGS			
Method: ARDL			
Date: 07/23/23 Time: 23:54			
Sample (adjusted): 2005Q1 2021Q4			
Included observations: 68 after adjustments			
Maximum dependent lags: 4 (Automatic selection)			
Model selection method: Akaike info criterion (AIC)			
Dynamic regressors (4 lags, automatic): TOR			
Fixed regressors: C			
Number of models evaluated: 20			
Selected Model: ARDL(4, 1)			
R-squared	0.986354	Mean dependent var	12008376
Adjusted R-squared	0.985011	SD dependent var	5702326.
SE of regression	698126.0	Akaike info criterion	29.84744
Sum squared residence	2.97E+13	Schwarz criterion	30.07591
Log probability	-1007.813	Hannan-Quinn crater.	29.93797
F-statistic	734.8399	Durbin-Watson stat	1.729904
Prob(F-statistic)	0.000000		
*Note: p-values and any subsequent tests do not account for the model			
selection.			

Source: Prepared by the researchers based on a statistical programViews13

Co integration test: To detect a co integration relationship between the independent variable oil revenues and the dependent variable total private bank credit, the test showed that the value ofThe calculated F of (8.174467) is greater than the values of the lower limit of (5.157) and the upper limit of (5.957) for the test at all levels of significance. Therefore, we reject the null hypothesis, which states that there is no co integration, and we accept the alternative hypothesis, which states that there is no cointegration. This confirms that there is a long-term linear relationship between oil revenues and the total bank deposits of the government sector for the period 2004-2021.

Table (10) Estimating short- and long-term relationships

ARDL Long Run Form and Bounds Test				
Dependent Variable: D(TBDGS)				
Selected Model: ARDL(4, 1)				
Case 2: Restricted Constant and No Trend				
Date: 07/23/23 Time: 23:56				
Sample: 2004Q1 2021Q4				
Included observations: 68				
F-Bounds Test		Null Hypothesis: No relationship levels		
TestStatistic	Value	Signif.	I(0)	I(1)
			Asymptomatic: n=1000	
F-statistic	8.174467	10%	3.02	3.51
K	1	5%	3.62	4.16
		2.5%	4.18	4.79
		1%	4.94	5.58
Actual Sample Size	68		Finite Sample: n=70	
		10%	3.12	3.623
		5%	3.78	4.327
		1%	5.157	5.957

Source: Prepared by the researchers based on a statistical programViews13

Estimating short- and long-term relationships: We note from Table (11) that the error correction factor had a negative and significant value as it reached (-0.023469)That is, the existence of a cointegration relationship between the independent variable, oil revenues, and the total bank deposits of the government sector. In other words, the existence of a long-term equilibrium relationship between the variables studied in the short term. As for the long-term relationship, it indicates the presence of a positive relationship with a moral significance of about 1.5, meaning that increasing oil revenues by 1% leads to an increase in government deposits by 15%, which is a theoretically logical result, which indicates the acceptance of the alternative hypothesis that confirms the existence of a positive and significant relationship between these two variables. . As in the following equation:

$$TBDGS = 5335669.2284 + 1.5001 * TOR$$

Table (11): Short- and long-term relationships for government bank deposits

Conditional Error Correction Regression				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	125222.6	271741.5	0.460815	0.6466
TBDGS(-1)*	-0.023469	0.018528	-1.266645	0.0101
TOR(-1)	0.035206	0.017667	1.992803	0.0508
D(TBDGS(-1))	-0.212821	0.098237	-2.166408	0.0342
D(TBDGS(-2))	-0.399964	0.088408	-4.524059	0.0000
D(TBDGS(-3))	-0.213363	0.098117	-2.174579	0.0335
D(TOR)	0.182720	0.026336	6.938151	0.0000
* p-value incompatible with t-Bounds distribution.				
LevelsEquation				
Case 2: Restricted Constant and No Trend				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
TOR	1.500122	0.967685	1.550217	0.0263
C	5335669.	11773002	0.453212	0.6520
EC = TBDGS - (1.5001*TOR + 5335669.2284)				

Source: Prepared by the researchers based on a statistical programViews13

Third: Equivalence of bank deposits to the private sector

Model ARDL The results of the model (Table 12) indicate that deposits Banking for the private sector has a significant effect at the level of 1% with total oil revenues, meaning that the higher the oil revenues, the higher the bank deposits for the private sector, while the explanatory power of the model was 0.18, indicating that 18% of the change occurring in bank deposits for the private sector is due to total oil revenues. As for the percentage The remaining 82% is due to other factors not included in the model, asWe noticeDW) (reached (1.93895)) This indicates that there is no problem of autocorrelation between the independent variables represented by total oil revenues and the dependent variable, bank deposits for the government and public sectors. When studying the overall morale of the model, we find that the value The calculated F reached (734.8399) with a probability of (0.00000), which is greater than the tabulated F value at a significant level. 1%. This indicates the quality of the model in expressing the relationship between oil revenues and bank deposits of the private sector in Iraq for the period 2004-2021.

Table (12) model ARDL for private bank deposits

Dependent Variable: TBDPS			
Method: ARDL			
Date: 07/24/23 Time: 00:07			
Sample (adjusted): 2004Q2 2021Q4			
Included observations: 71 after adjustments			
Maximum dependent lags: 4 (Automatic selection)			
Model selection method: Akaike info criterion (AIC)			
Dynamic regressors (4 lags, automatic): TOR			
Fixed regressors: C			

Number of models evaluated: 20			
Selected Model: ARDL(1, 1)			
Note: final equation sample is larger than selection sample			
R-squared	0.184587	Mean dependent var	2194171.
Adjusted R-squared	0.176285	SD dependent var	701837.7
SE of regression	308900.4	Akaike info criterion	28.17411
Sum squared residence	6.39E+12	Schwarz criterion	28.30159
Log probability	-996.1811	Hannan-Quinn crater.	28.22481
F-statistic	98.11840	Durbin-Watson stat	1.930895
Prob(F-statistic)	0.000000		
*Note: p-values and any subsequent tests do not account for the model			
selection.			

Source: Prepared by the researcher based on a statistical programViews13

Co integration test: To reveal a co integration relationship between the independent variable oil revenues and the dependent variable total private bank credit, the test showed that the value The calculated F of (1.93) is less than the values of the lower limit and the upper limit of the test at the 5% level. Therefore, we accept the null hypothesis, which states that there is no co integration. This confirms that there is no long-term linear relationship between oil revenues and total private banking sector deposits, and there is only a short relationship. The term.

Table (13) Estimating short- and long-term relationships

ARDL Long Run Form and Bounds Test				
Dependent Variable: D(TBDPS)				
Selected Model: ARDL(1, 1)				
Case 2: Restricted Constant and No Trend				
Date: 07/24/23 Time: 00:08				
Sample: 2004Q1 2021Q4				
Included observations: 71				
F-Bounds Test		Null Hypothesis: No relationship levels		
TestStatistic	Value	Signif.	I(0)	I(1)
			Asymptomatic: n=1000	
F-statistic	1.935307	10%	3.02	3.51
K	1	5%	3.62	4.16
		2.5%	4.18	4.79
		1%	4.94	5.58

Actual Sample Size	71		Finite Sample: n=75	
		10%	3.133	3.597
		5%	3.777	4.32
		1%	5.26	5.957

Source: Prepared by the researchers based on a statistical programViews13

3- Estimating short- and long-term relationships: that The value of the error correction factor was negative and insignificant, as it reached (-1.130), and it was greater than the correct one in absolute value. That is, it did not meet the statistical conditions for acceptance, so it cannot be said that there is a cointegration relationship between the two variables. Therefore, the null hypothesis can be accepted, which assumes that there is no significant relationship between government revenues and credit granted to the private sector.

Table (14) Estimation of short-term relationships

Conditional Error Correction Regression				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	152183.8	134778.6	1.129139	0.2629
TBDPS(-1)*	-1.130455	0.058382	-2.234525	0.4288
TOR(-1)	0.008780	0.006350	1.382665	0.1714
D(TOR)	0.032895	0.011392	2.887430	0.0052
* p-value incompatible with t-Bounds distribution.				

Source: Prepared by the researchers based on a statistical programViews13

CONCLUSIONS:

1. The oil sector in the Iraqi economy has become the main source of government revenue, and thus affects all economic sectors, including the banking sector, which is considered an artery that feeds various economic joints by attracting and pumping money. Consequently, the fluctuations that occurred in public revenues were reflected negatively or positively on deposits and credit in the Iraqi banking sector.
2. The total deposits for the period (2004-2021) for the government sector were greater than the total deposits placed in the banking sector by the private sector.
3. Through the results of the standard analysis of the study, it was found that there is a direct relationship between oil revenues and the total bank deposits deposited with the banking sector, because increasing oil revenues leads to an increase in the allocations of ministries and administrative units, which leads to an increase in their deposits with the banking sector. It was also shown from the results of the econometric analysis that there is a direct relationship between government sector deposits and oil revenues, as a result of the increase in government sector deposits in the Iraqi banking sector. As for the relationship between oil revenues and private sector deposits, the relationship between them is inverse, as a result of the fact that private sector deposits are not affected by oil revenues, due to the stability of individuals' incomes and not being affected by the increase or decrease in oil revenues.

Recommendations:

1. Iraq must adopt long- and medium-term strategic plans, in order to create economic diversification that is synonymous with oil revenues to finance the general budget in Iraq, and this would spare the country from many risks that could occur in the event of a decline in oil

prices or a faltering export and production process. . The diversification of the Iraqi economy leads to the diversification of sources of income and production in other economic sectors.

2. The necessity of having a financial policy to establish the Iraqi sovereign fund to exploit surplus public revenues in times of prosperity and to use it in times of crises when the financial policy needs funds to carry out its duties. The goal of establishing the fund is to protect the general budget and the general economy from fluctuations in oil prices in the global market.
3. The necessity of working to reform the banking sector in a stable economic environment, and the need for the banking reform process to take place in conjunction with the economic reform process in the country. Iraq's economic reform process cannot be properly completed unless it is freed from over-dependence on oil, achieves economic diversification and creates new resources.

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