THE ROLE OF BANKING CREDIT IN PROMOTING GROSS DOMESTIC PRODUCT GROWTH IN IRAQ DURING THE PERIOD (2004–2022)

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Abstract
The research was mainly based on clarifying the concept of bank credit and gross domestic product and investigating the direction of the relationship between them based on annual data for the period 2004-2022, Analyzing the total bank credit, both contractual and monetary, and knowing the extent of its impact on economic growth (gross domestic product, What confirms this is the development of economic plans and permanent reforms adopted by countries in order to ensure the development of the total bank credit provided and achieve its positive effects on the macroeconomic variables in general and the gross domestic product in particular. The problem of this research revolves around the following two main questions: Are the variables of the total bank credit (contractual and monetary) The research reached several results, the most important of which is the direct relationship between the total bank credit granted and the gross domestic product during the research period, in addition to the increase in the gross domestic product during the research period regardless of the economic, political and social conditions and its great connection to the export of crude oil, Among the most important proposals presented by the study is the need for economic decision makers in the country to pay attention, focus on, and monitor the development of the volume of contractual bank credit, as well as work to achieve security, political, and social stability. The Central Bank of Iraq must enact laws that direct bank credit toward productive economic sectors and the growth they achieve in the gross domestic product.

1. Introduction

Bank credit also provides a banking service to economic units and various state institutions as one of the most important banking activities that work to attract revenues to commercial banks, through granting loans and various banking facilities, financing economic activities in developing countries, and its ability to mobilize savings in society and direct them towards economic activities in the form of monetary and undertaking facilities. The research dealt with the role of bank credit in the development of GDP growth in Iraq for the period (2004-2022) and through the analytical aspect and then the type of relationship between bank credit and the total GDP because of its contribution to increasing the growth rate of the growth rate. Economist in Iraq

The importance of research in the framework of the knowledge industry lies in securing a credit climate that contributes to moving the economy to the stage of economic stability in order to contribute to increasing the rate of economic growth in Iraq.

1.1. The research problem

The research problem revolves around the following two questions: 1) Are the variables of total bank credit (pledges and cash) in continuous development and increasing or vice versa during the study period 2004-2022? 2) Is there a positive or negative relationship between the volume of bank credit and the GDP in Iraq for the period 2004-2022?

1.2. Importance of Research

The importance of the research lies in the fact that total bank credit has a prominent role in the development of the growth of the GDP in Iraq, and bank credit is one of the important and renewable topics that need to be evaluated, constantly researched, and developed economic plans and permanent reforms that must be sponsored by the state in order to ensure an increase in the volume of bank credit and achieve the positive effects that are reflected on the increase and development of the economic system in general and the development of the economic growth volume represented by the GDP in particular. All of these things justify the importance and necessity of researching such topics that help the growth and development of economies in different countries.

1.3. Research Objective

The main purpose of the research is to analyze the reality of total bank credit of all types (pledge credit – cash credit) and to analyze the size of the GDP in Iraq and to identify the type of relationship between them based on the annual data for the period (2004-2-2022).

1.4. Research Hypothesis

The research hypothesis is based on the fact that there is a positive relationship between the volume of bank credit and the growth of GDP in Iraq during the study period (2004-2022).

1.5. The Conceptual Framework of Bank Credit

1.5.1. The Origin and Development of Bank Credit

Bank credit appeared through ancient and successive historical stages that humanity went through, so that the Babylonians knew it before seven centuries BC, and then the emergence of banking credit in East Asia and China in the early ninth century AD, and then credit at the beginning of the sixteenth century AD contributed to financing artisans in their industries and increasing their production, which contributed to increasing their profits and accumulation, which led to the expansion of the role of credit in this period in banks, which made bank credit a common work among individuals. society and between different countries on the other hand (Al-Jazrawi & Al-Nuaimi, 2010) and after that period, the banking sector developed and witnessed an improvement in the provision of various banking services, which led to an increase in banking competition, increased the effectiveness of banking management, reduced the costs of loans granted, and financed the consumer and productive sectors. After Arnold and Lewis (2019), the work of banks became more sophisticated and deposits began to increase and banking institutions practiced their business, as I noticed that some depositors left their deposits for long periods of time without using them, so banking institutions began to use part of these deposits and offer them as interest-free loans, and after depositors were paying a commission for keeping their deposits, they began to receive financial interest on their deposits. In recent decades, banks have accepted deposits of various types (current and future) and what is on demand or for a known term, and practice their financing work, whether internally or externally, in line with the economic and development policy of the state, as well as supporting the national economy through investments and the establishment of various projects.

1.5.2. The Concept of Bank Credit

There are several definitions of the concept of bank credit, and these definitions are: Bank credit is the purchasing power of lending that becomes available to borrowers (individuals or companies), Al-Serafi (2013) as it is possible for these individuals or companies to obtain banking services such as loans that they want for a cost represented in the interest rate, or it is the purchasing power that is not consumed from the income, but it consists of the income of depositors that is not used by banks (Abdullah & Al-Trad, 2006) and bank credit is defined as the trust that the bank provides to customers as it puts at its disposal a certain amount of money from The borrower undertakes to pay these amounts in installments with the specified interest in exchange for guarantees specified in the contract in advance (Abdel Hamid, 2007) as well bank credit is considered to be bank loans according to each activity directed to it, such as consumer loans, production loans, or investment loans, and according to the guarantee of these loans, whether they are personal or in-kind guarantees or unsecured loans. According to its duration of time, whether it is short-term, medium-term, or long-term (Bou Atros, 2000) the concept of bank credit is the process of exchanging a value of money in the present for another financial value in the future, often accompanied by interest rates resulting from these funds, which are repaid by the person receiving these funds to the lender (Al-Amin, 2002).

1.5.3. Types of Bank Credit

There are several types of bank credit, including are cash credit, Accrual Credit, and Rental Credit.

Cash Credit: This type of credit is provided directly to the customer and is called credit or direct credit facilities and consists of (Brealey et al., 2011): 1) Loans: These are the main components of bank credit that is provided directly to the customer, and the loan is usually defined as the possibility of buying a commodity or borrowing an amount under a promise to repay it in a known promise (Al-Rifai, 2008). 2) Advances: These are cash amounts provided by the Commercial Bank to its employees and regular customers for social or commercial purposes, which are offset by the beneficiary's undertaking to pay the advance with interest in one lump sum. 3) Debit Transactions: It is a credit process according to which the bank gives a privilege to the customer to dispose of the value of the commercial paper, whether it is a bill of exchange or promissory note, without waiting for the date of payment, and here the bank bears the debt and obtains the commercial paper from the debtor at the same value on the specified date. 4) Payment from under the account: The bank allows its customer to withdraw an amount of money within certain limits, provided that the account covers within certain limits and within a specified period of time, agreed upon in advance (Mahdi, 2023). 5) Documentary Credit: It means a letter or letter whereby the Letter of Credit undertakes to perform the obligations incurred by the customer that are related to the Documentary Credits, as the Bank includes its liability and the customer's liability in the performance of the obligations resulting from this Documentary Credit, and the Documentary Credit is used in foreign transactions related to import and export.

Accrual Credit: It is a credit provided indirectly to the customer, usually called indirect credit facilities, and consists of: 1) Letter of Guarantee: It is one of the most important banking services provided by banks to their customers to facilitate their business with governments and institutions, and it is defined as a written undertaking that the bank undertakes to guarantee one of its customers in a limited amount towards another third party. 2) Credit Card: It is a card issued by the bank that facilitates the holder to obtain his needs of goods by debt (Al-Musawi, 2016)

Rental Credit: This type of credit involves companies submitting a request to the bank that includes the number and type of the asset, then the bank purchases this asset and then leases it to the beneficiary, and at the end of the lease period, the beneficiary of the asset has the right to own it (Al-Jazairi, 2008).

1.5.4. Foundations of Granting Bank Credit:

There are several rules through which bank credit is granted, which are as follows (Abdel Rahim, 2014): 1) Security: It means the bank's assurance to the individuals or institutions that receive the amounts that they can pay the amount with the interest incurred on such funds and agreed between the bank and the individual or institution. 2) Earning Profits: This means that the bank can achieve profits with the credit it grants, as it helps the bank to pay the interest on depositors, bear other expenses and achieve a return on the capital directed towards the investment in the form of net profits. 3) The nature of the deposit: This means that the deposits with the bank are determined at any time to the depositors in order to face sudden withdrawals, as they affect the bank's ability to grant bank credit. 4) Liquidity: It is that the bank keeps a certain part of the funds that are characterized by liquidity, which means providing sufficient funds to meet the requests for withdrawal on deposits without any obstruction or delay , and the liquidity aims to provide an appropriate amount of funds in the bank, which is considered to be the opposition to the realization of profits, and the bank's management remains responsible for matching or matching the profit and liquidity target.

1.6. The Theoretical Concept of Gross Domestic Product

1.6.1. The concept of GDP

The GDP is one of the indicators that explain the economic development in any of the countries and the percentage of the contribution of the various economic sectors to the formation of this output in those countries, which is expressed in the form of statistical figures and data, as it represents the value of the total goods and services produced within the country during a specific period of time, often one year, and we always find that countries characterized by a high GDP are more able to face various economic crises and can do this. Countries in shaping the local economy and its current and future trends, so GDP is the financial measure of the market value of each of the goods and services produced in a specific period of time, such as one year (Ministry of Planning, 2014).

1.6.2. Methods of calculating the GDP

Aggregate Expenditure Method: In this method, the private consumption agreement and the government agreement can be calculated, and then the investment expenditure (total fixed capital formation and change in inventory) can be added, and then external expenditure, i.e. exports and imports, are added (Al-Salman & Bakr, 2016).

Net Domestic Income: It includes the types of net domestic income which are wages and salaries, profits obtained by regulators, capital returns. Rents and a quarter of land In order to obtain the gross domestic income, the items that are indirect taxes and fixed capital depreciation allowances must be added after subtracting the production subsidies granted by the government, and then the cost of goods and services is shown at the market price.

Value added output: In this method, the increase added by each of the constituent sectors of the local economy is calculated and then combined together to reach the GDP (Al-Affendi, 2014).

1.6.3. The Importance of GDP Results

The real GDP and income represent the real measure of economic activity within the society and the extent of progress and economic well-being. Calculating the GDP is one of the important and necessary calculations and one of the most important tools of economic analysis and the basis for building economic plans. GDP data for many years provides a very important time series for reading the past and predicting the future. Identifying the components of income and GDP is useful in rearranging the distribution of income and achieving great justice among the members of society (Al-Salman & Bakr, 2016).

1.6.4. Components of GDP

Gross domestic product (GDP) consists of all the finished goods and services produced within the geographical boundaries of the country by members of society or by foreigners working within the country. In addition, in some countries it also includes an aspect of unprecedented production, such as education and defense services provided by the government, and in some countries also in estimation of the value of output in the informal sector. However, GDP does not include work that is done without pay or without pay, such as services to a doctor for households, services to housewives in their homes, and other unpaid work, or those done by those who volunteer for charitable causes (Al-Milli et al., 2020).

2. Method

This study employed a quantitative descriptive approach to examine the development of bank credit and its relationship with gross domestic product (GDP) in Iraq during the period 2004–2022. The analysis was based on annual data to describe the changes in bank credit and GDP over the observation period.

The study used secondary data obtained from the annual statistical bulletins and economic reports published by the Central Bank of Iraq. The variables analyzed included cash credit, accrual credit, total bank credit, and GDP at constant prices.

Data analysis was carried out descriptively by presenting the annual data in tabular form and calculating the annual growth rate of each variable. The development of bank credit and GDP was then examined based on their trends during the study period. Furthermore, the relationship between bank credit and GDP was interpreted by comparing the movement of both variables over time to identify whether changes in bank credit were accompanied by changes in economic growth.Result and Discussions

3. Results and Discussion

3.1. The Role of Bank Credit in Influencing the Gross Domestic Product (GDP) Rates in Iraq for the Period (2004-2023)

3.1.1. The Development of Bank Credit in Iraq for the Period (2004-2022)

The developments in the Iraqi economy during the period of study and the great turning point that the country has witnessed at various political, economic and social levels, represented a new phase of banking work, as the banking system after 2003 was suffering from a number of problems at different levels and the subsequent distortion in plans and policies. Before the Central Bank, it was subject to the domination of fiscal policy and the state government, but after the change in the political system, a number of developments took place at the level of the banking system, the most prominent of which was the issuance of the new Central Bank Law, following which the independence was granted to the banking system and to play the required role in the process of transition to the market economy as a necessary necessity for the transition to the national economy. In addition, banks were considered one of the most prominent components of the financial system in Iraq, and the extent of development in the financial system depends on the size of stability and development in the banking system, and bank credit represents one of the most important basic elements for banks in Iraq.

Table 1. Development of Cash Credit, Accrual Credit, and Total Bank Credit in Iraq, 2004–2022

Years	Cash Credit	Annual Growth of Cash Credit	Accrual Credit	Annual growth of accrual credit	Total Bank Credit
2004	82467	——			82467
2005	17174	79,1–			17174
2006	26648	55,1			26648
2007	34590	29,8			34590
2008	45964	32,8			45964
2009	56901	23,7	46071	——	102971
2010	117215	105,9	39790	13,6–	157005
2011	203440	73,5	39032	1,91–	242472
2012	284386	39,7	44174	13,1	328560
2013	299520	5,3	53667	21,4	353187
2014	341230	13,9	50908	5,1–	392138
2015	367526	7,7	40533	20,3–	408059
2016	371801	1	33281	17,89–	405082
2017	379528	2,08	27651	16,9–	407179
2017	379528	2,08	27651	16,9–	407179
2018	384869	1,4	25336	8,4—	410205
2019	420525	9,2	25269	0,3–	445794
2020	498177	18,4	25450	0,7	523627
2021	529715	6,3	27644	8,62	557359
2022	60576	88,5—	30387	9,9	90963

Source: Prepared by the researcher based on the reports of the Central Bank of Iraq, the annual bulletin for different years.

Note: Data for the period (2004-2008) is not available

Table 1 shows that the cash credit witnessed an increase during the study period, where it reached (36901) (82467) million Iraqi dinars in (2004), while in (2009) the volume of cash credit reached (one million Iraqi dinars), then it increased significantly as it reached (384869) million Iraqi dinars during (2018), and the effects of the shocks that the Iraqi economy was exposed to during the previous years due to the exposure of the Iraqi economy to the attacks of ISIS criminal gangs and the crisis of the collapse of global oil prices. This is due to the disparity in the values of the time series due to the conditions of economic instability and the increase in the government's demands for credit, financing equipment contracts for major institutions, and financing government projects, especially service ones. As for the accrual credit, it amounted to (46071) million Iraqi dinars in (2009) and (2012)498177 420525 The volume of the accrual credit amounted to (44174) million Iraqi dinars, while in (2018) the volume of the accrual credit amounted to (25336) million Iraqi dinars, and in (2021) the volume of the accrual credit reached (27644) million Iraqi dinars, thus it has witnessed a fluctuating time path, which reflects the fluctuation of the commercial activities covered by this bank financing, which feeds these commercial activities into the conditions of economic instability in the expectation of sale and concluding deals, as well as the corruption that surrounded most of the facilities that accompanied the arrival of Goods to local markets It is clear from Table 1 that the compound growth rate of total credit has reached (611.20), which means that the total credit is growing at a positive increasing rate throughout the study period, and the reason for this increase is due to the state's credit policy of increasing the granting of credit to public institutions and transferring it to the government, and to clarify the details of the above analysis in another way.

3.1.2. The development of the GDP in Iraq for the period (2004-2022)

One of the most important measures of economic growth in any country is the GDP, so we will analyze the GDP rates in Iraq during the study period. Gross domestic product (GDP) is the most important indicator of economic growth, through which it is possible to measure the level of growth and the level of economic activity in any country, as Iraq has witnessed during the study period several internal and external factors, political and economic changes, as well as fluctuations in oil prices, and through the security and social challenges of the country. All these factors require structural reforms to achieve and diversify sources of income and build a more resilient economy

Table 2. Gross Domestic Product in Iraq for the Period (2004-2021) Million Dinars

Years	Gross Domestic Product (GDP) at constant prices	Annual growth rate
2004	101845262	——
2005	103551403	1,6
2006	109389941	5,6
2007	111455813	1,8
2008	120626517	8,2
2009	124702075	3,3
2010	132687029	6,4
2011	142700217	7,5
2012	162587533	13,9
2013	174990175	7,6
2014	178951407	2,2
2015	183616252	2,6
2016	208932110	13,7
2017	205130067	1,8–
2018	210532887	2,6
2019	222141230	5,5
2020	196985514	11,3–
2021	202468282	2,7
2022	213490486	5,4

Source: Prepared by the researcher based on the data of Table 1
Central Bank of Iraq, 2022, available on https://www.cbi.ig website

From Table 2, it is clear that the GDP for the year 2004 amounted to (101845262) million Iraqi dinars, as it started to decline compared to the following years, and the reason is due to the coincidence with the entry of the American occupation of Iraq and the change of the regime as well, and this low value is due to the deterioration of the prevailing security conditions in the country during that period, which led to the destruction of the country's infrastructures, which caused a clear deficit in the contribution of the economic sectors in the formation of Gross Domestic Product (GDP), in 2005, the GDP reached (103551403) million Iraqi dinars, with an annual growth rate of (1.6%), and compared to the previous year, this year there was a very significant growth in the Iraqi economy, due to the openness to the outside world that Iraq witnessed after the American occupation, which lifted an economic blockade that lasted for more than a decade, which led to a significant weakening of economic activity, as the administration of the Iraqi Interim State, which faced several challenges, the most important of which is how to transform The Iraqi economy moved to an open market economy after the control of the public economy for a long time, and then encouraging the private sector to go to investment, and then the Iraqi government in (2005) imposed its control over the movement of imports and exports, especially the increase in oil exports and the growth of the government services sector, while in (2007) we note that the GDP growth rate of (1.8) was low compared to the growth rate of (2008) which was (8.2).This is due to the deterioration of the security situation in the country at the time.

After that, this significant increase in the GDP continued for the years from (2008), where it reached (120626517) million dinars for the year (2008), which is the reason for the increase in annual growth to (8.2%), and this increase is due to the improvement of the security conditions, as well as the rise in global oil prices , while in (2009) we note that the growth rate has witnessed a significant decrease and by a large percentage due to the global financial crisis witnessed by the whole world.

As for the duration (2010-2014) The GDP continued to increase as the value of the GDP (2010) reached (132687029) million Iraqi dinars with an annual growth rate of (6.4), then the GDP continued to increase until the value of the GDP reached (174990175) million Iraqi dinars for the year (2013) with an annual growth rate of (7.6). (2014) was a year of transformation where the GDP growth rate was affected by the decline, reaching (2.2) due to the control of the criminal gangs of ISIS in three Iraqi provinces, as these provinces constitute vital centers in Iraq, which greatly affected the sources of income in Iraq, represented by oil. Oil prices fell to their lowest levels. Even the global oil prices recorded their lowest level, reaching below $32 per barrel, in addition to many other reasons for the decline in global oil prices, including the expansion of shale oil production in the United States, as well as the expansion of oil production through the OPEC organization, as well as the expansion of oil production through the OPEC organization, so the GDP growth rates for the years after (2014)fluctuated during that year and the following years, due to the economic and political challenges faced by the country at the global, regional and even local levels, and due to the deterioration of the security situation and Iraq's preoccupation with military operations in the areas that it was controlled by ISIS gangs, who destroyed infrastructure as well as controlled the oil fields in those areas, all of which led to a decrease in revenues from Iraq's oil exports, as a result of the lack of diversification of sources of income and reliance on one source of income, which is oil, and then the GDP returned to a general decline (2017), which amounted to (205130067) million Iraqi dinars with a negative growth rate of (1.8) compared to a year in (6) 201, where it reached a value of (208932110) million Iraqi dinars with a growth rate of (13.7) and the reason for this decrease is due to the reduction of oil production in Iraq in compliance with the OPEC agreement to support global prices, as well as the continuation of military operations in some Iraqi provinces and the increase in military spending at the expense of development spending and the decline in investment In 2019, the GDP reached the highest level during the study period, where it reached a value of (222141230) million Iraqi dinars and an annual growth rate of (5.5) due to the measures taken by the Ministry of Foreign Affairs and Domestic Affairs. The Iraqi government, the increase in the cash reserves of the Central Bank of Iraq, the increase in oil production and exports, the improvement in global oil prices, the relative stability in the security conditions, and a slight growth in the agricultural and industrial sectors.

Then the value of the GDP decreased in (2020) as it reached (196985514) million Iraqi dinars with a negative growth rate of (11.3) due to the decline in oil prices as a result of the Corona pandemic that swept the world, and then the increase in the GDP in Iraq returned for the years (20212022) due to the rise in global oil prices. The price of a barrel for the same year reached more than (68) dollars, and Iraqi oil revenues increased by 123% during (2021), according to the data of the annual economic report of the Central Bank of Iraq for the year (2021-2022). It is clear from Table 2 and by drawing the following figure for the time series (2004-2022) that the GDP at constant prices in Iraq has been continuously improving during the study period.

3.2. The Relationship between Total Bank Credit and Gross Domestic Product in Iraq for the Period (2004-2022)

Banks have a great role in influencing the national economy through the amount of credit granted to individuals and companies, as they mobilize the savings of individuals with financial surplus to re-employ them again in the economy by presenting them as banking obligations in different forms to those with financial deficits and different tenures, there are short-term loans, which are mostly consumer loans and long-term loans that mostly direct financing investment projects. Lending is a fundamental and effective role for banks in terms of profitability and for the economy in terms of supporting economic activities, whenever there is a delay in investment returns within the duration of the economic cycle and the divergence in the volume of resource recovery, through which expenses are paid in order to return to borrowing with the aim of stimulating and expanding production, as the loans granted by banks, when properly directed to investment projects, will contribute to supporting and revitalizing the economy and increasing the size of the economic growth rate represented by the output. Therefore, we conclude from the above that bank loans play a significant role in the process of refinancing the economy, and thus the size of the contribution relative to the volume of credit in supporting economic growth is shown.

Table 3. Shows the ratio of total bank credit to GDP in Iraq for the period (2004 2022) Million Dinars

Years	Total Bank Credit	Annual Growth	Gross Domestic Product Fixed prices	Annual Growth
2004	82467	——	101845262	——
2005	17174	79,1–	103551403	1,6
2006	26648	55,1	109389941	5,6
2007	34590	29,8	111455813	1,8
2008	45964	32,8	120626517	8,2
2009	102971	124,02	124702075	3,3
2010	157005	52,4	132687029	6,4
2011	242472	54,4	142700217	7,5
2012	328560	35,5	162587533	13,9
2013	353187	7,5	174990175	7,6
2014	392138	11,02	178951407	2,2
2015	408059	4,06	183616252	2,6
2016	405082	0,7—	208932110	13,7
2017	407179	0,5	205130067	1,8–
2018	410205	0,7	210532887	2,6
2019	445794	8,6	222141230	5,5
2020	523627	17,4	196985514	11,3–
2021	557359	6,4	202468282	2,7
2022	90963	83,6 —	213490486	5,4

Source: Central Bank of Iraq, Directorate of Statistics and Research, Annual Statistical Collections, Miscellaneous Years

By following up on Table 3, we find that the level of relationship between bank credit and GDP is positive, as the volume of bank credit increased from JD824673 million in 2004 to JD17174 million in 2005 with a negative growth rate of (79.1). This is due to many economic and political factors, including the change of government, the entry of US forces, the escalation of violence and security turmoil that took place during that period, as well as the weak confidence in the banking system, the absence of the legislative environment for the banking sector, and the increased risks of granting credit to individuals and companies, which made the government more strict in granting loans, all of these factors negatively affected the annual growth rate of bank credit, while the GDP at constant prices witnessed an increase from (101845262) One million Iraqi dinars in (2004) to (103551403) million Iraqi dinars in (2005) with a growth rate of (1.6), after which the volume of bank credit gradually increased to reach (45874) million Iraqi dinars in 2008 with an increase in the volume of GDP at constant prices after reaching (120626517) One million Iraqi dinars due to an improvement in oil prices and an increase in government spending, which stimulated economic growth through an increase in aggregate demand in addition to loans granted by the International Monetary Fund and the World Bank, and this increase in the volume of bank credit and GDP at constant rates continued for a year, after which the increase in both bank credit and GDP at constant prices continued until 2014.As for the years (2015, 2016, and 2017), the volume of bank credit in 2015 reached (405082) million Iraqi dinars with a negative growth rate of (0.7), followed by a decrease in the volume of GDP at constant prices, as it reached (205130067) million Iraqi dinars in (2017) with a negative growth rate of (1.8). This fluctuation is due to the decline in global oil prices and the decrease in oil exports, as well as the increase in spending on military operations due to Iraq's preoccupation with the war against terrorist gangs in some provinces and the negative effects of these wars, all of which were reflected on the economic, political and social conditions of the country, while the period (20192021) witnessed an increase in the volume of bank credit to achieve a positive growth rate of (17.4) in (2020) and (6.4) As for the GDP at constant prices, it witnessed a positive growth rate in 2019 to reach (5.5) and by (222141230) million Iraqi dinars due to an increase due to the improvement in oil prices, which constitutes 90% of the government's revenues, and the improvement in performance in some non-oil sectors, and the recovery from the Corona shock that affected the size of the GDP in 2020, as it decreased by (196985514) and a negative growth rate (11.3) compared to (2019), so that the GDP volume increased again in the years (20212022).

4. Conclusions

There has been a continuous increase in the total volume of bank credit during the study period, and the percentage of the contribution of accrual credit to total bank credit has been decreasing, in contrast to the percentage of cash credit contribution to the total volume of bank credit, which has been increasing during the study period. The size of the GDP during the research period was continuously increasing regardless of some years due to the economic and political conditions, local and global crises, and security instability during the period (2004-2022). The relationship between the size of bank credit and the size of GDP, which was analyzed during the study period and according to the annual data available in the research and the existing graphical forms, was continuously increasing in most of the years of the study, and this confirms the existence of a direct (positive) relationship during the research period. These findings also suggest several recommendations: 1) Attention, concentration and follow-up of the development of the volume of bank credit by the economic decision-makers in the country and addressing the shortage in its size in accordance with the type of economic activities that require this type of financing. 2) Working to achieve security, political and social stability, which is the main reason. The increase in the volume of bank credit, which in turn is due to the increase in the size of the GDP. 3) The Central Bank of Iraq should enact laws that are specialized in directing bank credit towards productive economic sectors, as it is necessary for the credit policy of banks to take into account the importance of linking the contribution of the credit sectors of the economic sectors and focusing on the need to distribute bank credit in a fair manner according to the importance of the economic sector and what it achieves in the growth of GDP.

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