

Deposit and Loan Guarantee Institutions and it's Role in Restoring Confidence in the Iraqi Banking Sector

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Abstract

Pacing from the part of deposits and loans in supporting banking stability, any peril that threatens this part constitutes direct trouble to the banking system. Thus, should develop the mechanisms to cover and guarantee the rights of depositors (deposit guarantee), and mechanisms to cover banks from remittance of bank credit and cover them from ruin and ruin through the establishment of an institution guaranteeing loans, which represents an abecedarian demand to guarantee and stabilize the banking system and restore lost Confidence in the Iraqi banking system.

Consequently, the exploration problem surfaced from a set of questions: Do deposit and loan guarantee institutions lead to the banking system's stability? Does this affect the degree of stability of deposits and attract further deposits, especially since deposits within the banking system are (23), while there's a chance (77) of the financial mass outside the banking system? As well as the question, will the bank credit increase after the loan institution guarantees this credit? Therefore, cranking the Deposit Guarantee Law and approving the Loan Guarantee Law will contribute to the anticipated part in restoring Confidence in the Iraqi banking system? It represents the fundamental problem of exploration, primarily since the Deposit Law, despite its blessing, has not been enforced.

Keywords

Deposit Guarantee, Loan Guarantee, Trust, Banking Sector.

Introduction

There's no mistrustfulness that there's an critical and definite need to anatomize deposit protection laws and loan guarantee institutions to be probative and practical to increase the volume of deposits and the volume of loans handed to colorful small, medium and large-sized systems to spark the experimental part of the Iraqi banking sector, as Confidence is lost among depositors for the absence of a law to cover depositors, which is matched by Confidence They're missing from the possessors of plutocrat and banks, for fear exists for them due to weak guarantees and the possibility of not returning loans for numerous reasons, which led to the low donation of the banking sector to the gross domestic product in the Iraqi frugality, reaching 1.85 compared to bordering countries, as the donation rate reached, at last, 11.9 in the Kingdom of Saudi Arabia Saudi Arabia and 7.12 in the UAE and 14.96 in Egypt, and this reflects a significant weakness in the donation, as well as the weakness of the banking sector and the low experimental part in the Iraqi frugality. Supporting banking stability. Any peril that threatens this part constitutes direct trouble to the banking system. Thus, mechanisms must be in place to cover and guarantee the rights of depositors (deposit guarantee), and mechanisms to cover banks from remittance of bank credit and cover them from ruin and ruin through establishing a loan guarantee institution that represents a demand. To ensure and stabilize the banking system and restore lost Confidence in the Iraqi banking system.

Exploration Significance

The significance of the exploration comes from the significance of the part of the laws of deposit and loan guarantee institutions, which leads to cranking the part of the fiscal intermediation function in banks to give the necessary finances for the profitable deficiency units of investors and business possessors, whether small, medium and large enterprises, by adding deposits that come through adding Confidence in the banking sector, especially With the actuality of a law that protects depositors and protects deposits, there's a matching law that protects credit and loans handed by banks to the public with the possibility of guaranteeing these loans through loan guarantee institutions that we call for their establishment to be a patron of non-performing loans, and the result is complete planning software for Legislation of these laws will be the motive and incitement to increase deposits and loans offered, and there are numerous transnational gestures in this regard, especially the Algerian experience, as the establishment to increase the work of these institutions will enhance Confidence in the Iraqi banking system and contribute to the stability of programs for attracting deposits and strategies for granting loans, and the consequent strengthening of the profitable and development part For banks in Iraq and

increase the effectiveness of their performance and effectiveness, which is reflected appreciatively in the public frugality.

Research Problem

Data Collecting and Data Processing

The problem lies in the absence of a part for the Deposit Company Law, which the Iraqi congress enacted, and the failure to ordain the Loan Guarantee Law. Development planning The sustainable, profitable exertion caused by the lack of Confidence in the Iraqi banking sector; thus, we didn't see an effective donation, as is the case in numerous countries, to the Iraqi banking sector in profitable exertion, as the donation of the banking sector to the GDP didn't exceed 2.

Research Hypothesis

Cranking the Deposit Insurance Company Law and approving the Loan Guarantee Corporation Law will contribute to planning to re Confidence in the Iraqi banking sector and increase the experimental part of this sector in the Iraqi frugality.

Exploration Aims

1. Introducing deposit and loan guarantee institutions and their apologies Planning to produce similar institutions.
2. To punctuate the significance of establishing these institutions and their part in banking stability and restoring Confidence in the Iraqi banking sector, it's part in adding profitable exertion and experimental part, which leads to an increase in the gross domestic product.
3. AsymptoteNS from ThetjAlgerian Raba concerning the influence of Deposit and Loan Guarantee Law to Restore Confidence in the Algerian banking sector.

Search Limits

The exploration limits are limited, particularly to the banking sector in Iraq, taking into account the experience of Algeria concerning the reality of deposit and loan guarantee institutions for the period (2004-2020).

Material and Methodology

To prove the validity of the thesis or not, and to reach the objects of the exploration, the inductive system was reckoned on, using the descriptive and logical system grounded on

the profitable proposition as a base for conducting scientific analysis and using technical-scientific sources in the banking field to demonstrate the part and significance of the legislation of the Deposit Protection Law and loan guarantee institutions to Restoring Confidence in the banking sector and its part in sustainable, profitable development.

The reckoned the descriptive-logical approach to answer the exploration problem, the questions posed, and the thesis presented by reviewing the colourful abecedarian generalities related to the subject. As for the practical side, approaches will be espoused that meet the Iraqi canvas rentier model and the hunt for actors and how deposit and loan guarantee institutions contributed to restoring Confidence in the sector Banking and adding the part of the fiscal intermediation function in achieving profitable development in Algeria and dropping these approaches and actors in this experience on the reality of Iraqi banking institutions.

The First Axis: Deposit and Loan Guarantee Institutions Concept and Justifications Planning to produce These institutions.

The safety of the financial system, in general, is grounded on the safety of its tools (plutocrat, deposits), and any peril that threatens the safety of deposits and the bank credit process threatens the stability of the banking system and weakens Confidence in it. Thus, systems have surfaced to cover deposits and loans that give the possibility of compensating depositors and banks as a result of banks' failure and their stopping to pay for Guarding the banking system and limiting the goods of any fiscal extremity that may do, so we will learn in the first axis about the generalities of deposit guarantee institutions and loan guarantee institutions and the apologies for establishing these institutions and their part in restoring Confidence in the banking sector.

The Conception of Deposit Guarantees Institutions

The deposit guarantee system and the protection of depositors is one of the most prominent issues raised in the banking arena. Its conception goes to guarding guests' deposits by compensating them in whole or in part through the benefactions of common banks in the deposit guarantee fund if the deposits are exposed to peril as a result of the bank's failure or let go, This fund is financed by (benefactions or benefactions) that banks are obliged to pay, and the (benefactions) are frequently a chance of the bank's deposits (Zayer, 2015).

The institutions of guaranteeing the deposits, despite its numerous names, are considered one of the approaches to banking reform performed by heads. In countries similar to Iraq,

its establishment is intended to restore confidence in the private banking sector in this country, and it's apparent that these systems differ from one country to another. for another, In terms of the pretensions that each of them seeks to achieve. Still, it generally seeks to reduce or avoid the problems and difficulties related to the deposits faced by the banks with which these deposits are deposited.

Alternate Loan Guarantee Institutions

The idea of establishing loan guarantee institutions is one of the ways to contribute to guaranteeing pitfalls. These institutions began from the reality The profitable challenges and fiscal heads that do in different husbandry, so these institutions arose to ensure that banks falter as a result of remittance of business people and possessors of small and medium enterprises, as these parties face numerous pitfalls in the labour request similar as loss or dereliction on loans, which made it necessary to establish loan guarantee institutions to reduce dereliction Banking and bank bankruptcy (Maabdah, 2016).

Loan guarantee institutions, through their laws in force in the concerned country, seek to support profitable and social development by motivating them to finance small and medium-sized enterprises for their development and contribute to enhancing competitiveness in the fiscal and banking sector, perfecting the position of financial services they provide and supporting their stability by icing the prepayment of these loans in the event of failure of design possessors and failure Pay off loans; thus, one of the most critical objects of loan guarantee institutions is to grease the access of investment and marketable institutions to loans by granting guarantee to these institutions that warrant the necessary in-kind guarantees needed by banks with the participation of these banks by the pitfalls of granting credit to pay them to invest and raise their capability to be effective and contribute to profitable development in the concerned country (Kebi, 2015).

Justifications Planning to Produce Deposit and Loan Guarantee Institutions

Several justifications associated with planning to produce deposit and loan guarantee institutions are as follows.

1. Guarding deposits and bank finances means the banking system's stability, positively impacting the soundness of banks' fiscal positions and avoiding their exposure to fiscal failure or bankruptcy. The establishment of institutions for the protection and guarantee of deposits and loans increases Confidence in the banking sector because guarding the rights of depositors and bank finances contributes to consolidating Confidence in the banking system, adding deposits and stabilizing their movement.

2. Reducing the good problems from bank bankruptcy and ruin is done by defining legal procedures and mechanisms to address worried banks and reduce the pitfalls of fiscal and banking fear and rushing by those dealing with banks to withdraw deposits.
3. Adding competition between financial institutions to attract deposits and provide bank credit. In the presence of these institutions, the differences between groups of different banks are fairly more minor, especially in terms of the risks to which small depositors are exposed, and to enhance competition between small banking institutions by giving additional space to banks and financial institutions to work and contend. In addition to the enormous fiscal institutions, the absence of deposit protection institutions and loan protection institutions, the majority of the public lose Confidence in small institutions, believing that their own money will be more secure than depositing it in large institutions.
4. Contribute to maintaining fiscal stability by preventing fiscal heads or dealing with them to reduce their goods because the systems for guarding deposits and loans increase the capacity of banks and financial institutions and the effectiveness of their performance in a way that's reflected in cheering the public of depositors and in the plutocrat and capital of the bank (Perloff, 2011).
5. Deposit and loan systems enhance profitable growth because they alleviate the goods and consequences of the collapse of banks on depositors, especially in cases of recession. After all, the establishment of similar institutions contributes to adding the cash overflows of the banking system, therefore adding the capability of banks to engage in investment and lending operations.
6. 6-The social and economic need to cover depositors and banks in their relationship planning to recover Confidence in the banking system, reducing systemic risks in the banking sector as well as reducing the risks of a collapse at the position of the banking sector, and easing the burden on the Central Bank of Iraq and the pressures that fall on it so that these institutions can intermediate snappily to address implicit heads and this defence is critical in the case of Iraq at the time The current situation is due to the limited fiscal coffers available to the Central Bank and the difficulty of counting on the government treasury to compensate depositors and banks due to the relation of this to the vacuity of the needed finances and the priorities of financial policy.
7. 7-The integrity of the banking system, in general, is predicated on the safety of its tools represented by loans and deposits, and any danger that threatens deposits and Confidence in them constitutes direct trouble to the banking system. Thus, there's a critical need for deposit and loan guarantee institutions to reduce the threat that

- banks may face due to dereliction and stop paying deposits, which cannot achieve this. Without the actuality of protection institutions that contribute to achieving stability in the banking system.
8. Securing the financial positions of banks to strengthen the Confidence of the public, which gives an incitement to increase the use of the part of banks in profitable development, which is appreciatively reflected in the volume of deposits, which in turn will give significant inflexibility in diversifying and using those finances and directing them towards colourful and different investments Strengthening Confidence in the banking system by the significance of this body's part in delivering applicable financing for the development process and enhancing Confidence in the public frugality in general.
 9. Central banks always supply advancing action to drive real sectors, achieve profitable development and expand credit, but utmost of these enterprises may fail due to the lack of protection for these loans. Thus, establishing loan guarantee institutions can achieve protection by abating a portion of the loan placed in the loan guarantee institution that will achieve protection on the basis that the loss of one, two or three loans don't mean, can compensate the loss of all loans and the losses in these loans from the protection coliseum.

Second Axis: Deposit and Loan Guarantee Institutions. Algeria's Experience Approaching the Rentier Economy

Numerous gests have proven the efficacy of deposit and loan guarantee institutions in reducing bank defaults; these systems have broad administrative powers to the extent of field supervision over banks operating in the concerned country, and the part of these institutions isn't limited to the administrative and preventative part, but also to the remedial part and furnishing results, Intermediating to help banks in cases of dereliction represented by several measures, including an attempt to combine the worried bank with NSout and working in liquidity to the worried bank to correct its conditions and reorganize the bank administratively, and financially. Inviting shareholders to support the bank (Akerlof, 1970).

Lebanon is the First in the Arab World to Establish Laws Guarding Deposits and Loans

The world's first bank deposit insurance system appeared in the U.S. state of New York (1829). Gregorian Lebanon is the first country to establish a system to guard depositors, a national institution to guarantee deposits. Some Arab towns have followed suit, as the State of Bahrain established the Deposit Protection Council in 1993, followed by Sudan

with the Deposit Guarantee Fund in 1996, and the Hashemite Kingdom of Jordan in 2002. It appears that deposit insurance systems are ultramodern systems and that maximum of the guarantee systems are run by the financial authorities in the concerned countries substantially, except some concerning cases which are outside the Arab countries, we find them in France and Germany, where bank unions established deposit insurance institutions and managed them (Cechetti, 2010).

Alternate The Algerian Experience, An Overview of the Establishment

I started in Algeria a time ago (1986) Real reforms to advance the banking reality by separating the central bank as a last resort for lending and the conditioning of commercial banks, as fiscal institutions recaptured their part in filling the savings Distribution of loans within the framework of the public loan scheme (Fouad, 2013).

The Loan Guarantee Fund was established in Algeria in 2002. It's considered one of the essential technical, fiscal tools for the benefit of small and medium-sized enterprises that address the most critical problems these institutions suffer from, which are the necessary guarantees on bank loans. The tasks of the Loan Guarantee Fund are to intermediate in granting guarantees to small investment systems. Expanding these systems, giving the needed guarantees, following up on the pitfalls arising from granting the fund guarantee, icing follow-up advice and specialized backing for the benefit of small and medium-sized enterprises serving from the fund's guarantee, upgrading technical agreements that take on the risks that are active in the creation and development of small and medium-sized enterprises, and carrying out every work aimed at ratifying the Measures related to the creation and strengthening of small enterprises within the frame of guaranteeing investments, as the fund replaces banks and financial institutions concerning the terms of payment of pretences and within the limits of covering risks per the legislation in force (Kebi, 2015).

Algeria has been keen, through numerous laws, to cover banking exertion and ensure durability, done through the establishment of institutions that guarantee deposits and loans, as well as the establishment of institutions that shoulder the task of refinancing banks and giving the honour to all the means of the defaulting borrower, as well as the establishment of finances and institutions that shoulder the task of guaranteeing deposits and loans in the event of bank defaults in-exceptional circumstances, completed these laws in 2004 to be effective and probative of investment and commercial systems in the country (Seddiqa, 2017).

Deposit and Loan Guarantee Institutions and their Part in Restoring Confidence in the Algerian Banking Sector

From deposits data and loans handed from the Algerian experience, the weak effectiveness of banks in attracting deposits is recorded according to their share of GDP. And its weakness in changing the tendency towards banking invention, which negatively affected the creative energy of the frugality in general, therefore its weakness in mobilizing savings and attracting further deposits to expand the capability of these banks to give credit during the period 1990-1995, as the rate ranges in the range of 50, which doesn't fit the trends Credit and investment, and this means that banks resort to using available liquidity to cover and compensate for the deposit deficiency, which led to an actual deficit of credit allocated to stimulating profitable exertion during this period. The banking system amounted to 77 billion Algerian dinars between 1990 and 1993, which led to the corrosion of bank liquidity and a drop in the quantum of plutocrat offered for advancing at the money request position, and the legal money leakage outside the banking system in 1994 was \$222.98 billion, or 30.8 of the financial mass (M2, and 241.76 billion Algerian dinars in 1995, at a rate of 31.23 (Abdel Latif, 2000).

Recorded duration 1990 – 2000 The movement of bank deposits and changes in GDP, as the total deposits in 1990 were (208.08) billion Algerian dinars, while in 2000 the aggregate deposits were 1538 billion Algerian dinars, and for the same period, the GDP was 544.39 in 1990 Announcement. D.C., while the gross domestic product in 2000 (4023.1) Announcement. D.C. The average tendency of GDP to total deposits was in 1990 (0.38), and the same rate was in 2000 (Crane *et al*, 2003).

The period 1990-2000 records the significance of deposits in covering loans and credit. In 1990, the total loan amounted to 414 billion Algerian dinars, while in 2000, the total loan amounted to 1412 billion. C, Concerning the chance of deposits to loans in 1990 (50.25), while in 2000 the rate was 82.68, and concerning private loans for the period 1992-2000, the development of these loans to total loans wasn't significant, in 1992 the rate was 9.1 compared to the time 2000 The rate is 10.9 and starting in 1996 the significance of deposits increased, especially term deposits, but honestly, most of them are government deposits to move economic exertion in light of the increase in credit exertion. Thus, attempts to establish deposit and loan guarantee institutions began in Algeria (Abdel Latif, 2000).

The transition to a request economy isn't complete until well-developed fiscal institutions are established, supported by applicable laws and stimulants, as the transition to a request frugality requires the development of an advanced banking sector that deals grounded on

good relations with the rest of the profitable sectors, but Algeria's banking experience remains weak. Still, the establishment of guarantee institutions Deposits and loans contributed, as in Table (1), to the increase in the volume of deposits and loans, but it seems that the establishment of these institutions contributed a part to this increase. Thus, the Algerian banking sector needs to be organized and control the transfiguration and increase the effectiveness in assessing pitfalls due to the lack of capacity and effectiveness of banks, creditworthiness and the incapability of the banking information and marketing system And communication, the specialized information system, the absence of competition and the detention in modernization, especially the technological one, in addition to that, the weakness of fiscal intermediation, as the imbalances are apparent on numerous situations, which weakened the effectiveness of banking services, especially at the position of pooling resources. Table (1) shows establishing these institutions on increasing deposits and loans.

Table 1 Size population and Gross domestic product, total deposits, total loans, non-performing loans, and the default rate in Algeria for the period 2004-2020 (billion Algerian dinars) (Algerian macroeconomic data and annual reports 2004-2020).

Share of private banks in deposits %	Share of government banks in deposits %	Stall Ratio %	college loans	bad loans	total deposits	gross domestic product	population one million population	the year
11	89	4.43	1.967.9	88.89	2,700.9	6.150.4	32.364	2004
11	89	4.42	1.969.9	88.67	2.967.9	8.563.6	32.906	2005
11	89	4.43	1.968.9	89.89	3.567.9	8.520.6	33.200	2006
10.8	89.2	4.13	2.298.6	94.9	5.678.9	9.306.2	33.800	2007
10.5	89.5	4.5	2.708.9	94.8	4.734.8	10.993.8	34.400	2008
10	90	3.7	3.139.6	5.539	5.945.8	9.968.5	35.100	2009
12.2	89.8	8.37	3.565.3	298.59	6.285.6	11.991.6	35,977	2010
10.9	89.1	4.97	3.919.3	194.6	6.287.9	14.526.6	36,660	2011
12.9	87.1	4.95	3,929.4	186.9	7.267.6	16.115.4	37.100	2012
13.4	86.6	4.98	3.938.6	178.9	7.789.6	16,569.3	38.140	2013
12.3	87.7	4.98	3.945.8	176.9	9.111.6	17.205.1	38,920	2014
13.4	86.6	4.99	3.989.9	175.6	9.213.5	17.178.9	39.728	2015
14.2	85.8	5.89	3.993.5	176.9	9.333.5	17.267.6	40,551	2016
14.4	85.6	5.87	4.994.8	175.8	9.421.8	17.346.7	41.389	2017
14.2	85.8	5.89	4.885.8	177.8	9.541.8	17.458.8	42.228	2018
14.1	85.9	5.99	4.889.9	177.9	9.611.7	17.466.9	43,053	2019
14.1	85.9	5.99	4.899.9	180.1	9.699.5	17.477.9	43,851	2020

Table (1) enriched:

1. The banking situation in Algeria is analogous to Iraq, as there's immigration NS Capital and deposits withdrawn and transferred abroad, in addition to the endless conclusion of operating banks, the revulsion of the banking branch network, and the nearly complete demise of original banks., But this situation didn't last long, as it started a time ago (1986). Fundamental reforms to advance the banking reality by

- separating the central bank as a last resort for lending and the conditioning of commercial banks, as financial institutions recaptured their part infill the savings Distribution of loans within the framework of the public loan scheme (7), Concerning Iraq, the migration of capital and the backwardness of the banking system is due to political insecurity, wars and siege.
2. The development in the population in Algeria is kindly analogous to the population development in Iraq. The increase in the volume of GDP is due in Algeria and Iraq to oil revenues, which play an essential part in the movement of profitable exertion and also in government spending, which is a pivotal factor In revitalizing the profitable movement in all sectors, it has a significant part in revitalizing the profitable movement, as the enhancement in global prices and the increase in aggregate demand for crude oil means the enhancement of fiscal resources and their decline means the decline of these financial resources, which means an increase in government deposits that represent in Algeria by about 90 of deposit size,
 3. 3-What matters to us? From the table is the effect of establishing deposit and loan guarantee institutions in Algeria on adding the volume of deposits and the volume of loans for a period of 2020-2004, As there's an increase in total loans as a result of the increase in deposits, there's stability and closeness In the default rate, despite the numerous problems in the Algerian economy and the increase in this chance in 2009 (7.3), in 2010 (8.37), is due to the impacts of the real estate extremity in 2008.
 4. The indicators of the Algerian banking sector are close to the pointers. The reality of the banking sector in Iraq There's an approach to keep with money In the form of a liquid plutocrat, this is since the Algerian banking system is underdeveloped and is unfit to withdraw individualities to deposit their plutocrat with banks. Still, there's a development after the establishment of loan and deposit guarantee institutions through the increase in the volume of deposits and loans. Indicators relationship between the establishment of laws to defend loans and deposits and the increase in these loans and deposits volume.
 5. Algerian banks appear in it Governmental banks' obtainment of the largest share of deposits, as the average share of the ultimate reached 88 of the total bank deposits during the period (2004-2020), which reflects the government banks' control over deposits with the depositors' inclinations to deal with government banks due to their Confidence in them in a more significant chance than private banks. This reality is veritably analogous to the banking reality and its conditioning in the Iraqi experience. Still, this reality doesn't reduce the part of deposit and loan guarantee institutions in Algeria, despite the government banks' control over deposits and loans. On the experimental part of the bank in economic exertion, guarding capital and motivating it to perform its natural part in the request.

6. There's a problem in the costs of the effectiveness of the Algerian banking system, and this is due to the ineffectiveness of fiscal effectiveness, the high costs of services, the divergence between the demand for services and the possibility of furnishing them with their high costs. The essential functions of commercial banks, the operation of payment means, the operation of loans, mortal coffers, and the operation of the state budget.

The Third Axis: Deposit and loan guarantee institutions and the anticipated part in restoring Confidence in the Iraqi banking sector

There's a set of aims related to deposit and loan guarantees institutions, including the protection of deposits and bank finances, which is reflected in the stability of the banking system and the return of Confidence. Because guarding the rights of depositors and banks, plutocrat contributes to the connection of Confidence in the banking system, the increase of deposits and the stability of their movement, therefore adding the work of banks increases competition to attract deposits and give credit (Shadchan *et al*, 2018).

The Reality of Deposit and Loan Guarantee Institutions in Iraq

The Central Bank of Iraq approved (2008) Produce a mixed company To guarantee deposits, this company provides cover to guarantee deposits with Iraqi banks approved by the Central Bank of Iraq inside Iraq. It's also admissible for it to invest its money in investment fields similar to depositing it with banks as fixed deposits and picking up government securities Similar to Treasury transfers, bonds and transfers issued by the Central Bank. Purchases are made from the secondary request and adopted from banks or buy a loan to support their capital and own resources (Shadchan *et al*, 2018).

Realizing the financial authority in Iraq of the significance of deposit guarantee institutions represented by the Central Bank of Iraq as the administrative authority on all private and governmental banks in Iraq, the draft and deposit guarantee law was presented to establish a bank deposit guarantee company. Although, the Bank Deposit Guarantee System No. (3) for (2016) was established for the first time in the history of Iraq (Jaafar, 2017).

At the end of January 2018, the Central Bank of Iraq announced the signing of a contract to establish the Bank Deposit Guarantee Company, and the capital of this company is one hundred billion dinars. The exertion of this company is still limited in reality in the banking and economic scene Abbas, 2019).

As for an institution to guarantee loans, its law is still listed in the Central Bank of Iraq, which indicates an apparent lack of structure for probative and practical systems to increase Confidence in the Iraqi banking sector.

Alternate The functions and tasks of deposit and loan guarantee institutions and the anticipated part of restoring confidence in the Iraqi banking sector.

These jobs and tasks don't go beyond working the fiscal failure faced by banks, which provides Confidence in the founders and depositors to achieve the stability of the fiscal and banking system and work to cover the rights of depositors (The Republic of Iraq, Ministry of Planning, Central Statistical Organization, Early Warning Indicators, 2004 - 2020).

The systems for guarding deposits and loans don't go beyond their tasks to cover depositors' finances, the protection of banks' finances, and the avoidance of fiscal fear among them, as well as maintain the banks' fiscal centres' integrity avoiding fiscal failure.

We assume that establishing institutions to guarantee deposits and loans in Iraq will restore Confidence in the ethnic banking sector, table (2) some of the commanding pointers of this sector with the number of population and gross domestic product.

Table 2 Some pointers of the banking system in Iraq with the population and GDP for the period 2004-2020 (trillion dinars) (Algerian macroeconomic data and annual reports 2004-2020).

Share of private banks in deposits %	Share of government banks in deposits %	Stall Ratio %	college loans	bad loans	total deposits	gross domestic product	population one million population	the year
11	89	4.43	1.967.9	88.89	2,700.9	6.150.4	32.364	2004
11	89	4.42	1.969.9	88.67	2.967.9	8.563.6	32.906	2005
11	89	4.43	1.968.9	89.89	3.567.9	8.520.6	33.200	2006
10.8	89.2	4.13	2.298.6	94.9	5.678.9	9.306.2	33.800	2007
10.5	89.5	4.5	2.708.9	94.8	4.734.8	10.993.8	34.400	2008
10	90	3.7	3.139.6	5.539	5.945.8	9.968.5	35.100	2009
12.2	89.8	8.37	3.565.3	298.59	6.285.6	11.991.6	35.977	2010
10.9	89.1	4.97	3.919.3	194.6	6.287.9	14.526.6	36,660	2011
12.9	87.1	4.95	3,929.4	186.9	7.267.6	16.115.4	37.100	2012
13.4	86.6	4.98	3,938.6	178.9	7.789.6	16,569.3	38.140	2013
12.3	87.7	4.98	3,945.8	176.9	9.111.6	17.205.1	38,920	2014
13.4	86.6	4.99	3,989.9	175.6	9.213.5	17.178.9	39.728	2015
14.2	85.8	5.89	3,993.5	176.9	9.333.5	17.267.6	40,551	2016
14.4	85.6	5.87	4,994.8	175.8	9.421.8	17.346.7	41.389	2017
14.2	85.8	5.89	4,885.8	177.8	9.541.8	17.458.8	42.228	2018
14.1	85.9	5.99	4,889.9	177.9	9.611.7	17.466.9	43,053	2019
14.1	85.9	5.99	4,899.9	180.1	9.699.5	17.477.9	43,851	2020

Table (2) enriched:

1. The total deposits in Iraq from 2004-2020 have taken an upward line since 2004. For good development has counteraccusations because it means the possibility of using these deposits in the business cycle, the cycle of profitable exertion and in sustainable, profitable development. This upward line indicates a rise in mindfulness Individualities and institutions are of the significance of banking institutions and their part in profitable exertion that needs real support through a structure of laws supporting the Iraqi banking sector, especially the law on the protection of deposits and institutions for guaranteeing and guarding loans against remittance.
2. Despite the increase in deposits during the times (2004-2012), this rise was affected by what happened in the war against ISIS, as the volume of deposits dropped after 2013, and this is an average case due to its being affected by the conditions of the war, and this means that there are other reasons for the drop in deposits possible That the political and security stability, but also the definite lack of the banking sector active in the development process.
3. The indicator of the rate of total deposits to the gross domestic product confirms that there's an increase in the path of that index and that it sounded modest, and as is the case that the ascendance in that index is in favour of the public sector and the central government, and what's allocated to the private sector is low due to the control of public banks over deposits, as is the case in The experience of Algeria, and this indicates the modest part played by the Iraqi banking sector is contributing to the gross domestic product, which doesn't exceed 2.
4. State-possessed banks dominate the Iraqi banking system, representing 75 of the fiscal system's means and 77 of GDP (Jaafar, 2017).
5. Credit amounted to 4.9 of "GDP" in 2004, and this indicates significant weakness in the structure of the "banking system", while credit amounted to 38.56 of "GDP" in 2016, and this indicates a slow growth in the enhancement of the banking terrain It was modest according to this index, as the most significant share was in favour of the public sector versus the private sector and the central government, and then begins the part of the central bank's strategy through the platoon supervising it to ameliorate and raise this index, especially since there's a conspicuous and significant increase indeed if it's for the benefit of the government banking sector It rose from 4.9 to 38.56, and this is a positive index that, can take into consideration.
6. Really, the decline in loans handled by public and private banks is due to the banks' fear of loans not returning, remittance by borrowers and the absence of laws to cover loans.

A summary of the talk can give The Algerian experience is practical substantiation of the significance of financial intermediation and the part of deposit protection and loan guarantee laws in restoring Confidence in the Iraqi banking sector. In the country concerned. These institutions aren't limited to the administrative and preventative part but go beyond it to the remedial part and give results. Intervention to help banks in dereliction cases is represented by several measures, including trying to combine the worried bank with another or pump liquidity to the worried bank to correct its conditions and reorganizing the bank administratively and financially and inviting shareholders to support the bank (Jaafar, 2017).

The anticipated part of deposit and loan guarantee institutions in restoring Confidence in the Iraqi banking sector is epitomized as follows:

1. Despite the political, profitable, social, and security conditions Iraqi has gone through, it has witnessed a remarkable growth in its frugality in the number of companies, institutions and systems, large and small, and the increase in demand for backing with loans to meet the requirements of the Iraqi investor.
2. The establishment of loan and deposit guarantee institutions contributes to fiscal and banking stability and the protection of the rights of depositors and bank finances for being The stability of the fiscal and banking system has a positive impact in a The integrity of the fiscal positions of banks and the avoidance of their exposure to fiscal failure or bankruptcy.
3. Adding economic exertion, substantially since utmost banking exertion is devoted to financing public exertion characterized by inefficiency, disguised severance, and accumulated losses, while the private sector exertion has been deprived of the necessary backing for capital accumulation. Tight and what Still confined to the tools of the civil government.
4. Establishing similar institutions is necessary to advance the stability of the fiscal and banking system. It's vital to strengthen the confidence of depositors in the banking system and increase the part of banks in offering individualities and investment institutions with defended and ensured loans, which means the capability of banks to accumulate savings and rally them in achieving profitable and social development.
5. What affects the work of banks and threatens their work with bad debts and not paying them, knowing that there are (6) trillion out of (37) Trillion defaulted and not paid by borrowers, which leads to cut off banks (2.5) From terrible debt losses, including (16) of bank plutocrat 19).

6. Numerous gestures have proven the effectiveness of deposit and loan guarantee institutions and their part in reducing bank dereliction. And the Algerian experience, with its pointers close to the Iraqi banking experience, therefore accelerating the activation of the Iraqi Deposit Company and speeding up the legislation of the Loan Guarantee Law will restore Confidence in the Iraqi banking sector and take a more significant part in banking exertion and increase the chance of the banking sector's donation to the gross domestic product in Iraq.
7. The Job activation by law a guarantee deposit via Law institution guarantee loans will contribute in a Return trust sector banking Iraq. It'll affect This is a Degree stability deposit and attract Further from deposit Especially and surely Chance deposit inside the device banking (23) while over there percentage (77) from Bloc cash Outside the device banking, thus activation Law a guarantee deposit acknowledgement Law a guarantee loans, will contribute in a part prospective recover trust with the device banking Iraqi.
8. At the macroeconomic position, strengthening Confidence in this frugality to increase rates of Profitable growth and therefore maintaining the exertion of investors and poke Enhancing the competitiveness of banks by reducing the obstacles facing small banking institutions by easing and accelerating the enactment of laws and nonsupervisory instructions, as well as reducing the fiscal burden on governments through the participation of the fiscal sector in the costs they bear. Deposit and loan systems enhance the process of profitable growth because they alleviate the goods and consequences of the collapse of banks on depositors, especially in cases of recession because the establishment of similar institutions contributes to adding the cash overflows of the banking system, therefore adding the capability of banks to engage in investment and lending operations.

Conclusions

1. The establishment of deposit and loan guarantee institutions in Iraq contributes to fiscal and banking stability because its establishment will increase Confidence in the banking sector and reflect appreciatively on the soundness of the financial centres of government and private banks, which leads to avoiding these banks' exposure to fiscal failure and bankruptcy.
2. Figure up the system to guarantee deposit and loans brand with binomial so that it from hand contribute appreciatively in a Strengthen stability fiscal in the countries that available In which terrain institutional strong and systems and laws effective and characterized terrain the job with translucency. The question And from hand

- other perhaps be a reason for not stability if what I could not That the countries About exploration This is amazing the conditions.
3. That recovery Investments No Could that Complete unless in a frame profitable Total Give Significance for structure salutation from laws chock and probative of achieving effectiveness in a Pay and kinetics Coffers necessary to achieve development sustainable and this is Requires give reforms Finance and banking Significance considerable And that from During Recovery trust sector banking To be suitable On filler savings original and direct it effectively Toward Investors to produce request promising for investment and gains and saving chances the job.
 4. That miracle bog down Debts and failed banks in a Recovery a lot from her debts from borrowers No Could separate it About nature the changes and troubles sharp in an Iraq whether On Upper Egypt economic or security indeed the politician and social result to bond Goods This is amazing the changes sure will be reflected On sector banking in an Iraq and on Guests With This sector.

Recommendations

1. Preparing the banking terrain through the financial authority represented by the Central Bank of Iraq following up the activation of the Deposit Protection System Law and expediting the relinquishment of the Loan Guarantee Corporation Law, and preparing an institutional terrain sound frame for the work of these institutions is characterized by translucency and responsibility, so that the work of these institutions is fit With original requirements, capabilities and coffers, and employing this in a manner commensurable with the banking terrain.
2. Speeding up the blessing of the Loan Guarantee Institutions Law. A fundamental problem is added up in the threat that banks are exposed to when granting loans, which is failure to repay the loan, and thus the operation of the Loan Guarantee Law increases Confidence in dealing with banks.
3. Putting deposit and loan guarantee institutions under the supervision of the government financial authorities and the participation of commercial banks in these institutions is obligatory because of this decision's positive cerebral impact on depositors and the consolation of their savings in the government's possession of the city budget.
4. Clarify position Country and power cash About a guarantee deposit and how covered, and this is what No law clarified the bank central number 56 for the time 2004 and law banks number 94 for the time 2004, so didn't point Law the bank central Iraqi During treats it for a content Supervision On banks" Section VIII

- Subject (40)"the responsibility About Compensation depositors in condition-Adequacy origins the bank.
5. Working on adding studies to identify the nature of growth in bank deposits and loans handed by banks and their relationship to GDP by studying the average and borderline tendency of bank deposit and studying the income inflexibility of bank deposits and the extent of deposit content of credit exertion, especially that there's a weakness in the effectiveness of banks in attracting deposits and furnishing loans According to its share of the gross domestic product, in addition to that, the weakness of the effectiveness of banks grounded on the change in the tendency towards bank deposits, which negatively affects the creative energy of the frugality in general.

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