

The Impact Of The Currency Auction On The Direct Cash Credit Granted By Banks (An Applied Study Of A Sample Of Commercial Banks In Iraq For The Period 2014-2019)

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Article Info	Abstract
<p>Article History</p> <p>Received: December 20, 2020</p> <p>Accepted: March 18, 2021</p> <hr/> <p>Keywords : Currency Auction, Direct Cash Credit, Central Bank (Cash Sale, Overseas Fund Consolidation)</p> <p>DOI: 10.5281/zenodo.4618897</p>	<p><i>The main purpose of the study is to shed light on an important financial policy adopted by the Central Bank of Iraq some years ago, which is the policy of selling foreign currency (the dollar) or as it is called (currency auction) and indicating the size of its impact on the dependent variable, which is the direct cash credit granted by banks, the study sample, The study was conducted for a sample consisting of (16) banks dealing in currency auctions for the period (2014-2019), as the study relied on the annual data of the banks, the study sample, and the annual purchases of dollars were collected for the purposes of transfers, credits and cash for banks, the sample of the study. In its practical aspect, the study included conducting a financial and statistical analysis of the financial data, specifically for the period from 1/1/2014 until December 31, 2019, and some descriptive and inferential statistics were used through the SPSS program to reach the scientific results that were relied upon to reach its basic problem. The study reached a set of conclusions, perhaps the most important of which is through what the results of the comparison between the currency purchased to enhance the assets abroad and the currency purchased for the purpose of selling cash and noticing the discrepancy between them, we conclude that there is a big gap between strengthening the stocks and selling in cash, which results in a great value for money wasted through auctions currency in favor of commercial banks. The study presented a set of recommendations, perhaps the most prominent of which is a review by the Central Bank of Iraq in the mechanism and controls of selling foreign currency (the dollar) in the currency auction to alleviate the severity of depletion of these currencies from the country, especially since the central bank is forced to cover the demand for dollars from the cash reserve in case The oil revenue deficit is to cover the growing demand for the dollar.</i></p>

Introduction

The problem of the study crystallized by delving into a very important topic, which is the Iraqi currency auction, which has sparked a great controversy in the financial, economic and even political circles since its inception until the present day, and therefore this study came to shed light on it by explaining its impact on the parties operating in it, specifically (commercial banks) By showing its real effects on direct cash credit by commercial banks, and based on the above, the study. The problem can be formulated through the following question: -

((Does the currency auction affect the decrease in the direct cash credit granted by the banks, the sample of the study??)) A number of sub-questions emerge from this question: -

1. Are currency selling operations balanced during the study period?
2. Does the currency sale policy lead to additional profits for the participating banks (the study sample)?
3. Is there a relationship between currency auction and direct cash credit granted by banks (study sample)?
4. Did banks (the study sample) contribute to supporting the community by granting direct cash credit compared to the profits of the currency auction?
5. Is there a discrepancy in the volume of money sold from the currency at the internal and external levels, and whichever is greater?

Second :the importance of the study

The importance of the study stems from the importance of the topic it deals with, which revolves around the impact of the currency auction on the direct cash credit granted by banks, as this financial policy was followed by the Central Bank of Iraq at an early date. The month of October 2003 contributed to the depletion of a large amount of foreign currencies on the one hand, and its impact on the performance of banks and commercial companies participating in these auctions on the other hand, which is reflected in the decrease in the percentage

of direct foreign currencies. Give cash credit. It is also known that the development of countries and the growth of the economic process in them depend greatly on the role of investment projects and the internal returns that can be provided to the state and thus the growth of economic movement. Since the banks assume the role of mediator between the owners of financial surpluses and the owners of deficit units (investment units). The bulk of its work is focused on granting direct cash appropriations, and this matter has not been addressed in our Iraqi society in general and in the commercial banking sector in particular, which prompted the researcher to delve into this topic because of its great importance at the level. For the financial, economic and industrial sector.

Third: The objectives of the study

Through what it dealt with in terms of reviewing scientific opinions and ideas, as well as what was focused on in financial analysis, the study seeks to address a real problem that Iraq has suffered from since 2003 to the present day, which is waste. Large amounts of foreign currency through fiscal policy, which is a policy. Selling the currency by auction without benefiting from this policy from the damage that reflects negatively on the financial and economic situation of the state, and thus on the objectives of the state. The study focused on the following: -

1. Determining the volume of foreign currency flows to commercial banks through their participation in currency auctions during the study period.
2. Determine the volume of direct cash credit granted by commercial banks during the study period.
3. Determine the effect of the currency sale policy through open auctions on the volume of cash credit granted during the study period.

Fourth: Hypotheses of the study

First hypothesis

1. H0: There is no equilibrium condition for the average value of currency purchase by commercial banks participating in the currency auction during the study period.
2. H1: There is a state of equilibrium for the average value of currency purchase by commercial banks participating in the currency auction during the study period.

The second hypothesis

1. H0: There is no significant convergence in the values of the currency sold through the two tools of cash sale and sale to enhance the external balances during the study period.
2. H1: There is a great convergence in the values of the currencies sold through the cash sale and the two instruments to enhance the sale of foreign assets during the study period.

The third hypothesis

1. H0: The case of an increase in the profits of commercial banks. Not participating in auctions of selling the currency as a result of the difference between official and parallel prices for the dollar during the study period.
2. H1: There is a case of an increase in the profits of commercial banks participating in auctions of selling currency as a result of the difference between the official and parallel price of the dollar during the study period.

Fourth hypothesis

1. H0: Buying currency (dollars) through participation in currency auctions by commercial banks does not lead to a decrease in the volume of direct cash credit granted to them during the study period.
2. H1: The purchase of currency (dollars) through participation in currency auctions by commercial banks leads to a decrease in the volume of direct cash credit granted to them during the study period.

Fifth: The limits of temporal and spatial study

The spatial study limits included commercial banks participating in currency auctions at the Central Bank of Iraq. As for the time limits of the study, it extended from (2014-2019), as this period witnessed remarkable developments in the number of banks participating in the auction process, as well as the number of auctions that reached (1448). ((1)) Public auction during the study period.

Sixth: The study population and its sample

The study population included all commercial banks that deal in the Iraqi currency auction, which in 2014 reached a total of (44) banks. An increase in the number of banks participating in the auction was noticed after (2014) until the number of banks reached in (2014. 2019) a number of (56) banks were selected, and a studied sample was chosen from (16) banks, and the reason for choosing this sample is that it does not stop the practice of buying currency throughout the study period, as it participated in all auctions. Without exception, unlike the rest of the banks whose participation was sporadic during the study period, therefore Table No. (1) Was excluded and it shows the number of banks (the study sample)

Table (1) of the study sample banks

No	The name of the bank
1	The Islamic National Bank
2	Erbil Bank
3	Iraqi Union Bank

4	Iraqi Investment Bank
5	Regional Commercial Bank
6	Iraqi Commercial Bank
7	International Development Bank
8	Gulf Bank
9	Middle East Bank
10	Iraqi Islamic Bank
11	Mosul Bank
12	Elaf Islamic Bank
13	Bank of Assyria
14	Cihan Bank
15	Sumer Bank
16	Bank across Iraq

Seventh: Methods of data collection

In the theoretical side of this study, the researcher relied on a group of foreign and Arab sources, which included solid books and articles in addition to the information available on the Internet. The researcher also relied on data collection on the practical side. . Issued by the Central Bank of Iraq, which included the financial data of the participating banks (study sample) for a period of (six) years from (2014) to (2019), and the researcher was able to: obtain data related to currency auction and data related to granting credit to banks (study sample) Through his meeting with a number of managers working in the Central Bank of Iraq, as indicated in Appendix No. (1)

Eighth: Financial and statistical methods

A set of financial and statistical methods were used to analyze data, test hypotheses and measure them, either by formulating some equations by the researcher as shown later, or by relying on ready-made programs such as the statistical program (SPSS) and (Microsoft). Excel 10).

$$\text{Earnings of Auction currency} = \Delta \text{ Prices} \times \text{Total sales} \dots \dots \dots 1$$

Whereas:

Profit from a currency auction

The difference between the parallel and the official rate = Δ Price

Total sales are in dollars

$$\text{Profit margin} = \frac{\Delta \text{ price of currency}}{\text{Official price}} \dots \dots \dots 2$$

Whereas:

Profit margin

Δ price of currency =

$$\text{Growth rate} = \frac{\text{Official price} - \text{Value}_1}{\text{Value}_2} \dots \dots \dots 3$$

Whereas:

Growth rate =

$\text{Value}_2 =$

$\text{Value}_1 =$

The theoretical framework of the study

Iraqi currency auction in its concept and mechanisms

First: the emergence of the currency auction

After the occupation of Iraq in 2003 and the Central Bank obtained its independence in drawing up and implementing monetary policy in accordance with Law 56 of 2004, and with the beginning of the process of restructuring the economy in order to build solid foundations for this economy within the framework. To move towards a market economy, monetary policy makers in Iraq had to resort to a modified system that corresponds to the current economic exchange developments and is capable of achieving improvement and stability in the value of the Iraqi dinar (Quraishi, 86: 2020). The Iraqi currency auction started its work on 10/4/2003 and is still working on it to this day through the method of open market operations. This policy is represented in controlling the price of the US dollar against the Iraqi dinar through selling in two ways, the first by strengthening bank balances abroad and the second through cash selling (Al-Ali, 3: 2020), where the currency auction is a simple process. The direct mechanism of intervention in the exchange market that has been adopted in emerging economies in transition is moving towards adopting market mechanisms to manage their economies and address inflation and the main objective of monetary policy.

Second: The concept of currency auction

(Al-Shabibi, 2007: 28) A foreign currency auction was defined as a tool that balances the supply of money from the Iraqi currency and the supply of cash from the foreign currency, the dollar, which helps control liquidity levels in the Iraqi currency. The local currency and the stability of the exchange rate of the dinar against the dollar, while (al-Jubouri: 201 5: 50) was defined as a currency auction as a foreign currency market in which the demand for this currency meets the supply from among them and then the exchange rate is formed, and certainly the process of determining the exchange rate must be done. Because it smoothly obstructs the demand for foreign currency, while touching it, (328: Bank of Thailand, 2013) The concept of currency auction as one of the methods or direct tools used by emerging economies of medium or weak financial depth to intervene in the exchange market in order to maintain the stability of the exchange rate The general price level under the policy of targeting inflation, referred to (812: Gray et al., 2013) as the main tool, however, the monetary authority to target inflation and maintain price stability is used as currency auctions as one of the effective methods of influencing the exchange in direct price and the promise of a temporary instrument It is used to cross a certain transitional period only to ensure monetary stability during this period, and it is considered a foreign currency auction one of the indirect and influential monetary policy tools in the country with control over the Macro on-demand offer and face the inflationary pressures in this way and contribute to the liquidity of the administration, the economy and control of its subsidiaries (Al-Munshid and Al-Shehili 2017: 87) and Arafa (Al-Maamouri, 2018: 24) they claim to be a method. By the central bank to sell the banknotes it issues, in which it invites potential investors to submit their offers that include the quantities they want to buy and the offered purchase price, and the ban is more than accepting the best offers.

Third - Objectives of Foreign Currency Auction

The first year of work witnessed a noticeable increase in the auction currency for the dollar, as total sales at the beginning of the auction in the October quarter (2003) amounted to about \$ 17.8 billion, and it continued to rise, which was born out of fear among dollar dealers (represented by the intervention of the Central Bank of Iraq in the market Money) which is a method that has not been dealt with before during the past years, and as a result of the continuing auction. In conducting its business on a regular basis, this contributed to creating a state of openness in the local currency market, thus opening the way for traders to freely deal in hard currency, with the aim of financing their imports, and this increase is increasing. In the commodity supply in a way that covers the demand for local needs, which contributed to achieving a state of stability in the local market (Abd al-Nabi, 2007: 5) Based on the foregoing (Chalabi, 2017: 34) and (Abdul Nabi, 160: 2020-161), we see that the main objectives of currency auctions revolve around the following goals- :

1. Achieving stability in the value of the Iraqi dinar by defending the balance of the exchange rate.
2. A means of applying the indirect tools of monetary policies in managing the economy's liquidity and controlling its levels. An auction is the case of applying open market processes that are constantly required to balance the money market and enhance opportunities for financial stability.
3. An essential source in financing the private sector's trade in goods and services needed by the Iraqi market and being a primary financier for them.
4. Unifying the foreign exchange rates in Iraq, which exceeded eleven foreign exchange rates.
5. Increasing the purchasing power of the Iraqi dinar and the improvement it reflects in the real value of income.

Direct cash credit and the tools for granting

First: The concept of direct cash credit

There were many concepts that dealt with the concept of cash credit. Some of them consider it the main focus of banking, and that it represents the function corresponding to the job of accepting deposits, because lending the bank to its customers means that. It established funds deposited with it, thus reviving it and converting it from idle funds into income-generating money, and this is what the mechanism indicated (Al-Sabak, 2011: 7). Bank credit is a form of short, medium and long-term financing as shown (Al-Dabbas, 15: 2013) and is used in most sectors of commercial, industrial and service activities. Cash credit is defined as the services provided by the bank to customers and the provision of individuals and institutions with the necessary funds, provided that it undertakes The debtor has to pay these funds, interest, commissions and expenses, all in one payment or in installments on specific dates, and this is what they (Muhammad) referred to. And others, (2020: 52), as defined (Al-Mashhadani, 17 2019: It is a financing and investment formula, and it is an essential part of the bank's business, or it is the credit represented in the financial services provided. To customers, where individuals and companies in the community are given the necessary funds in exchange for A pledge that the debtor borrows to pay money, interest, commissions owed on him, and commissions in installments.

Second: The importance of direct cash credit

The importance of direct cash credit can be explained according to what he sees (Al-Tuwaijri, 5: 2018), (Al-Baldawi, 113: 2019), Matar 2019: 44, (Abbas 2019: 327) and. (Al-Mashhadani 19: 2019), (Abu Tahin al-Mousawi 270: 2020) and (Taher 208: 2020) through the following points- :

1. Cash credit is one of the most important sources of financing economic activities.

2. The increase in credit granting and lending by banks to commercial activities and economic sectors stimulates aggregate demand and thus increases investment and consumer demand.
3. Cash credit is the most profitable investment for banks due to the high returns it produces. It defines the bank's trends in the market and its internal operations.
4. Taking advantage of idle financial resources by operating them in the form of credit granted to productive or consumer units.
5. Exchange tool. Cash credit is a convenient means of transferring and using money from one person to another, as it is a medium of exchange.
6. It represents the largest part of the bank's assets as it is the most attractive area for investment

The third topic

The practical side of the study

In this topic, several periods of financial analysis of the study data related to currency auctions are reviewed, which include the analysis of the Central Bank of Iraq sales of foreign currency (in dollars) to commercial banks (the study sample) during the period from (2014-2019) as well as a statement of the profits realized by commercial banks (the study sample) resulting from the difference in official and parallel prices for selling the dollar, as well as reviewing the analysis of the volume of cash credit granted by banks, the study sample and finally the comparative analysis between bank profits as a result of buying foreign currencies and the granted cash credit, and on the basis for this This study reviews the following paragraphs:

First: Analyzing dollar sales through currency auctions during the study period

This paragraph includes an analysis of the sales of the Central Bank of Iraq in dollars to commercial banks during the study period from (2014-2019) and in the form of annual data, where this data was divided into two parts. The first section contains the cash sales that the central bank sold to commercial banks and banking companies, while the second section contains the sale for the purpose of strengthening funds abroad. The following is a financial analysis of the study data through the tables mentioned below.

Table (1) The Central Bank of Iraq sales in dollars during the study period (2014-2019)

No	the year	Cash sale	Enhancing stocks abroad	Total
1	2014	10,949,685	26,235,848	37,185,533
2	2015	4,741,908,000	25,153,118,577	29,895,026,577
3	2016	3,706,146,000	7,560,221,074	11,266,367,074
4	2017	5,826,050,000	13,101,497,665	18,927,547,665
5	2018	4,774,130,000	19,487,975,478	24,262,105,478
6	2019	2,786,800,000	22,912,602,349	25,699,402,349
Total		21,845,983,685	21,845,983,685	88,241,650,991

Source: Prepared by the researcher based on the annual data of the currency auction in the Central Bank of Iraq for the years 2014-2019 using Excel 2010

Through the data shown in Table (1), the results of the sales of the Central Bank of Iraq during the study period extending from (2014-2019) showed that the bank's total sales to the commercial banks participating in the purchase of the currency amounted to (110,087,634,676) one hundred ten billion eighty-seven One million six hundred thirty-four thousand six hundred and seventy-six, the largest share of which was in terms of strengthening funds throughout the study period, with a total amount of (88,241,650,991) eighty-eight billion two hundred and forty-one million nine hundred fifty thousand nine hundred and ninety-one, which is equivalent to (73%), from the cash sale and adult selling) 21,845,983,685 twenty-one billion eight hundred and forty-five million nine hundred and eighty-three thousand nine hundred and eighty-five (27%), and accordingly the researcher sees this as a problem that must be addressed By transferring these large sums to the state to benefit from them effectively. Ting the economic activity.

Second: Analysis of the size of the profits made for banks, the study sample

This paragraph includes an analysis of the size of the profits achieved by the commercial banks participating in the currency auction at the Central Bank of Iraq during the study period extending from (2014-2019) and in the form of annual data as these data are divided into three sections, the first section of which contains the total currency purchased from the Central Bank of Iraq The second section contains the official price of the dollar announced by the bank, while the third section contains the parallel price, and to complete our financial analysis, the researcher used a mathematical equation to extract the profits achieved by the difference between the official price and the parallel price and the result of this difference strikes the total sales of the dollar and can Clarify this through the following equation:

$$\text{Earnings of Auction currency} = \Delta \text{ Prices} \times \text{Total sales}$$

Source :Prepared by the researcher

Table(2) profits of commercial banks achieved during the study period (2014-2019)

No	the year	Total currency purchased	Total realized profits
1	2014	37,185,533	981,838,248
2	2015	29,895,026,577	1,761,200,622,686
3	2016	11,266,367,074	958,869,248,894
4	2017	18,927,547,665	1,285,305,216,434
5	2018	24262105478	458,324,459,292
6	2019	25699402349	157,656,868,751
Total		110,087,634,676	4,622,338,254,305.34

Source: Prepared by the researcher based on the annual data issued by the Central Bank of Iraq for the years 2014-2019 using Excel 2010.

Through the data shown in Table (2), the results of commercial banks 'profits during the study period extending from (2014-2019) showed that the total profits of commercial banks participating in the auction amounted to (4,622,338,254,305.34), four trillion. Six hundred twenty-two billion, three hundred and thirty-eight million, two hundred and fifty-four thousand, three hundred and five Iraqi dinars. So it reached (1,285,305,216,434) trillion dinars, followed by (2016) the third year in terms of the value of profits, as the total achieved profits reached (958,869,248,894) billion dinars, while in 2018 It ranked fourth, with total profits of (458,324,459,292) billion dinars, and in (2019) achieved profits amounted to (157,656,868,751 billion dinars), while it ranked last in the year (2014) with the value of profits achieved, At its discretion. Unrestricted (981,838,248) million dinars.

Third: Analysis of the volume of cash credit granted by banks, the study sample

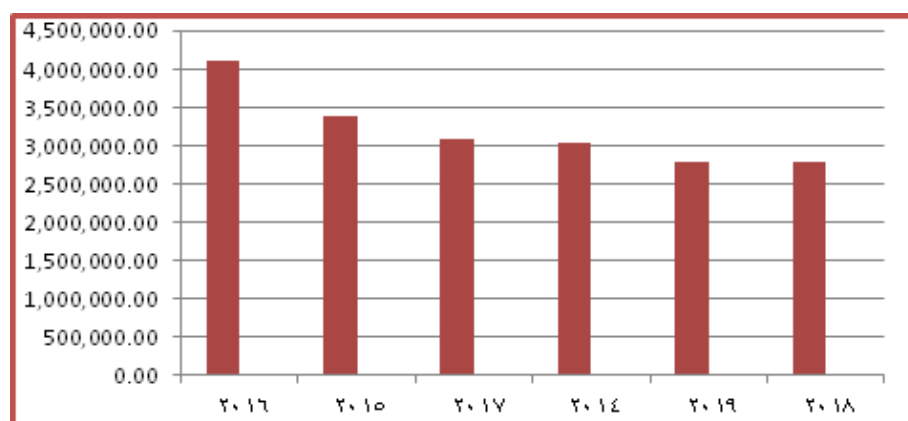
This paragraph includes an analysis of the volume of cash credit provided to the private sector by commercial banks during the study period (2014-2019). The analysis process was based on financial data distributed on various sectors, as these sectors were divided into several sections, including agriculture, fishing, mining, manufacturing, water, electricity, gas, trade, restaurants, hotels, transportation, storage, transportation and finance. Insurance, community services, the outside world, building and construction. The following is a descriptive financial analysis of the study data through the tables mentioned later.

C- Table No. (3) Of the credit granted to the private sector during the academic years

No	the year	Total credit
1	2014	3,034,032,000
2	2015	3,373,306,000
3	2016	4,111,058,000
4	2017	3,071,727,000
5	2018	2,781,555,000
6	2019	2,785,987,000
Total		19,157,665.00

Source: Prepared by the researcher based on data issued by the Central Bank of Iraq

It is noted through Table No. (3) The cash credit granted during the years of study, amounting to (19,157,665.00), and accordingly it reached the year (2016), which ranked first in terms of the value of the credit granted to the private sector. Sector (4,111,058,000) dinars, while in (2015) it ranked second in the value of the credit granted with a total value of (3,373,306,000) dinars, while the year (2017) came in third place with a value of (3, 071,727,000). () Dinars, then a year (2014) with a total value (3,034,032.00) dinars, followed by a year (2019) with a total value of (2,785,987.00) dinars, while the year (2018) came in the last order, the value of the credit granted with a total value) 2,781,555.00) dinars.



Figure(1) the cash credit granted during the school years

Source: Prepared by the researcher, depending on the data issued by the Central Bank of Iraq

Fourth: Comparative analysis between bank profits from buying foreign currency and granted cash credit

This paragraph includes a comparative analysis between the profits of the banks that the researcher analyzed and the direct cash credit granted by these banks during the period extending from (2014-2019) and in the form of annual financial statements. What follows is a financial analysis by my description of the study data through the tables mentioned later.

Table(4) Profits and bank credit during the study period

No	the year	Bank profits realized	Credit Checked
1	2014	981,838,248.25	3,034,032.00
2	2015	1,761,200,622,686.46	3,373,306.00
3	2016	958,869,248,893.84	4,111,058.00
4	2017	1,285,305,216,433.86	3,071,727.00
5	2018	458,324,459,291.67	2,781,555.00
6	2019	157,656,868,751.27	2,785,987.00
Total		4,622,338,254,305.34	19,157,665.00

Source: Prepared by the researcher based on data issued by the Central Bank of Iraq.

Table No. (4) presents the financial analysis of the profits obtained by banks as a result of purchasing foreign currencies, as well as the credit granted during the study period extending from (2014-2019). Accordingly, the value of the total profits achieved during the study period was (4,622,338,254,305.34) (dinars, while the value of the credit granted) 19,157,665.00, and thus the profits achieved exceeded the granted cash credit, with a total value of (4,622, 319,096,640.34) dinars.

Statistical analysis and hypothesis testing

This topic includes testing the financial and statistical hypotheses of the study based on the results reached in the previous paragraphs as follows:

First: In this paragraph, the first hypothesis of the study is tested through the statistical tool (T-test for one sample (within a test of means comparison)) based on the data shown in Table No. (32) That were obtained and discussed. In the previous paragraphs of this chapter, and after analyzing the data in the previous table, a number of results were reached, as shown later in Tables (32–33)

Table (5) Total purchases of foreign currencies for commercial banks

No	the year	Total
1	2014	37,185,533
2	2015	29,895,026,577
3	2016	11,266,367,074
4	2017	18,927,547,665
5	2018	24,262,105,478
6	2019	25,699,402,349
Total		110,087,634,676
Average		18,347,939,113

Source: Prepared by the researcher.

Table (6) descriptive statistics for the first hypothesis

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Average currency purchase value	6	18347939112.6667	11028371681.15950	4502313885.43344

Source: Prepared by the researcher based on the program SPSS.

Table (7) the single sample test for the first hypothesis

One-Sample Test						
	Test Value = 18347939113					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Average currency purchase value	.000	5	1.000	-.33333-	11573566292.4657-	11573566291.7991

Source: prepared by the researcher based on the SPSS program.

Through the results of Table (32), specifically the value of (Sig = 1) then the first alternative hypothesis (H1) which states is rejected (there is a state of equilibrium for the average value of currency purchases by commercial banks participating in the currency auction during the study period) (Because the value of (Sig), and therefore the first null hypothesis (H0) is accepted which indicates that there is no equilibrium condition for the average value of currency purchase by commercial banks participating in the currency auction during the study period.

Second: In this paragraph, the second hypothesis of the study is analyzed and discussed based on the data shown in Table (8) below, and through the use of the statistical tool related to double samples (test of double samples test (within a test) Comparison means the data were analyzed to obtain the results shown in the following tables (36 to 37).

Table (8) details of commercial banks' purchases of foreign currencies

No	the year	Cash sale	Enhancing stocks abroad
1	2014	10,949,685	26,235,848
2	2015	4,741,908,000	25,153,118,577
3	2016	3,706,146,000	7,560,221,074
4	2017	5,826,050,000	13,101,497,665
5	2018	4,774,130,000	19,487,975,478
6	2019	2,786,800,000	22,912,602,349

Source: Prepared by the researcher.

Table(9) Statistics of the associated samples for the second hypothesis

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Cash	3640997280.8333	6	2058231884.63143	840269648.27900
	Coverage	14706941831.83	6	9679772234.790	3951750466.933

Source: Prepared by the researcher based on the program SPSS.

Table(10) correlations of the associated samples for the second hypothesis

Paired Samples Correlations			
	N	Correlation	Sig.

Pair 1	Cash & Coverage	6	.595	.213
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Source: Prepared by the researcher based on the program SPSS .

Table (11) the paired samples test for the second hypothesis

Paired Samples Test									
		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Cash - coverage	1106594455 1.00000-	86164746 89.73517	3517661 061.9095 3	- 2010838 0180.59 480-	- 2023508 921.405 20-	-3.146-	5	.025

Source: prepared by the researcher based on the SPSS program.

Through the results of Table (11), specifically the value of (Sig = 0.025) (accept the second null hypothesis (H0) which states) ((There is no significant convergence in the values of the currency sold through the tools of cash) Sale and sale to enhance external assets during the study period)) Because the value of (Sig), and in turn the second alternative hypothesis (H 1) is rejected, which indicates the existence of a great convergence in the values of the currency sold through the tools of selling and selling cash to enhance the external balances during the study period.

Third: In this paragraph, the third hypothesis of the study was tested, which relates to the size of the profits made as a result of the difference in the official and parallel price of the dollar, and through the use of the statistical tool related to the husband. Samples (double samples test) test (within a test) of means comparison based on the data shown in Table No. (12) Regarding the profits made by the commercial banks participating in the currency auction during the study period, a set of important results are reached, in light of that. Take a decision on the third hypothesis, as shown in the tables (40-41)

Table (12) profits of commercial banks

the year	Total coin Purchased (dollar)	Average Official price	Average Parallel price	The value is in Iraqi dinars In the case of the official price	The value is in Iraqi dinars In the case of parallel price	Profits realized Price difference result
2014	37,185,533	1,187	1,214	44,139,227,671	45,126,682,484	987,454,813
2015	29,895,026,577	1,189	1,247	35,530,239,086,765	37,291,439,709,451	1,761,200,622,686
2016	11,266,367,074	1,190	1,275	13,406,976,818,060	14,365,846,066,954	958,869,248,894
2017	18,927,547,665	1,190	1,258	22,523,781,721,350	23,809,086,937,784	1,285,305,216,434
2018	24,262,105,478	1,190	1,209	28,871,905,518,820	29,330,229,978,112	458,324,459,292
2019	25,699,402,349	1,190	1,196	30,582,288,795,310	30,739,945,664,061	157,656,868,751

Source: Prepared by the researcher.

Table(13)Statistics of the associated samples for the third hypothesis

Paired Samples Statistics						
		Mean	N	Std. Deviation	Std. Error Mean	
Pair 1	official	21826555194662.6680	6	13114418435589.12000	5353938906757.02600	
	parallel	22596945839807.6680	6	13456437480452.40800	5493567597128.54800	

Source: Prepared by the researcher based on the program SPSS.

Table (14) correlations of the associated samples for the third hypothesis

Paired Samples Correlations				
		N	Correlation	Sig.
Pair 1	official & parallel	6	.999	.000

Source: Prepared by the researcher based on the program SPSS.

Table (15) the coupled samples test for the third hypothesis

Paired Samples Test									
		Paired Differences					t	d f	Sig. (2- tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Parallel and Official price profit	770390645 145.00000-	6851532 47933.87 000	2797126 42174.76 570	148941488 2311.3308 0-	51366407 978.6692 6-	- 2.7 54-	5	.040

Source: Prepared by the researcher based on SPSS programs.

Through what the results of the statistical analysis show in Table (42), specifically the significance value of the test (Sig = 0.040) the third alternative hypothesis is accepted (H1) which indicates (there is an increase in the profits of commercial banks participating in currency auctions as a result of the difference between prices. The official and parallel dollar during the study period)), because the value of (Sig), and in return for the null hypothesis, the third hypothesis (H 0), which indicates that there is no increase in the profits of commercial banks participating in currency auctions as a result of the difference between the parallel prices of the dollar During the study period.

Fourth: In this paragraph, the fourth, false and alternative hypothesis is analyzed and discussed to determine the final decision through the statistical test tool and Coxon within the nonparametric tests (signed Wilcoxon classification test) based on the data below:

Table (16) the currency purchased and the credit granted

the year	Total currency purchased (dollar)	Total credit granted by banks
2014	37,185,533	3,034,032,000
2015	29,895,026,577	3,373,306,000
2016	11,266,367,074	4,111,058,000
2017	18,927,547,665	3,071,727,000
2018	24,262,105,478	2,781,555,000
2019	25,699,402,349	2,785,987,000

Source: Prepared by the researcher.

Table (17) ranks for the fourth hypothesis

Ranks				
		N	Mean Rank	Sum of Ranks
currency - credit	Negative Ranks	1 ^a	1.00	1.00
	Positive Ranks	5 ^b	4.00	20.00
	Ties	0 ^c		
	Total	6		
a. currency < credit				
b. currency > credit				
c. currency = credit				

Source: Prepared by the researcher based on the program SPSS.

Table (18) test statistics for the fourth hypothesis

Test Statistics ^a	
	currency - credit
Z	-1.992 ^b
Asymp. Sig. (2-tailed)	.046
a. Wilcoxon Signed Ranks Test	
b. Based on negative ranks.	

Source: Prepared by the researcher based on the program SPSS.

Through the results shown in Table (18), specifically the value of (Sig = 0.046) (then the fourth null hypothesis is rejected. (H0) which refers to purchases of currency (dollars) by participating in currency auctions through trade banks) No It leads to a decrease in the volume of direct cash credit granted to it during the study period)) and accepts the fourth alternative hypothesis (H1), which states: Purchase of currency (dollars) through participation in the currency. Commercial bank auctions lead to a decrease in the volume of direct cash credit granted to them. During the study period due to (Sig) value.

First: Conclusions

1. Through the results of the research that were reached, it is noticed that the purchases of the banks participating in the currency auction change from year to year during the years of study, which is shown in Table No. (35). through this we conclude that the large and continuous demand for currency auction sales in the Central Bank of Iraq exceeds the needs of Private sector financing.
2. Through the results of the comparison between the currency purchased to enhance the assets abroad and the currency purchased for the purpose of selling cash and noticing the discrepancy between them, we conclude that there is a large gap between strengthening the funds and selling in cash, which results in a great value for money wasted through currency auctions for the benefit of commercial banks in Iraq.
3. As a result of the monetary policy carried out by the Central Bank of Iraq, specifically the policy of selling the currency in the so-called currency auction. During the study period, an increase in the number of participating banks was observed. This increase led to an increase in the daily currency sold from the dollar and because of the difference in selling prices, whether official or parallel, it resulted from This is large profits derived from the sale process, which is exclusively beneficial to commercial banks without any banking activity or operations, which is negatively reflected in the monetary policy itself as a result of the great waste of public money.
4. The banks participating in the currency auction focused their dealings on selling and buying dollars, whether to enhance their funds abroad, such as transfers and documentary credits, or cash sales to the private sector, and this process negatively affected their banking services, including cash credit, as the profits resulting from their dealings with currency purchases through daily auctions are more than doubling Profits derived from the benefits of cash credit. Through the results obtained by the researcher, it was found that there is a decline in the volume of direct cash credit granted to the private sector, as it can be represented by an inverse relationship between buying the dollar and cash credit.

Second: Recommendations

1. Reconsideration by the Central Bank of Iraq in the mechanism and controls of selling foreign currency (the dollar) in the currency auction to reduce the severity of depletion of these currencies from the country, especially since the central bank is forced to cover the demand for dollars from the cash reserve in the event of a deficit of oil revenues from covering the demand Growing on the dollar.
2. The need for government banks to take the lead in their circulation of dollars resulting from currency auctions and at the official price exclusively in order to cut off the way for those seeking to speculate in the selling prices of the dollar to achieve their personal benefits without the public interest.
3. Serious endeavor to amend some procedures of the Iraqi currency auction through the proper identification of the parties participating in it, provided that the government sector, including banks and financial companies, has a role that surpasses the participation of commercial banks in these auctions.
4. Reconsidering determining the controls of participating in currency auctions, specifically for commercial banks operating in Iraq, by requiring them to grant internal credit, meaning inside Iraq only, that exceeds the interest accrued from currency auctions, in order to achieve economic development.

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