Abstract
After 2003, Iraq went through an important historical stage, which led to a radical change in various political, economic and social levels. With regard to its impact at the economic level in general and on the banking sector in particular, we see that this sector has been greatly affected by the change of the political system in Iraq after 2003, although it has gone through several developments during the stages leading up to the said change in financial and monetary policies and the independence of the Central Bank, such factors that contributed to the development of banking activity. In order to develop a future vision, several scenarios were taken, the first represents the continuation or decline of banking activity in Iraq and the second scenario represents the development of banking activity in Iraq.

Keywords: development, political change, banking system, Iraq

INTRODUCTION
The banking system in Iraq needs major reforms in order to advance the current reality and the problems it suffers from, as the economic and banking sector in Iraq suffers from structural problems and problems related to the nature of the legislation and policies followed by the Central Bank of Iraq in the management of banking services finding treatments and solutions requires a number of government reforms and procedures that will advance the reality of banking activity in Iraq. In addition to the political crises and the political instability they generate, which is reflected in the financial and banking situation in Iraq, where the change in the political system in Iraq after 2003 represents a transition from a totalitarian dictatorial system to a democratic pluralistic system. This change may constitute an impact on banking activity with positive and negative dimensions. Accordingly, we will show a future vision of banking activity in Iraq. We will divide this study into two topics: First topic: The development of banking activity in Iraq, and second topic: Treatments and solutions to develop banking activity in Iraq.

THE IMPORTANCE OF RESEARCH:
The importance of this study is highlighted by highlighting the treatments and solutions of developing banking activity in Iraq and trying to give a perception to the policy maker that reforming the banking system will provide new sources of both income and output. This study is also important for researchers in this subject and for the financial and banking sectors.

THE PROBLEM OF RESEARCH:
This study seeks to answer several questions: How was the banking reality before 2003? Are there signs of decline in banking activity? To what extent can banking activity be promoted and developed?

THE SEARCH HYPOTHESIS:
This study starts from the hypothesis that banks and banking activity were greatly affected by the change of the political system in Iraq after 2003, as banking work in Iraq before this period represents
a secondary activity, as those dealing with this activity practiced it as a secondary activity in addition to their main commercial or industrial activity.

**RESEARCH METHODOLOGY:**
To achieve the objectives of this research, several approaches were relied on, the most important of which is the historical approach and the analytical method, which aims to prove a general situation and try to apply the results to a particular case (especially) to clarify the concepts raised by the topic.

**STRUCTURE OF THE STUDY:**
This study was divided into two topics: the first topic: includes the development of the banking sector before 2003, and the second topic: It includes a scenario of development and decline in the performance of the banking sector in Iraq after 2003.

**BANKING ACTIVITY IN IRAQ - REALITY AND THE FUTURE**
The political, economic and social conditions have cast a shadow on banking activity in Iraq and these conditions have created positive and negative effects on this important and vital sector. These effects have brought great changes in the past and present and will undoubtedly affect banking activity in the near and distant future, which is a product other than economic and financial policies in Iraq. And we will show this as follows:

The first topic: The development of banking activity in Iraq

**Stages of development and activity of the Iraqi banking system:**
The Iraqi banking system went through many stages that were the result of its influence on factors surrounding it in the environment of the device itself, including economic and other social as well as political factors. These factors formed the general framework for work in this sector. They affected the nature of its goals. These transformations can be included in stages that indicate its development and can be divided as follows:

1. **The first phase from 1892 to 1934:** Since the middle of the nineteenth century, companies and countries with colonial interests have turned to Iraq, as their presence increased and their influence extended to all the cities of Iraq, especially Baghdad, Mosul and Basra. Which required dealing in foreign exchange with companies and people, for the first time in the Iraqi market, the exchange of foreign currencies that Iraqi traders did not know or dealt with before, the expansion of banking work and the increase of its activity in Iraq came as a result of the accumulation of foreign expertise in the field of finance. The increase in contact with foreigners represents the real beginning of Iraq's entry (Jassim, 2007, p.126)

   This stage is the beginning of the emergence of the banking industry in Iraq, as this stage was characterized by the control of foreign bank branches over the banking industry and directing the banking sector to achieve the goals of the founding countries. Where the first bank was opened in Baghdad, the Ottoman Bank in 1890, and then another branch of the British Bank, the Eastern British Bank in Baghdad in 1913, in order to practice banking business. Banking was focused on accepting deposits and granting short-term credit. These banks acquired banking activity until 1935. The branches in the main cities focused their activities on granting short-term bank credit to the commercial sector, and the goal is to achieve large and quick profit at the same time as they provided a service to the governments of the founding countries by encouraging import from Britain and neglecting Iraqi banks in encouraging sectors of the Iraqi national economy. (Al-Obaidi, 2010, P.96)
2- The second phase, which extends from 1935 to 1963: This stage marked the beginning of the emergence of the features of the structure of the Iraqi banking system, as well as the first beginnings of national banking, and because of the reluctance and abstinence of foreign exchange operating in Iraq from financing the industrial and agricultural sectors, which are in urgent need of medium and long-term financing, the Industrial Bank and the Agricultural Bank were established in 1935 by Law No. 51, where its objectives and tasks were defined by financing agricultural and industrial activities. Its financial investments were trying to cover the requirements of various agricultural works and activities and apply to industrial projects that are established by some traders and craftsmen, in 1946. Due to the growing needs of farmers, peasants and commercial and industrial professionals for loans, the increase in the size of the bank's financing and the multiplicity of its objectives, the government decided to establish an independent industrial bank to finance industrial projects in terms of the agricultural bank with regard to financing the requirements of the agricultural sector. (Ahmed, 2008, P.48)

Rafidain Bank was also established under Law No. 33 of 141 and began its work on 19/5/1941 with a paid-up capital of (50) fifty thousand dinars. The bank went through multiple stages during its historical journey, firstly represented by its presence as a national bank that practices commercial banking between many foreign banks, and began to gradually expand within the country and then went through it included commercial banks that were operating in Iraq, where in 1974 it was consolidated with Rafidain Bank, which became the only commercial bank in Iraq, where it continued to operate alone in the field of banking until 1988, which witnessed the establishment of another government bank, Al-Rasheed Bank, which began its work in the branches of Rafidain Bank, to which its business moved. (Ahmed, 2016, P.126-129)

In 1998, the bank witnessed a new development, which is its transformation into a wholly state-owned public company in accordance with the provisions of the Public Companies Law No. (22) of 97, with the aim of contributing to supporting the national economy in the field of commercial banking, investing money and providing financing to various sectors in accordance with development plans and within the framework of the economic, financial and monetary policies of the state, where the bank accepts deposits of all kinds and invests money and cash surpluses in various aspects of investment as set by the law. Credit activity represents the most important investment operations carried out by the bank and is considered one of the main tasks of its work and growth. A bank was also established to finance real estate credit (Al-Hiti, 2005, P. 226)

3- The third phase, which extends from 1964 to 1988: This stage represents an important shift in banking organization, which is the third stage of the development of the banking system, as the government began to take the role of controlling banks by issuing a law on the nationalization of all banking institutions, as well as merging many institutions. Financial institutions were subject to the supervision of the General Organization for Among specialists from one supporter and another opponent of this law. (Jassim, 2007, p.132)

Some believe that the nationalization of banks is better than the state of impunity experienced by the banking institution, and the General Organization of banks at the beginning in the Central Bank of Iraq and its activity is based on monitoring the credit activities of banks operating in Iraq and submits its report to the Central Bank and the Ministry of Finance, as the banks were divided into four groups in August of 1946, and the following (Theite, 2005, P.195-196):

▪ The first group included the Commercial Bank, the British Bank for the Middle East and the Bank of Pakistan.
▪ The second group includes the Bank of Baghdad and the Arab Bank.
▪ The third group includes Al-Rasheed Bank, Eastern Bank and the United Bank of Iraq.
4- **The fourth phase extends from 1988 to 1996**: This stage represented an important shift in the banking sector and in the reality of national banking. Law No. 12 was issued and the Central Bank of Iraq Law was amended, which allowed private entities to establish private private banks. Resolution No. 142 was issued on 31/5/1991. Which included allowing the establishment of private banks in accordance with the Companies Law No. 36 of 1983. Another important development was the establishment of the securities market in 1991, which led to the expansion of the role of financial institutions as an intermediary through the establishment of affiliated offices that buy and sell securities. (Al-Shamri, P. 196)

5- **The fifth phase, which extends from 1996 to 2003**: is an important stage in the banking sector in terms of its structure, as Resolution No. 9 of 1996 was issued, where specialized banks were allowed to practice commercial banking in addition to practicing their banking activities. The Central Bank also allowed after its number 1313 session on 6/10/1996. By granting medium and long-term loans for industrial, agricultural, real estate and professional purposes in addition to investment banking, internal regulations have been amended and government banking units have become self-funded and fully state-owned and have the ability to manage their activity to serve the national economy. Resolution No. 22 of 1997 also authorized the establishment of joint stock companies and the conduct of non-banking activities after obtaining the approval of the Central Bank of Iraq, and based on Resolution No. Five of 1998, investment companies were established, reaching nine companies tasked with buying and selling treasury transfers, stocks, bonds, securities, government bonds, as well as investing their funds as fixed deposits (Al-Awadi, 2010, p.22)

The second topic: The scenario of development and decline in the performance of the banking sector in Iraq after 2003

There are many treatments and solutions that can work to develop banking activity in Iraq and these treatments will achieve great development and development in banking in Iraq. We will mention this in two demands, which are as follows:

**The first requirement: Scenario of continuation of banking activity or decline (instability of banking activity)**

This scenario is the possibility of happening and it is based on the survival or decline of banking activity negatively, which is a scenario based on many pillars and data, which portends a clear and significant decline in banking work in Iraq and what will result in the coming years. We will show this in the following:

1. **Scenario of decline in banking activity in Iraq (negative decline):**

The political, economic and social situation has greatly affected banking activity in Iraq, and this impact has been clearly reflected on the mechanisms of banking activity in Iraq, which portends the possibility of a significant impact on banking work and the securities market in Iraq, which leads to a decline in Iraqi financial policy and a clear absence of modern legislation that will promote the sector and banking activity in Iraq. As the issues of financial and administrative corruption, particularly in the economic sphere, and state institutions, particularly those pertaining to the economy and banking, warn of the potential for major financial and banking crises that will have an impact on banking activity in Iraq in the near and medium term. (Afana, 2018, P. 152-157)
In addition, many Iraqi banks return to influential personalities and parties in the political system. This return will greatly affect the future of banking activity, as these influential personalities will work according to achieve their narrow interests and private material profit without paying attention to setting the rules and basics of banking work, which will achieve real economic, financial and banking development that contributes to the establishment of the rules and foundations of banking (Mohammed, 2021, P.384)

Banking activity requires comprehensive economic planning, follow-up and control by government political and economic institutions in order to develop plans and policies that will manage banking operations in a way that achieves growth, development and insurance in the face of any market change or fluctuations that may occur and affect banking activity in the country (Maghreb, 2020, P.79), Which Iraq lacks and portends the decline and fragility of its banking system.

Globalization and its effects have represented one of the biggest challenges and factors that portend the humility and weakness of banking activity and influence it, especially in countries that suffer from weak economies and the absence of plans and strategies that would solve many of the problems and crises they face at home and abroad, as the economies of weak countries that depend on crude oil (Rentier state) It is one of the countries that suffers from the most fluctuations and economic, financial and banking problems now and in the future.(Al-Shammari, 2020, P.56-57)

Despite the circumstances and failures experienced by Iraq, which in light of the security and political instability and the difficulties and objective and subjective circumstances that accompanied the work of the Central Bank, there are clear features, trends and strategies for monetary policy based on reducing hyperinflation, which has clearly negatively affected all features of economic life since the blockade imposed on Iraq in 1991. As a result of Iraq's many wars and turmoil, inflation has escalated at record high rates until it reached its highest rates, so all productive sectors deteriorated and the gap between wages, salaries and high prices became very large, and in light of the many changes experienced by the Iraqi economy after 2003 and the issuance of the Central Bank of Iraq Law No. 56 of 2004 Under which the Board of Directors of the Central Bank of Iraq issued regulations and instructions and defined mechanisms, tools and applications for monetary policy in Iraq with the aim of achieving basic central objectives, including: reducing hyperinflation, raising the purchasing value of the Iraqi dinar and maintaining balanced rates compared to foreign currencies, especially the US dollar.(Dagher and Ashour, p. 207)

The indicators of the economic situation in Iraq are not clear and very bad, due to the absence of economic policies and dependence on policies that are not compatible with the reality experienced by Iraq, the spread of crises and economic problems, high unemployment and poverty rates that have accumulated for many years, and the accompanying absence of political and economic institutions that can remedy crises and economic problems, all indicators of the deterioration of It resulted in a deterioration in banking activity and the economic field in general.(Sami and Mohammed, 2013, P.80)

This scenario is based on the possibility of continuing or declining the general situation of financial and banking activity in Iraq as it is and negatively, as this scenario is based on the continuity of instability in banking activity and the volatility of the securities market, which is the product of political, economic and social instability and the major problems that Iraq suffers from in these aspects on the one hand, as well as the continuation of the same economic, financial and banking policies followed by the political system in Iraq and following the same administrative and banking mechanisms by the Central Bank of Iraq.( Rahim, 2020, P.76)
This scenario assumes that the situation remains as it is or its decline negatively, based on the continuity of the Central Bank's continuous management of fiscal policy in Iraq through the government's dealing with government and private banks in the same manner in force now. The central bank's control over financial transactions, foreign currency and currency auction without any significant change. This scenario assumes the continued volatility in banking work in Iraq between positive and negative (Rashed, 2018, P.56), As the continuation of partisan conflicts between the political forces present in the Iraqi political scene led to a lack of interest in the development of economic and banking aspects in Iraq, which means that the situation remains the same without any positive change, as political instability is reflected in another way on economic instability (Salm, 2017, on P. 121), Iraq's economic dependence on rentier policy and individually on oil in its national income, which is a major challenge, especially in light of the rise and fall of oil prices and unstably, which generates great volatility that may affect the Iraqi economy and banking activity Since rentier economic policies, the lack of new development and development strategies, and the absence of desire to activate economic aspects and diversify income are all factors that the unstable situation remains what it is in Iraq in the economic and banking aspects (Al-Radawi and others, 2019, p.8), Economic and administrative corruption in Iraq has various forms such as tax evasion, bribezzlement of funds, illicit commissions, the black market, currency trade, drug trafficking, antiquities smuggling, drug trafficking, functional exploitation, nepotism and many other forms of economic corruption and the consequent obstruction of investment and development and service projects that will promote the economy As well as the great waste of public money, fictitious projects and the high costs of them, and these types of corruption contribute significantly to influencing banking activity and portend major financial and banking crises in this sector (Mohammed, 2018, p.87), Another indicator of the assumption of achieving this scenario is the unstable political and security situation suffered by Iraq, as well as many problems facing the Iraqi economy and hinder the foundations of development and reconstruction, as the absence of economic institutions, infrastructure, plans and strategies that emerge through the deterioration of the security situation is one of the most prominent challenges that Iraq has suffered and continues to suffer from. (Sabahi, P.O. 186)

**This scenario is based on a number of data and pillars, which are the following:-**

1- Weakness, extinction and age of banking activity mechanisms in Iraq and the absence of modern dealing mechanisms in this field.

2- The spread of administrative and financial corruption and the absence of real control that would reduce these effects.

3- The absence of economic and banking policies, the lack of coordination between the Central Bank and banking, financial and American institutions, and the absence of collective action. (Al-Majdi and Al-Majdi,p. 67)

4- The state of political and security instability experienced by Iraq and the reflection of those effects on banking activity and securities work in Iraq.

5- The absence of legislation and higher strategies that would develop future plans for economic development projects, address multiple problems, develop national income, encourage investment and develop appropriate mechanisms for the work and development of banking activity in Iraq. (Speech, p.25)
6- The policy of the Central Bank of Iraq regarding the sale of currency through the currency auction without knowing where that currency goes and the absence of careful follow-up in order to prevent the smuggling of those currencies outside Iraq or their investment in other countries, and therefore it is one of the most dangerous smuggling of money abroad. Al-Ani, P.178)

7- The continuity of the Central Bank of Iraq in the process of financial and banking activity in Iraq and dealing with government and private banks in the same way, as well as the absence of plans and competencies specialized in banking activity and the absence of specialized studies and research centers in this regard. Salal and Radi, 2019, p.70)

8- The Central Bank remains in dealing with foreign currency through the currency sale window or what is known as the currency auction for banks and banking windows. (Hazam and Attia,2016, P.56)

This scenario is likely to happen and the reason for this is the weakness of the Iraqi economy and the absence of economic and financial policy for banking activity, as well as Iraq's dependence on a rentier economic policy that has greatly affected banking in Iraq Corruption, money laundering and smuggling operations and many other problems suffered by the banking system in Iraq are among the most important indicators of weakness and decline in banking activity in the near and medium future in Iraq and the weakness of this sector in legislation, laws and strategic policies that can work to develop the banking sector and raise it to the level of developed countries, which requires great efforts to develop this important field.

The Second requirement: Scenario of increasing and developing banking activity in Iraq (positive progress)

This scenario represents the positive perception and expectation of the future of banking activity in Iraq. This scenario assumes that banking activity in Iraq will witness a significant positive development, accelerated growth and progress in aspects of banking.

This scenario is based on the assumption that Iraq is in the process of carrying out large development operations in various aspects, especially in the economic and banking sector, as this development stems from the development processes followed by the political system in order to develop the Iraqi economy and the banking labor market, which is the result of the previous legislation issued by Iraq in relation to the Iraqi Banks Law No. 94(Jass,2015,p.216)

These parliamentary laws and legislation have allowed for foreign investments in competition in the Iraqi securities market, as well as the great openness in the labor market, the freedom of movement of capital, banking and technological interdependence with the countries of the world, and great freedoms regarding the establishment of private banks and the increase of their capital and their contribution in various fields of development. (Shabib,2018,p117)

As the indicators of banking policy, banking openness and the application of the foundations of development and banking diversification between government banks and private banks can bring about real economic and financial development in Iraq in the coming years through the development of investment and development processes, achieving high growth levels and working to find solid foundations and rules for the development of banking work in Iraq. (Khatab, P. 32)

Economic development and openness in Iraq represented a turning point that could be with great positive returns in the near and medium future. This development is caused by the expansion of
banking and investment and the nature of economic openness despite the limited revenues of production and limited to the export of oil, but foreign investments and linking Iraq to the World Banking Organization. Benefiting from global expertise and expertise are all factors that can be one of the most important foundations and pillars of future banking development. (Shandel, 2022, p149)

This scenario is based on a number of data and pillars, which are as follows:-
1- Economic and banking openness, economic freedom and encouraging foreign investment.
2- Achieving the foundations and rules of comprehensive development and expanding the establishment of private banks and joint cooperation between them and government banks and the volume of internal and external financial exchanges, and working to develop the banking sector through banking policies with development and advanced goals. Baqer, 2018, p. 172)
3- The financial and banking policies followed by the Central Bank that would achieve rules for comprehensive banking development.
4- Banking governance and technological development, which has achieved good results with regard to linking Iraq to the system of regional and international banks, consolidating the foundations of banking development, and the Central Bank of Iraq’s quest to implement the electronic payments system that would achieve remarkable development in the banking sector in Iraq by conducting financial exchanges through credit cards without dealing with manual money internally and externally. (Amin and Shaker, 2021, p.117)
5- Openness in the aspects of financial investments and banking services and what the political system did after 2003 to provide an opportunity for foreign investments to enter the Iraq Stock Exchange in order to activate and move the economic recession suffered by Iraq as a result of the crises and war that followed it. (Salal and Radi, P. 176)
6- The banking relations offered by many Iraqi banks with regional and international foreign banks that opened the door to the exchange of banking services and eliminated the economic and banking isolation suffered by Iraq over many years. (Khuzam and Attia, p.63).

This scenario can be witnessed by banking activity in Iraq in the medium and near period, especially in light of the positive developments witnessed by Iraq in the banking sector over many years and the solution of many of the problems that this sector was suffering from as a result of the political, economic and social crises and many of the wars fought by Iraq that destroyed the foundations and rules of the economic, financial and banking system in Iraq.

CONCLUSION
At the end of this research, we mention the most important results, which are as follows:

1. We have shown many solutions that must be adopted that will achieve a positive change in banking services in Iraq in line with the great development witnessed by many countries of the world, especially regional countries in this field, as these solutions can achieve positive results and changes in banking activity now and in the future.

2. With regard to the future vision, banking activity in Iraq in light of the current banking policies and the nature of management and procedures related to banking services, it lives in a state of instability
affected by the political and social crises experienced by Iraq, which is reflected in another way on the Iraqi economy in general and banking activity in particular.

3. But this does not deny the possibility of achieving positive progress in banking in Iraq, as the right policies have been put in place and laws have been initiated that will achieve comprehensive economic development according to the reality of the Iraqi economy, and this is what the second scenario assumed in the future vision.

4. The political crises and wars experienced by Iraq have clearly affected economic and banking activity, as they have created an economic and banking structure suffering from large crises, isolation and old traditional systems compared to other countries.

5. The absurd war in which Iraq entered in the past has generated a weak economic system suffering from crises and indebtedness, as well as the conditions that followed 2003, political instability, political conflicts and the security situation have all contributed to the deterioration of banking activity in Iraq.

6. Despite the efforts of the political system after 2003 to promote the banking reality in Iraq, it collided with the size of the great problems related to limited production, the great destruction left by wars, the looting of wealth, and political, administrative and financial corruption in which banking activity had the largest part.

7. After 2003, the political system worked to legislate laws and issue regulations and procedures that would develop banking activity in Iraq and through the Central Bank of Iraq, which represents the highest peak of the pyramid in this aspect and is responsible for the policy of securities in Iraq and for managing banking services in it.

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