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Anwar Mhmood Ghaffoori
College of Administration and Economics, Tikrit University, Tikrit, Iraq

Muhammad Ahmed Jassim
Department of Financial Affairs, Salahuddin General Education Directorate, Iraq

Omar Kareem Kadhem
College of Administration and Economics, Tikrit University, Tikrit, Iraq

Correspondence
Anwar Mhmood Ghaffoori
College of Administration and Economics, Tikrit University, Tikrit, Iraq

Sources of debt financing and impact on liquidity indicators: An applied study of a sample of Iraqi private commercial banks for the period (2012-2023)

Anwar Mhmood Ghaffoori, Muhammad Ahmed Jassim and Omar Kareem Kadhem

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Abstract
The study aimed to know effect funding sources in debt represented by (cash insurance, borrowed money) in liquidity represented by its indicators (turnover ratio, cash ratio to achieve this goal, the study dealt with the method of content analysis of the annual financial statements published on the website of the Iraqi Stock Exchange for banks (the National Bank of Iraq, the Trans-Iraq Bank, the Iraqi Investment Bank) the study sample and for the period extending from (2012- 2023), to collect primary data for the purpose of measuring the study variables and dimensions. Correlation and regression models were used in the statistical program (SPSS) to examine the relationship and influence between these variables and dimensions. The study concluded that there is a significant and statistically significant effect of funding sources.in debt in all its dimensions Liquidity For the banks in the study sample, the impact varied between negative and positive, as the impact was significant and negative in the indicators. Liquidity in all its dimensions represented by (trading, cash),The study recommended Necessarily Iraqi commercial banks invest in financing sources in debt Within deadlines that are consistent with their due dates, with the aim of achieving returns and improving rates. Liquidity in banks study sample. The need to prioritize funding sources, especially in debt from there, to choose the most beneficial and least costly source for the commercial bank.

Keywords: Funding sources, indebtedness and indicators liquidity

Introduction
Banks always need funding sources, and for this reason, the topic of debt funding sources is one of the important topics in commercial banks, since banks rely mainly on various deposits as sources of funding, deposits may sometimes fluctuate due to withdrawals, economic conditions and emergency crises, which leads to a decline in their funding sources, which greatly affects their profitability and liquidity, which negatively affects their financial performance. On the other hand, deposits are not flexible because the bank cannot control the amount received from them and does not know when the deposit amount will be deposited, nor does it know the amount and time of withdrawal from them in the near future. Banks may urgently need to find new and alternative funding sources that can meet their needs for funds to fill the gap and invest in opportunities available in the market. Thus, diversification in these sources improves the financial performance of commercial banks. The development of economic conditions, the expansion of global financial market activities, and the emergence of new financial institutions have provided commercial banks and other institutions with new areas through which commercial banks can obtain the necessary funding in the amounts, conditions and periods appropriate to the bank. The process of finding other sources of funding is called which includes obtaining funds from other financial institutions in various forms, such as borrowing or issuing and selling commercial papers and certificates of deposit or securitizing debts and other sources, taking into account that there are some restrictions. All types of banks are the pillars of any banking system and an important pillar of economic activities in any country in the world, regardless of the considerations they carry, which are represented in many of the functions include traditional and modern ones that have developed with the development of the global banking system

on the one hand and the development of banks on the other hand. Commercial banks are financial institutions that work in the field of credit and are sometimes called deposit banks. The most important thing that distinguishes them from other banks is that they accept deposits on demand and current accounts. In short, the function of the commercial bank is to accept all types of deposits, and a large part of these deposits is invested in the form of loans, and a part of them is kept in the form of cash reserves.

Chapter One: General Framework of the Research

Research methodology

First: The research problem

to attest recent years have seen the continuous and rapid development of technology around the world and in the fields of various so found banks The business itself is forced to reorganize its activities.to try to adapt it For these changes, as banks commercial works on diversity New and innovative sources of financing to ensure its continuity, growth and sustainability in the market, so the sources of financing are the lifeblood of activities. the bank commercial, and try banks ranking but it to get its sources of funding in a way that enables it a Facing a lack of liquidity and cash flow, deposits subject to fluctuations, and therefore growth banks he depends on deposits because they can use other sources of financing to improve their financial performance, they may not receive attention but they may generate very large amounts that can be used as a source of financing and the cost of obtaining them may be low compared to deposits and they are called sources of financing in debt this study attempts to clarify whether banks The concerned party resorts to funding sources. In debt to improve its financial performance to improve its profitability and liquidity accordingly, our study discusses the following main questions:

1. Is there a correlation between funding sources in debt with its dimensions on liquidity?
2. Is there a significant effect of the borrowed money element on liquidity?
3. Is there a significant effect of the cash insurance element on liquidity?
4. Is there a significant impact of funding sources in debt as a Liquidity?

Second: The importance of research

Come The importance of research in terms of the nature of the topic we are studying, one of the topics was addressed Mission For any bank Commercial in the world, and it is related to sources of financing In debt For commercial banks The importance of their search Which of the following:

1. It is possible show Roads and Means that can be managed banks commercial to use it in the process of managing funding sources, this is reflected in bank liquidity commercial.
2. She can find solutions. For the negatives, positives and problems you may face Banks In the event of resorting to funding sources in debt.
3. Tanba the importance of diversifying funding sources for banks commercial to goal of reducing reduce the percentage risks and benefits of each source.
4. The importance lies in Search an attempt to enrich the scientific and practical knowledge on which practices within banks commercial.
5. It is also important this research being liquidity it is one of the topics important which importance in banks commercial.

Third: Research objectives

The study seeks to achieve the following objectives

1. Goal Search it highlights and gives an accurate and broad understanding of the sources of funding. In debt and its effectiveness in raising liquidity banks commercial sample Search.
2. Giving an idea to bank managements and officials about the need to diversify funding sources for banks commercial, and access to systematic development that ensures the safety of management banking its sustainability and ability to improve its financial performance.
3. Financial performance evaluation for banks Iraqi trade through a set of financial indicators.
4. Exit with recommendations that would improve bank liquidity commercial in Iraq.

Fourth: Research hypotheses

Your right hand from this study several main hypotheses are as follows:

1. **The first main hypothesis:** There is a correlation between funding sources. In debt with its dimensions liquidity.
2. **Second main hypothesis:** There is a significant effect. For debt financing sources in liquidity the following sub-hypotheses branch out from it.

Section Two: The Theoretical Aspect

One of the important types of financing sources that financial institutions resort to when they need to finance their financial structure, as it is considered external financing, used when the funds owned are not sufficient to meet the financial need or in the case of preference for some of the advantages that accompany it or in the case that the financial institution actually has sufficient money but wants to keep it to face potential future risks, so the institution turns to financing its structure with debt to achieve this matter. Some sources of funds come from within the bank, such as selling assets or using reserves and retained earnings, etc, and the other part comes from outside the bank, such as borrowing. These sources differ from deposits in many ways, the most important of which are: (Shwish, 2019:185) [4], it is: the sources of funds that commercial banks resort to, represented by all the items on the left side of the balance sheet (liabilities), except for deposits, which the commercial bank can invest in different terms to exploit available opportunities and achieve profitable returns due to the low cost of obtaining some of these sources, in addition to the fact that the interest rate on these sources is determined by agreement between the two parties (Dahham & *et al*., 2019:10) [19].

Advantages of debt financing

1. Its benefits are fixed and do not change with the increase in profits, which increases the market value of the institution.

2. Enjoying tax advantages, which results in reducing the cost of debt, especially when achieving profits higher than the costs of this type of financing.
3. The higher the price, the lower the agency cost.
4. Establishing disclosure and transparency for investors helps them monitor management members and limit their individual actions.

Disadvantages of debt financing

1. It is fraught with risks of instability of the operating profits of the financial institution in its work called business risks, as well as the instability of the profits returned to shareholders called financial risks.
2. Obligated to pay interest whether or not it makes a profit, and to pay the increase in interest if it occurs as well.
3. More vulnerable to financial default if the institution fails to pay on time.
4. (Ibrahim & Isiaka, 2020:133) [18].

Second: Types of funding sources in debt

Borrowed money

Borrowing is the second source of external financing for commercial banks. Although banks usually provide credit and lending, this does not conflict with the banks themselves borrowing from others if they have emergency debts that must be paid. The bank has the right to use different sources of borrowing in accordance with the laws and regulations in force in the country and the region in which it is licensed. (Al-Janabi, 2015:107) [17]. These sources vary to include borrowing from central banks, other commercial banks, and others. The determination of the lending party depends on several factors, including the nature of the loan, the required interest rate, the extent of the need for it, the time period required to obtain it, and the financial conditions of the bank. (Abu Zaiter, 2006: 29) [5].

1. Borrowing from the central bank

Commercial banks do not borrow from the central bank except in times of necessity, since the central bank is the lender and the last resort for commercial banks. however, if the bank wants to improve its investment capabilities and expand when there are good investment opportunities, it usually issues debt bonds with interest rates lower than the returns it will obtain from investing the money collected from selling these bonds (Samhan, 2010: 162) [6]. The central bank is also considered the bank of banks and is responsible for supervising all banks and banking systems in the country. It provides commercial banks with loans and advances when they are exposed to crises or in emergency situations or when they are unable to borrow from other sources or in seasonal situations because the liquidity of commercial banks is not sufficient to meet customer demands in seasons such as agriculture in the summer or holiday seasons and others. Central banks do not encourage borrowing from them, but they recommend that banks search for other sources of financing to obtain funds or correct their situation in appropriate ways. These loans are documented with government securities or high-quality securities. The central bank provides financing to commercial banks either directly to the banks through loans and advances as mentioned above or by providing them with liquidity through rediscounting commercial papers with them. Usually, commercial banks discount papers and financial bonds for customers and instead of freezing their amount until their due date, they rediscount them with the central bank, then pay it the discount rate imposed by the central bank, and then profit from the difference between these two rates: the discount rate it receives from the original holders of banknotes, and the discount rate it pays to the central bank., (Dahham & *et al*., 2019, 10) [19], and it is clear from here that the discount rate is less than the rediscount rate. Moreover, under normal circumstances and when cash is available in the treasury, banks are more willing to keep these documents until the maturity date, for two reasons:

- Benefit from investing money in the discount process, so if he keeps the paper until the maturity date, he will fully benefit from the discount amount and thus get a greater financial profit.
- The original owner of the paper does not look at the rediscounting of the papers with satisfaction because it may reveal some of his financial secrets. Likewise, the commercial bank itself is also not satisfied, because its request for rediscounting may be misunderstood and interpreted by some as evidence of the bank's insufficient liquidity and its inability to meet customers' requirements for available cash.(Al-Sayrafi, 2007: 49) [7].

2. Borrowing from commercial banks

commercial banks sometimes resort to borrowing from each other in order to meet their financing needs, but they hesitate to take this type of borrowing, because requesting a loan from other banks may involve a defect in the borrowing bank Commercial banks are more willing to borrow from each other before resorting to the central bank, due to low interest rates. These temporary loans are short-term and can be recovered upon request. if commercial banks cannot meet the borrowing requirements of other commercial banks, they will resort to the last lender in the banking system, which is the central bank (Al-Hashemi, 2017: 93) [2]. However, this does not mean that the central bank must respond to loan requests submitted to it by commercial banks under any circumstances. Instead, it uses the response or non-response to loan requests as a means of exercising control over banking and credit activities. Banks obtain these loans based on bilateral arrangements, preferential terms and interest rates, although some of these loans are based on guarantees, interest rates and other terms provided by market mechanisms. There are several forms of borrowing from other banks, as follows: (Al-Moussawi, 2010: 51) [8].

a) Commercial banks may open current accounts, fixed-term accounts or deposits by notice to other banks, the purpose of which is to dispose of excess liquidity on the one hand, and on the other hand to transfer it to another bank in return for investment.
b) Certain amount left by a local bank with a foreign bank (correspondent accounts) to cover transfer operations and payment of a documentary credit or other and takes interest on this account and is negotiated and is considered a loan between banks.
c) A loan agreement is reached between two banks, the

first does not need liquidity, and the second wants to invest in it due to the increased demand for borrowing. In this loan, the time period, interest and other revenues are specified between the banks.

d) Borrowing from foreign banks, these foreign banks are branches of the state or an administration of this branch in order to invest this money.
e) E-an agreement between a local bank and a foreign bank to provide a loan for investment purposes, usually in foreign currency. The interest rate and payment time are specified in the loan contract, and the interest rate is set at the minimum rates according to the prevailing interest system. These forms of loans help the borrowing bank to provide it with liquidity on the one hand, and help it to increase its investments and thus increase its profits and the spread and financing of economic sectors.(Al-Canaan, 2012:188) [9].

3- Surplus Reserve Loans

Commercial banks deposit a certain percentage of deposits in the accounts of central banks to meet the cash reserve requirements and use them in bank clearing. Since the establishment of the bank of England, the central bank began to act as a guardian of the cash reserves of commercial banks. In 1844, it was legally authorized to issue currency independently in addition to the confidence of other banks in it. Therefore, commercial banks resorted to depositing cash reserves in its hands. The amount held in these accounts changes every day according to the amount of the bank deposit. if the level of commercial bank deposits decreases for any reason, there will be a surplus in its reserves in the central bank (Ghazi, 2014: 405) [10]. in order for the relevant banks to benefit from the surplus of their cash assets, the central bank allows these surpluses to be used in lending, in order to benefit banks that do not have sufficient reserves due to the increase in deposits, as banks borrow from each other in a short period of time based on the knowledge of the central bank and follow simplified procedures. These mutual loans are imposed on them at a simple interest rate, which is the advantage The main banking system is that surplus reserve loans are one of the important sources of debt financing because they provide liquidity when needed for commercial banks, and at the same time they are at an appropriate interest rate and within simplified procedures (Rose & Marquis, 2008: 437) [21].

Cash insurance

That banks commercial She took refuge to request sufficient guarantees from the institutions or persons requesting credit from them, since risks are still an element associated with credit facilities, and commercial banks resort to requesting sufficient guarantees to increase reserves from borrowing institutions and investors, and the guarantee is an asset that the customer wishes to provide to the bank in exchange for obtaining a loan, and customers may not dispose of it, and in the event of non-payment of the loan or its interest, the bank has the right to sell the mortgaged assets to collect the dues (Al-Sabri and others, 2012:215) [1], and insurances are considered a second source of payment or guarantee by the borrower in the event that there are no assets that the bank can seize. (Taha, 2013: 64) [11], and insurances (guarantees) can be defined as follows:

Insurance is defined as a set of legal procedures that aim to guarantee the repayment of a debt owed to the creditor in the event that the debtor refuses to do so or is unable to do so. Economists define the concept of bank guarantees as a means for traders to obtain loans, and on the other hand, it is a tool to prove the right of banks to obtain the money they lend legally in the event that the customer does not repay the debt owed. (Mohamed El-Sayed, 2014: 95) [13] Commercial banks collect insurance from customers for various purposes in exchange for providing them with the opportunity to provide them with some services. Therefore, commercial banks store insurance in the bank for a long or short period until the obligation or contract is terminated and returned to them. These insurances are classified under restricted deposits, examples of which include insurance against issued documentary credits and insurance against letters of guarantee. These insurances (guarantees) can be considered a source of financing for debt because these insurances remain deposited with the bank for periods that may sometimes be years, and their amounts are large and the bank can use them as a source of financing throughout their stay in the commercial bank. They are also considered a cost-free source that can generate good returns if invested properly.

The third topic: In dictators the liquidity

First: The concept of liquidity: It is that the bank keeps part of its assets in the form of liquid cash at different levels, so that it can face the increase in withdrawals that may occur in deposits and credits opened to customers, so that the bank has a high ability to exploit its deposits to achieve returns with the greatest possible capacity. In terms of the lack of cash liquidity for the banking system, this may appear in crises or when an emergency occurs, as not all financial institutions can obtain liquidity at the same time if they want to, because the financial institution cannot borrow and withdraw money from other institutions, because all institutions need the available liquidity at the same time, and this makes the situation in which they are placed difficult (Mohsen and Khamisi, 2016: 64) [3]. The extent to which the financial institution is able to provide a source of borrowing to cover regular and emergency withdrawals. Maintaining balanced ratios of cash liquidity for that bank enhances its ability to confront internal and external risks (Dubik, 2015: 19) [16].

Second: Importance Liquidity

For commercial banks, liquidity is very important for two reasons: first, cash liabilities represent a very large proportion of their total resources, and second, a large part of short-term liabilities. (Abdul Hamid and Kazim, 2020: 347) [14]**,** The importance of commercial banks stems from the nature of their work, because these banks rely mainly on external resources (public deposits and external sources of debt) to raise funds, and these resources must be present to meet withdrawal and debt requirements, which makes the process of planning and forecasting liquidity an important element in banking work, whether it is withdrawals or deposits, as the opposite situation may lead to unsuitable liquidity conditions, which may lead to increased liquidity or a deficit in banks.

Third: Indicators Liquidity

1. Current ratio

This ratio is also known as the general liquidity ratio, and is considered one of the traditional indicators in financial analysis and the most widely used indicator. This ratio shows the financial ability of the commercial bank to meet its obligations in the short term through its current assets. (Edson, 2015:14) [20] This ratio is considered one of the most important financial ratios to measure the company's security status, but increasing the ratio does not necessarily provide the cash needed to meet various needs, i.e. the company may not be able to meet its needs even though the percentage is high due to the weak liquidity of assets, because assets cannot be sold quickly. When talking about liquidity, we mentioned that assets must be converted into cash in the shortest possible time without loss. (Hamza, 2017: 124), This percentage is calculated using the following equation or relationship:

$$\text{Current Ratio(CR)} = \frac{\text{Current Assets(CA)}}{\text{Current Liabilities(CL)}} * 100\%$$

2. Cash ratio

This ratio indicates the bank's ability to meet its financial obligations on time through the cash portfolio represented by the cash balance in the fund, the central bank, other banks, and any other currencies (such as foreign currencies and gold coins in banks). This ratio can be expressed by the following equation:

$$\text{Cash ratio} = \frac{\text{Cash and Cash Equivalents}}{\text{Current Liabilities}} * 100\%$$

Section Four: The Practical Aspect

This section deals with the description of the chosen field of study, the nature of the study community and sample, and the reasons that led to their selection.

First: Study community and sample

The study community included commercial banks listed in the Iraqi Stock Exchange, due to the effectiveness of trading in this market, as an active market in terms of trading rates, as well as the fact that commercial banks in these markets make financial disclosures in a way that combines timeliness and comprehensive information and publishes their financial reports in full and accurate form through the website of the Iraqi Securities Commission, which helps in drawing the appropriate ground for the current study in collecting the necessary data and information. As for the study sample, three Iraqi commercial banks were selected, namely (the National Bank of Iraq, the Bank of Iraq, and the Iraqi Investment Bank) for the period from one year (2012 - 2023).

Second: Descriptive statistics for variables

Descriptive analysis of the data was performed using the statistical program (SPSS), with the aim of arriving at the values of the arithmetic means and standard deviations, and the highest and lowest values, and then dividing the standard deviation by the arithmetic mean to obtain the coefficient of variation. Table (1) shows the arithmetic means and standard deviations for each of the study variables and their dimensions, represented by the independent and dependent variables.

Table 1: Arithmetic mean and standard deviation of independent and dependent variables.

Maximum	Minimum	Coefficient of variation	Std. Deviation	Mean	Dimensions	Variables
358155000	0	1.169444245	119192813.547	101922613.33	Borrowed money	Funding sources in debt
2449621000	39445139	1.282319432	918441629.445	716234665.64	Cash insurance	
1.2890	0.5300	0.243635104	0.2144598	0.880250	Turnover ratio	Indicators of liquidity
0.5150	0.0740	0.39086072	0.1139359	0.291500	Cash ratio	

Source: The table was prepared by the researcher based on the results of the statistical analysis. SPSS

Table (1) generally explains that the least dispersion and variation in the independent variables among these sources is the element of borrowed funds, which amounted to (1,169This indicates that the provision does not change significantly, i.e. it is consistent over the years, while the highest dispersion and variation within the sample is the cash insurance component, with a value of (1,282This indicates that this source includes many items with variable values that are not consistent from one period to another, because the higher the coefficient of variation, the more it indicates the presence of variation and dispersion in the values of the funding sources. in debt within the study sample.

- As for the source of the borrowed funds, it is noted from the table that the arithmetic mean values reached (101, 922, 613). This indicates that commercial banks rely heavily on borrowed funds as a source of financing. for debt however, this value may be affected by the standard deviation value of (119192813) This indicates the presence of dispersion in the values, as evidenced by the fact that the value of the coefficient of variation is (1.16), and this statement is confirmed by the fact that the lowest value of the borrowed funds reached (0), and the highest value reached (358155000), which shows the large difference in the values of the borrowed funds.
- As for cash insurance, it is noted from the table that the arithmetic mean values reached (716,234,665). This indicates that there are huge amounts in the possession of commercial banks that can be relied upon to a large extent as a source of financing. In debt by reinvesting it until its redemption date, but this value may be affected by the standard deviation value of (918441629). This indicates the presence of dispersion in the values, as evidenced by the fact that the value of the coefficient of variation is (1.28), and this statement is confirmed by the fact that the lowest value of cash insurance reached (39445139), and the highest value reached (2449621000), which shows the large difference in the values of cash insurance.

Third: The study variables differ according to the banks

Using the test (Carscoll and Alice) The levels of clarity and difference between the banks of the study sample represented by (Al-Ahli Bank of Iraq, Abra Al-Iraq Bank, Iraqi Investment Bank) were determined, whether in terms of sources of debt financing and its elements or in terms of profitability and its indicators. Table (2) shows the test results.

Table 2: Kruskal-Wallis test to determine the levels of variance and difference between banks.

independent variable	The bank	Ordinal arithmetic mean	Ka2 Chi-Square	Morale (Sig.)	Dependent variable	The bank	Ordinal arithmetic mean	Ka2 Chi-Square	Morale (Sig.)
Borrowed money	Investment	30.50	23,533	0.000	Turnover ratio	Investment	9.79	12,609	0.002
	Al-Ahly	11.58				Al-Ahly	21.67		
	Across Iraq	13.42				Across Iraq	24.04		
Cash insurance	Investment	22.21	13,970	0.000	cash ratio	investment	10.88	10.650	0.005
	Al-Ahly	9.50				Al-Ahly	24.58		
	Across Iraq	23.79				Across Iraq	20.04		

Source: The table was prepared by the researcher based on the results of the statistical analysis (SPSS)

It is noted from Table (2) that the significance of the Chi-Square value (Chi-Square) The percentage of all variables is less than 5%, which indicates that there is a difference in the study variables and their dimensions due to the difference in banks.

It is also noted from table (2) within the independent variable that the highest value of funding sources in debt with all its elements, it was the share of investment, in terms of the arithmetic mean of (30.50), except for cash insurance, which was the highest in the Bank of Iraq with a value of (23.79), while the lowest level of those sources of financing was in the National Bank. As for the dependent variable that includes indicators liquidity it is noted that the bank Investment recorded the highest level, followed by Across Iraq, it has registered within the financial indicators, whether in Trading or cash.

Fourth: The difference in study variables according to the years

Using the carscoll-Wallis test, the levels of discrepancy and difference between the study sample years were determined, whether in terms of sources of debt financing and its elements or in terms of profitability indicators represented by the turnover ratio and the cash ratio. The table shows (3) Test results.

Table 3: Kruskal-Wallis test to determine the levels of variance and difference between years.

Dependent variable		independent variable		Years	T
Cash ratio	Turnover ratio	Cash insurance	Borrowed money		
13.33	13.67	22.00	9.67	2012	Ordinal arithmetic mean
15.83	15.33	19.50	11.00	2013	
13.83	15.00	20.33	13.33	2014	
22.67	18.67	14.00	13.33	2015	
15.00	22.00	14.00	17.33	2016	
19.00	22.67	10.33	19.33	2017	
21.00	24.33	12.00	20.00	2018	
22.17	20.33	18.17	19.00	2019	
19.67	17.67	16.83	22.67	2020	
16.67	17.67	20.17	24.00	2021	
20.83	15.67	25.17	25.67	2022	
22.00	19.00	29.50	26.67	2023	
3.448	3.306	9.593	9.673	(Chi-Square) KA2	
0.983	0.986	0.567	0.560	(Sig.) Moral	

Source: The table was prepared by the researcher based on the results of the statistical analysis (SPSS).

It is noted from table (3) that the values of (Chi-Square) is greater than 0.05, and due to the insignificance of the Chi-Square value (Chi-Square) If it was greater than 5%, then it can be said that there is no difference in the levels of the study variables due to the difference in years. it is also noted from table (3) within the independent variable that the highest value for funding sources in debt with all its elements, it was the year 2023When reached (26.67), and it also reached its lowest value in 2012Where the ratio was (9.67) and cash insurance reached its highest value in the year 2023 reached (29.50) in the year 2017 it reached a lower value of (10.33). As for the dependent variable that includes indicators, liquidity it is noted that the highest level of indicators liquidity Recorded in 2016, whether in percentage trading or percentage cash with a value of (28.67-25.17) and the lowest percentage was in 2022 with a percentage of (5.50-5.17) respectively.

Fifth: hypothesis testing

Testing the relationship hypotheses

The research included hypotheses. Relationship two hypotheses are given below, each of which is tested using Pearson's correlation coefficient.

1. The first main hypothesis there is a correlation between

funding sources. in debt with its dimensions liquidity The following two hypotheses branch out from this:

2. The first sub-hypothesis there is a correlation between borrowed money and indicators liquidity.
3. The second sub-hypothesis: There is a correlation between cash insurance and indicators liquidity.

Using Pearson's correlation coefficient (Pearson Correlation). The results of the relationship between all sources of funding were reached. In debt with dimensions and indicators liquidity after that, the percentage Trading and the percentage Cash Table (4) shows the correlation coefficients between these dimensions.

Table 4: Test (Pearson) to find the relationship between independent and dependent variables.

Rate Cash		Rate Trading		Variable The follower / Variable Independent
(Sig.)	Pearson Correlation	(Sig.)	Pearson Correlation	
0.005	0.454**	0.140	0.251	Borrowed money
0.342	-0.163	0.117	-0.266	Cash insurance
0.013	0.409*	0.266	0.191	Total sources

A sign (**) indicates the presence of an important and statistically significant relationship at the level of (0.01) or less between two variables.

The sign (*) indicates the presence of a significant and statistically significant association at the level of (0.05) or less between two variables.

It is also noted from Table (4), regarding liquidity indicators, that there is no relationship between the turnover ratio and funding sources. In debt its dimensions. while a significant positive relationship was observed between the cash ratio and each of the borrowed funds element with a correlation coefficient of (0.454) and a significance of (0.005), which represents the highest level of positive correlation, followed by the cash collateral element and other liabilities with a correlation coefficient of (0.163-_ 0.317) respectively, there is no significant effect on the cash ratio. Based on the test (Pearson) and the previous analysis "the second sub-study hypothesis was partially accepted". This is because there is a statistically significant relationship between the sources of funding in debt with cash ratio only without trading ratio.

Normal distribution test

Before starting to test the hypotheses of influence, it is necessary to conduct a normal distribution test on the dependent variable (profitability), to ensure the validity of the parametric statistical methods in the test. Therefore, in order to verify the assumption of normal distribution of the data, the researcher relied on calculating the value of the skewness coefficient (Skewness) as the data approaches the normal distribution if the value of the skewness coefficient is between (1 to -1) as in the Tables (5).

Table 5: Values of the coefficient of skewness

Coefficient of skewness	Dimensions of profitability	T
0.0032	Turnover ratio	1
0.121-	cash ratio	2

Source: The table was prepared by the researcher based on the results of the statistical analysis (SPSS).

Table (5) shows that all values of the skewness coefficients for the dependent variable and its dimensions represented by (the percentage Trading, rate Cash) It falls within the permissible limits, i.e. within (1 to -1), so the data follows the normal distribution and then the researcher can use the tools and methods of parametric statistical analysis.

Impact hypotheses

2. (H2): The second main hypothesis there is a significant effect of the borrowed money element on liquidity the following sub-hypotheses branch out from it:

- First sub-hypothesis there is a significant effect of the borrowed money element on trading.
- Second sub-hypothesis there is a significant effect of the borrowed money element on Cash.

Table (6) shows the estimates of the simple regression model for the regression of the dependent variables in all their dimensions as a result of the effect of borrowed funds as an independent variable.

Table 6: Testing the impact of the borrowed funds element on the ratios of the dependent variables.

Fixed limit (T) (Sig.)	Regression coefficient (β)	(0β)	Value (F) (Sig.)	Adjusted R2	Coefficient of determination R2	R	Dependent variable
1.512 (0.140)	4.993E-12	0.831	2.285 (0.140)	0.035	0.063	0.251	Turnover ratio
2.973 (0.005)	4.802E-12	0.244	8.841 (0.005)	0.183	0.206	0.454	cash ratio

Source: The table was prepared by the researcher based on the results of the statistical analysis (SPSS).

- To verify the sub-hypotheses, the effect of borrowed funds on the indicators of the dependent variable in Iraqi commercial banks was measured, by estimating the multiple linear regression equation for that effect, at a significance level of (0.05). Referring to Table (6), we note the following -Stability of the significance of the simple regression coefficient model for each of (cash ratio), in terms of value (F) which reached (8.841) respectively, which were extracted from the statistical analysis table (ANOVA) at a significance level of (0.005) respectively, and they are less than (5%), meaning that the model is correct and the regression equation is correct in estimating the dependent variables through the independent variable (borrowed funds).
- It is noted that the coefficient of determination (R2) For each of (Turnover ratio, cash ratio) Its value reached (0.206) respectively, meaning that the independent

variable represented by (borrowed money) explains approximately (21%) respectively of the changes that occur in the dependent variable based on the above, the first sub-hypothesis is accepted, meaning there is a negative (inverse) and statistically significant moral effect between the two variables, i.e. the higher the value of the borrowed money, the lower the value of the ratio cash, and vice versa. The second sub-hypothesis is accepted, meaning that there is a negative (reverse) and statistically significant effect between the two variables, i.e. the higher the value of the borrowed money, the lower the value of the ratio. Cash, vice versa.

- Based on the above, the second main hypothesis is accepted, i.e. there is a significant and statistically significant effect of borrowed money on liquidity.

3. (H3): The third main hypothesis: There is a significant effect of the cash insurance element on liquidity the following sub-hypotheses branch out from it:

- **First sub-hypothesis:** There is a significant effect of cash insurance on the ratio of trading.
- **Second sub-hypothesis:** There is a significant effect of cash insurance on the ratio of cash.

Table (7) shows the estimates of the simple regression model for the regression of the dependent variables as a result of the effect of cash insurance as an independent variable.

Table 7: Testing the impact of the cash insurance element on the proportions of the dependent variables

Fixed limit (T) (Sig.)	Regression coefficient (β)	(0β)	Value (F) (Sig.)	Adjusted R2	Coefficient of determination R2	R	Dependent variable
-1.6090 (0.117)	-11.3800	0.929	2.588 (0.117)	0.043	0.071	0.266	Turnover ratio
-0.964 (0.342)	-3.708	0.307	0.929 (0.342)	-0.002	0.027	0.163	cash ratio

Source: The table was prepared by the researcher based on the results of the statistical analysis (SPSS)

To verify the sub-hypotheses, the effect of cash insurance on the indicators of the dependent variable in Iraqi commercial banks was measured, by estimating the multiple linear regression equation for that effect, at a significance level of (0.05). Referring to Table (7), we note the following The instability of the significance of liquidity ratios represented by (current ratio, cash ratio) in terms of the value of (F) the adult (2.588, 0.929) respectively at a significance level of (0.117, 0.342) and is greater than (5%). There is no effect of cash insurance on liquidity ratios (turnover ratio, cash ratio) indicating that the fixed limit (T) reached (-1.609, -0.964) with a significance level of (0.117, 0.342) which is greater than (5%). The third sub-hypothesis is rejected, meaning that there is no significant and statistically significant effect between the two variables, i.e. between cash insurance and the turnover ratio. The fourth sub-hypothesis is rejected, meaning that there is no significant and statistically significant effect between the two variables, i.e. between cash insurance and the cash ratio. Based on the above, the third main hypothesis is partially accepted, i.e. there is a negative and statistically significant effect of the cash insurance element, and there is no effect on the liquidity indicators.

The table shows (8) Estimates of the simple regression model for the regression of the dependent variables due to the effect of funding sources. In debt as an independent variable.

Table 8: Impact testing of funding sources in debt in the proportions of dependent variables

Fixed limit (T) (Sig.)	Regression coefficient (β)	(0β)	Value (F) (Sig.)	Adjusted R2	Coefficient of determination R2	R	Dependent variable
1.132 (0.266)	4.017	0.849	1.282 (0.266)	0.008	0.036	0.191	Turnover ratio
2.615 (0.013)	4.581	0.256	6.838 (0.013)	0.143	0.167	0.409	Cash ratio

Source: The table was prepared by the researcher based on the results of the statistical analysis (SPSS)

To verify the sub-hypotheses, the impact of funding sources was measured. in debt on the indicators of the dependent variable in Iraqi commercial banks, by estimating the multiple linear regression equation for that effect, at a significance level of (0.05), and by referring to Table (8), we note the following:

The stability of the significance of the simple regression coefficient model for each of (cash ratio), in terms of the value of (F) which reached (6.838) respectively, which were extracted from the statistical analysis table (ANOVA) at a significance level of (0.013) respectively, which is less than (5%), meaning that the model is correct and the regression equation is correct in estimating the dependent variables (except for the trading ratio) through the independent variable (sources of financing in debt). while the significance of the trading ratio is not stable in terms of the value of (F) The value was (1.282) with a significance level of (0.266). Meaning there is no moral and statistically significant effect between the two variables, i.e. between the value of funding sources in debt and between the value of the turnover ratio. The fourth sub-hypothesis is accepted, meaning that there is a positive (direct) and statistically significant moral effect between the two variables, i.e. the higher the value of the financing sources in debt the cash ratio increased, and vice versa.

Conclusions and recommendations

First: Conclusions

1. The results showed that there is a significant and statistically significant effect of the sources of financing, while the effect was positive and significant in the liquidity indicators (only the cash ratio), and there is no effect of the sources of financing. In debtedness overall on the turnover ratio.
2. There is a positive effect between borrowed funds and liquidity ratios represented by (cash ratio only) without

the current ratio, and this indicates that borrowed funds with long terms were invested in short-term investments and thus positively affect the cash ratio.
3. The results showed that there is a difference in the study variables and dimensions due to the difference in banks.
4. The results showed that the source of borrowed funds has a negative impact with indicators liquidity this indicates that this source is expensive and that banks did not invest this money in the optimal way, which then negatively affects the indicators. Liquidity or the purpose of borrowing may be to meet the obligations owed by banks.

Second: Recommendations
1. The need for commercial banks to try to operate funding sources in debt within deadlines that are consistent with their due dates, with the aim of achieving returns, improving profitability ratios, and not leaving these sources frozen in the banks of the study sample, while taking into account liquidity ratios when investing.
2. The need to prioritize funding sources, especially in debt including choosing the most beneficial and least expensive source for the commercial bank, because the reality of the banking system requires commercial banks in general and the research sample banks in particular to diversify.
3. Commercial banks should seek to attract various types of financing sources and create an optimal and appropriate financing structure for the bank in order to raise and maintain profitability levels.
4. Commercial banks should not resort to borrowing except after using internal financing sources that result mainly from achieved profits. If these sources are insufficient, they may resort to borrowing, but at rates that do not exceed the standard rates approved in the sector.

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