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The Role Of Financial Inclusion In Promoting Banking Profitability

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ABSTRACT

The research aims to clarify the nature of the relationship and the impact of the financial inclusion variable represented by (credit facilities, deposits) as an independent variable in enhancing the bank's profitability represented by (the rate of return on credit facilities, the rate of return on deposits) as a dependent variable. The research sample is represented by (6) banks that were Choosing it from among (42) banks listed on the Iraq Stock Exchange, and these banks are (International Islamic Bank, Al-Arabiya Islamic Bank, Al-Janoob Islamic Bank, Al-Alam Islamic Bank, Nour Al-Iraq Islamic Bank, Zain Iraq Islamic Bank) that suit the research requirements and for the period (2018 - 2022) using annual financial statements based on the programs (Excel 2010 and SPSS V.26) to analyze the relationship and test the research hypotheses. The research reached the most important results, including the presence of a statistically significant effect of financial inclusion on the bank's profitability, as it was able to explain approximately (44%).

Keywords: *financial stability; bank profitability.*

INTRODUCTION

The concept of financial inclusion occupies great importance in financial and banking thought and how to apply it to reality, as its importance when managing banks lies in delivering financial services to the furthest point and to all financial consumers, and how to employ this concept in enhancing the bank's profitability.
The research included four axes. The first axis presented the research methodology, the second axis included the theoretical framing of financial inclusion and bank profitability, the third axis presented the applied aspect, and the fourth axis included the conclusions and recommendations that were reached.

THE FIRST AXIS:THE METHODOLOGY OF RESEARCH

Research problem

The research problem was embodied by the researchers noticing that there was a weak understanding of the research variables by the departments of the banks studied, and accordingly the research problem was crystallized in answering the following main question:

What is the level of awareness of the researched banks about financial inclusion and its role in enhancing the bank's profitability?

The research will answer the following questions:

1. What is the nature of the relationship between financial inclusion and enhancing bank profitability in the banks studied?
2. Is there an effect of financial inclusion in enhancing bank profitability in the banks studied?

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Research Importance:

1. Identifying the conceptual frameworks for the two research variables (financial inclusion and bank profitability), which contributes to enriching them to serve as a reference for researchers and to expand the study and analysis of these two variables to cover other aspects not presented by the current research.

2. The importance of the banking system and its role in achieving economic development, working to establish scientific foundations that enhance its future performance to improve it and achieve development goals and plans.
3. Consolidating the convictions of the senior leadership of banks about the feasibility of applying the principle of financial inclusion in their management of the bank.

Research objectives:

1. Analysis of banks' profitability based on the two credit facilities and the size of deposits of the investigated banks.
2. Determine the relationship between financial inclusion and bank profitability.
3. Explain the impact of financial inclusion in enhancing the bank's profitability.

Hypothetical research plan

Figure (1) shows the hypothetical diagram for the research and interpretation of the correlation and influence relationships between the main and subsidiary variables. The financial inclusion variable was considered as an independent variable (X), while the bank's profitability was considered as the dependent variable (Y).

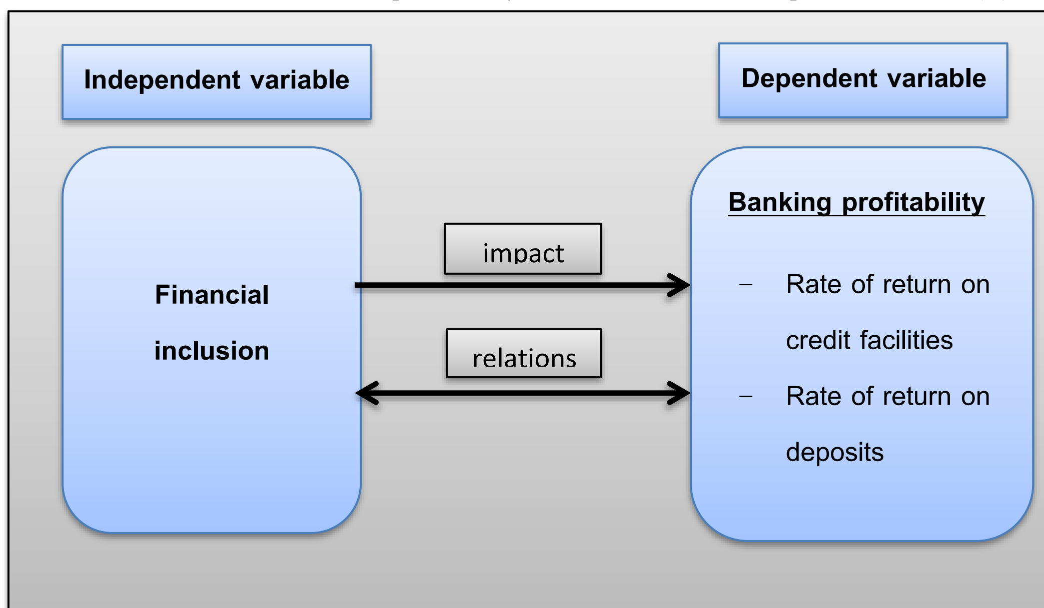

Figure (1) Hypothetical diagram of the research

Hypotheses:

1. The first main hypothesis: "There is a significant relationship between financial inclusion represented by credit facilities and bank profitability."
2. The second main hypothesis: "There is a significant relationship between financial inclusion represented by deposits and bank profitability."
3. The third main hypothesis: "There is a significant effect of financial inclusion on the bank's profitability."

The two sub-hypotheses emerge from it:

A- There is a significant impact of credit facilities on the bank's profitability.
B- There is a significant effect of deposits on the bank's profitability.

Research Method:

The research adopted the inductive approach to the research variables based on the published literature on them, and the analytical approach to the available data to reach results that contribute to their treatment.

Limitations:

1. Spatial boundaries: It was represented by a sample of banks listed on the Iraq Stock Exchange and located within the geographical area of Baghdad Governorate, which is (International Islamic Bank, Al Arabiya Islamic Bank, Al Janoub Islamic Bank, Islamic World, No Iraq Islamic Bank, and Zain Iraq Islamic Bank).
2. Time limits: Approval of the financial statements and reports of the banks studied for the years (2018 - 2022).

Research sample:

The research sample consisted of (6) banks out of (42) banks, which is equivalent to (14%) of the research population and is considered an acceptable percentage in social research.

Methods of analysis and measurement adopted in the research:

1. Financial indicators: The Excel 2010 program was relied upon and the following was calculated:
A- Rate of return on credit facilities = (net profit after tax / total assets) * 100
B- Rate of return on deposits = (net profit after tax / total deposits) * 100

2. Statistical indicators: The ready-made statistical program (SPSS V. 26) was relied upon and the following was calculated **(AL-Hakeem & Al-Musawi, 2022: 141-143)**:
A- Arithmetic mean: refers to the average or average of the values and is extracted by dividing the sum of the values by their number.
B- Standard deviation: To measure the extent to which values are dispersed from their arithmetic mean.
T- Pearson correlation coefficient: to measure the strength of the association between research variables.
W- Regression coefficient: to measure the effect between the research variables.
C- T-test: to compare and accept or reject correlation hypotheses.
H- F test: to determine the presence of a significant effect of the independent variable on the dependent variable.
X- Coefficient of determination R2: to explain deviations or changes in the dependent variable caused by the independent variables.
D- Simple linear regression equation: to estimate the relationship between the independent variable and the dependent variable.

THE SECOND AXIS: THE THEORETICAL FRAMING OF FINANCIAL INCLUSION AND BANK PROFITABILITY

Definition of financial inclusion:

Al-Adi has learned about financial inclusion from international bodies such as the Arab Monetary Fund, the Consultative Group To Assist The Poor (CGAP), the Group of Twenty (G20), the Global Alliance For Financial Inclusion (AFI), and the Organization for Financial Inclusion. And Economic Development (OECD) The Organization For Economic Co-operation and Development, and the International Network for Financial Education (INEF) International Network On Financail Educayion, and from all these definitions, the researchers concluded that financial inclusion is the provision of a group of financial and banking services and products, including (opening savings accounts Current accounts, granting credit, lending, insurance, and providing Islamic banking services, including sharecropping, sharecropping, istisna'a, and speculation), as these financial services and products are supported by regulatory bodies in order to enhance the access and use of these services and products at the lowest possible cost, with appropriate quality, and at the appropriate time for all segments of society. In a fair and transparent manner and in proportion to the needs of the customer (financial consumer). The Reserve Bank of India (2006) also defined financial inclusion as "the provision of banking services at reasonable costs to large sections of low-income and disadvantaged groups. Unrestricted access to public goods and services is an indispensable condition for an educated and efficient society. The nature of banking services is in the interest of The provision of banking and payment services to all members of society without discrimination is a major goal of public policy" **(Reserve Bank of India Bulletin, January 2006, :73)**

The FATF also defines financial inclusion as "ensuring access to financial services at an affordable cost in a fair and transparent manner. For the purposes of combating money laundering and terrorist financing, it is important that these financial products and services are provided through appropriately regulated financial institutions in line with the relevant task forces." "Financial Actions and Recommendations" **(FATF 2013;12),**

From the above, the two researchers believe that financial inclusion is a principle that the banking administration takes into account when building its strategies in managing the bank, and this principle is to deliver all financial and banking services to all members of society (the financial consumer), and to the furthest point, as financial inclusion means including all classes of society in Financial and banking services provided by banks.

The importance of financial inclusion:

The importance of financial inclusion can be seen in the following: **(World Bank, 2014:2) (Boutebineh, 2018: 9)**

1- Strengthening economic development efforts: Many applied studies conducted by the World Bank Group have proven that there is a direct relationship between levels of financial inclusion and levels of economic growth, and the depth of the spread and use of financial services is linked to levels of social justice in societies, in addition to the positive impact on labor markets. Expanding The widespread use of and access to financial services results in more small enterprises moving from the informal sector to the formal sector.
2- Enhancing the stability of the financial system: Increasing the population's use of financial services will certainly contribute to enhancing the stability of the financial system, through diversifying the deposit portfolio with banks and financial institutions in a way that reduces the risks of these institutions. This diversification enhances the stability of the countries' economic system, as large depositors They are the first to withdraw from the formal financial system when financial crises occur, and countries with greater levels of financial inclusion are less susceptible to political fluctuations.
3- Enhancing the ability of individuals to integrate and contribute to building their societies: Improving the ability of individuals to use financial services in the financial system will enhance their ability to start their own businesses, invest in education, as well as improve their ability to manage their financial risks and absorb shocks associated with financial changes **(Boutebineh, 2018: 9)**
4- Financial inclusion achieves sustainable development goals: Universalization of financial services provided by banks contributes to increasing the standard of living, financing small projects, reducing poverty and inequality, in addition to providing job opportunities.
5- Financial inclusion enhances competition between financial institutions: through diversifying banking products between banks and paying attention to their quality to attract the largest number of customers and transactions and legalizing some informal channels.
6- Paying attention to the social aspect: Financial inclusion is concerned with the poor and low-income people through their access to financial products in a fair manner and at low prices. This leads to the development of their social and economic conditions.

Objectives of financial inclusion:

The goals of financial inclusion are as follows **(Al-Shammari, 2017:29) (Abu Dayyah, 2016:22).**

A- Enhancing access to financial services and products to all segments of society, to inform citizens of the importance of financial services and how to obtain and benefit from them to improve their social and economic conditions to achieve financial and social stability.
B- Promoting and protecting the rights of financial services consumers by preparing policies and instructions in particular and informing those dealing with financial institutions of their rights and duties.
T- Facilitating access to financing sources with the aim of improving the living conditions of citizens, especially the poor **(Al-Shammari, 2017: 29).**
D- Promoting self-employment projects and economic growth.
C- Enabling small companies to invest and expand.
H- Reducing poverty levels and achieving prosperity and social well-being **(Abu Dayyeh, 2016: 22).**

Dimensions of financial inclusion:

The World Bank, the International Monetary Fund and the Global Alliance for Financial Inclusion have identified three dimensions of financial inclusion, which can be explained as follows: **(Hamdi et al., 2019:4)**

1- Access to financial services Access Dimension: This dimension refers to the ability of individuals to access formal financial services, and this requires identifying and analyzing potential barriers to opening and using a bank account, such as cost and proximity to banking service points.
2- Using Financial Services: Using Dimension: This dimension refers to the extent to which the financial consumer uses financial services provided by banking sector institutions, by determining the extent of use of these services, which requires collecting data on the extent of regularity and frequency of use over a specific period of time. And enhancing the granting of credit facilities of various types to the financial consumer, as these credit facilities are the main use of the bank and bring profit to the bank **(Kareem, 2023:689 & Mahmood)**
3- Quality of financial services Quality Dimension: The quality of financial service is considered an indicator that reflects the importance of financial services to customers, as quality includes customers' opinions regarding the request for financial services, and the quality of financial service is considered a challenge for bank management that requires studying the measurement, comparison, and comparison of these services with other banks when making a decision. And take actions supported by clear evidence regarding the financial service provided to the customer.

The role of banks in promoting financial inclusion:

The researchers believe that banks in general play a prominent role in enhancing financial inclusion through:

A- Innovating new and diverse financial services and products to distinguish the bank from its competing banks.
B- Providing financial products and services of the highest quality and lowest cost in order to achieve a competitive advantage and maintain the loyalty of the bank's customers (the financial consumer).

Definition of banking profitability:

Profitability can be defined as the profit attributed to some items in the balance sheet or income statement, as profitability measures the operational efficiency of the bank and enables investors, bank management, and those wishing to invest in the bank to know the efficiency of the bank's operational management more than monitoring it **(Al-Naimi and Kharsa, 2007: 36)**, and it is defined by **(Al-Qadi (2016: 28)** The actual embodiment of the results achieved by the bank, which are concerned with multiple parties and different groups (shareholder owners, lenders, suppliers, regulatory authorities, governments, workers, and others). This is what made its concept more relative, determined and linked to the goals it seeks to achieve. All of these parties. **(Al-Sadi et al., 2022:8)** sees profitability as a strategic goal that enables banks to grow and continue, and a financial indicator that clarifies the relationship between profits and investments that helped the bank achieve these profits. It is a ratio that expresses the extent to which the bank achieves profitability and is of interest to shareholders, depositors, investors, employees, and everyone who wishes to invest in the bank. Based on what was mentioned, the researchers believe that banking profitability is a financial indicator that shows the extent of the bank's management's efficiency in making good use of its sources of funds at the lowest cost and the highest rate of return for the sources of the bank's funds when used.

Factors affecting the bank's profitability:

Banking profitability is exposed to many factors, including internal factors that can be controlled by the bank's management, and external factors that the bank's management cannot control and which indicate the bank's profitability. These factors are as follows:

1- External factors:

These are factors that are not subject to the control of the bank's management, and there are many external factors that affect the bank's activities, which are as follows:

A. General political, legislative and economic conditions: Political conditions affect the bank's activities in terms of the stability of government financial institutions and the rule of law, the maturity of legislation, the development of the legal environment regulating economic activity, the spread of security and the development of the country's relations with the outside world and with international institutions, economic conditions, and increasing rates of economic growth. Economic prosperity, increased rates of savings and investment, and the availability of capital, all of this leads to the recovery of banking work and an increase in banks' activities, and thus leads to an increase in their revenues and profits **(Al-Jubouri, 2019: 276).**
B. Banking awareness and general culture: The public's interest in dealing with banks and the spread of banking culture lead to an increase in the volume of the bank's business, an increase in the funds deposited with it by the public, an increase in its activity, and thus an increase in its revenues and profits **(Al-Jubouri, 2019: 276).**
C. Competition: Competition between banks affects their profitability, due to the limited resources available to these banks, and as a result they are forced to pay high interest rates to obtain these resources, which leads to a decrease in the return margin, and thus affects net profits and profitability rates **(Maziq, 2014: 66).**
D. Interest rates: The profitability of banks increases as interest rates on loans increase, especially when interest rates on deposits are low. In other words, profitability increases as the interest rate margin increases, and interest rates play an effective role in influencing banks' investments **(Nabila, 2016: 11).**

2- Internal factors:

These are the factors that are subject to the control of the bank's management and which the management can influence, and the most important of these factors are the following **(Al-Jubouri, 2019: 278-280)**

A. The size of the bank and its ability to lend: Large banks with huge financial resources and large and many branches are able to add more funds and enter into various transactions and large deals, which increases their profits because large-sized banks perform better than medium- and small-sized banks due to economies of scale. The bank's capacity and size enable it to reduce the interest rate to attract more borrowing customers, and the ability to conduct profitable deals and activities across wide geographical areas and outside the borders of the country, as the size of the bank increases.

B. Securities profits and losses: Each bank maintains a portfolio of securities that includes stocks, bonds, and various commercial papers. These portfolios often achieve large profits, and may be exposed to losses that affect, in their entirety, the amount of profits achieved by the bank.
C. Loan term: Due to the impact of the possibility of repaying the loan on both credit risk and the risk of interest rate changes, the interest rate charged on loans increases as the loan term increases.
D. Level of credit risk: The greater the credit risk, the banks are exposed to some losses as a result of non-performing loans or bad debts, and the additional expenses related to them in terms of follow-up or taking the necessary legal measures to preserve the bank's rights. To confront this, banks resort to raising interest rates on risky loans in order to compensate for the losses. potential and according to the principle of trade-off between return and risk.
E. The availability of deposit insurance: The presence of a deposit insurance system enhances confidence in the banking system by depositors and the bank alike, which allows a greater flow of deposits to the bank and enables it to confidently enter into profitable investment activities. On the other hand, the deposit insurance system's compensation contributes To reduce or reduce the bank's losses in the event of an emergency.
F. Documentation: Documentation is the guarantee that the bank collects as documentation for the loans it grants. The better the documentation is, and the more the guarantees are in the form of valuable assets or with a reliable and high selling market value, this prompts banks to increase lending operations in order to reduce the levels of risk to which the loans granted may be exposed, which increases... Benefits received and enhances profits.
G. Operational efficiency and the availability of trained employees: The efficiency of the bank's employees, and the availability of experience they have, enhances the bank's efficiency and enables it to make better use of investment opportunities, improve the services provided and build good relationships with customers, which attracts more new customers.
H. Diversification of sources of income: The more the bank's sources of revenue are diversified, the more this enhances its profitability. The bank's management should not rely on interest income alone, but should find sources of income other than interest, especially service fees and revenues from trading activities. Banking activities themselves should also be diversified and expanded. Which enhances profitability.

There are other factors that the bank's management can control and influence:

A. Liquidity: It is one of the most important internal factors influencing the profitability of banks. Liquidity must remain in a state of balance in the bank to the extent that keeps risks at a reasonable level. Liquidity and profitability are two interrelated goals, but at the same time they are contradictory. It is expected that management will pay attention and employ its efforts to achieve High profitability indicators, but this will be reflected in their liquidity indicators. Possessing assets in a highly liquid form tends to reduce income, as liquid assets are linked to low profitability rates. For example, cash, which is the most liquid of all assets, is a non-income-generating asset, so it should be Banks must have an effective system for managing assets and liabilities to reduce the imbalance between them and also increase returns **(Radi, 2018: 63).**
B. Deposit structure: Banks focus on attracting savings deposits and deposits of all types, current, savings and term, and in particular they focus on savings and term deposits, because they give greater flexibility in employing them in long-term investments, and thus achieve higher profits. The cost of deposits also affects the profitability of banks because they represent... Burdens incurred by the bank in order to obtain them, and banks usually seek to reduce the value of interest paid on deposits to the maximum extent in order to increase their profitability **(Debek, 2015: 26).**

The importance of banking profitability

The importance of profitability for banks is as follows:

1- Profits are important in order to increase capital for the purpose of expanding the bank's work, and increasing profits comes from increasing the profitability of each of the bank's activities **(Hassan, 2014: 47).**
2- Profit, from a macroeconomic perspective, is an indicator of the distribution of national income among the various elements of production **(Al-Sous, 2012: 195).**
3- Banking management is concerned with identifying profitability in various fields in order to allocate funds to the most profitable and least expensive magazines **(Giyas, 2012: 96).**

THE THIRD AXIS: THE APPLIED ASPECT

Analyzing and discussing the profitability of the investigated banks:

The researchers were able to analyze the data published in the annual reports of the banks in question for comparison between the banks in question through the following:

A- The rate of return on credit facilities: It represents a comprehensive measure of management's effectiveness in achieving profit on the resources available to it through granting direct facilities such as (Mudaraba, Murabaha,

Istisna', Ijara, Qard Hasan, and other Islamic tools). It measures the investor's productivity in assets. (investment decision).
This rate can be calculated through the following equation:

$$ROA = \frac{\text{Net profit after tax}}{\text{Total assets}} \times 100$$

Schedule (1)
Rate of return on credit facilities

Bank/year	2018	2019	2020	2021	2022	the average	standard deviation
International Islamic Bank	**0.873**	**-3.075**	**1.387**	**1.118**	**4.193**	**1.142**	**2.595**
Al Arabiya Islamic Bank	**0.322**	**0.255**	**0.329**	**-656.633**	**-221.697**	**-700.066**	**333.366**
Al Janoub Islamic Bank	**1.234**	**0.156**	**0.511**	**3.227**	**11.863**	**7.501**	**4.674**
Islamic World Bank	**-5.496**	**-0.228**	**8.022**	**6.212**	**5.771**	**9.664**	**5.733**
Noor Iraq Islamic Bank	**14.020**	**6.184**	**0.024**	**-2.868**	**-1.293**	**17.101**	**8.412**
Zain Iraq Islamic Bank	**-36.295**	**-333.114**	**-9.100**	**0.128**	**0.358**	**-378.309**	**178.966**
the average	**4.904**	**-52.227**	**8.756**	**-648.923**	**-201.103**	**-727.710**	**276.791**
standard deviation	**16.967**	**136.296**	**5.463**	**268.725**	**92.328**	**300.785**	**138.429**

Source: Prepared by researchers based on the annual reports of the banks in the research sample.

It is noted from table (1) that the International Islamic Bank recorded the highest return rate in the year (2022) and reached (4.193), and the lowest return rate reached (-3.075) in the year (2019). The general rate of the bank during the research period was (1.142), and the standard deviation is the lowest. Among the banks in the research sample, it reached (2.323), and thus the International Islamic Bank is the most stable bank in terms of the rate of return on credit facilities among the banks in the research sample. While Al Arabiya Islamic Bank recorded the largest standard deviation among the banks of the research sample, as it reached (333.366) and an overall rate of return of (-700.066). This indicates that Al Arabiya Islamic Bank is the least stable in the rate of return on credit facilities among the banks in the research sample. Al Arabiya Bank has achieved Islamic Bank had the highest rate of return on banking facilities and reached (0.329) in the year (2020) and the lowest return amounted to (-656.633). This is a clear impact on the work of the bank's management during the Corona crisis. As for the rest of the banks in the research sample, there is varying stability between the two banks above.

B- The rate of return on deposits: This means the extent of the bank's ability to generate profits from the deposits that the bank has succeeded in obtaining, as they are among the strategic funds available for employment and are one of the largest sources of employment for the bank. This rate can be calculated through the following equation:

$$ROD = \frac{\text{Net profit after tax}}{\text{Total deposits}} \times 100$$

Schedule (2)
Rate of return on deposits

Bank/year	2018	2019	2020	2021	2022	the average	standard deviation
International Islamic Bank	**0.881**	**-1.753**	**1.471**	**1.079**	**6.147**	**2.907**	**2.860**
Al Arabiya Islamic Bank	**0.359**	**0.120**	**0.176**	**-14.986**	**-41.253**	**-22.581**	**18.088**
Al Janoub Islamic Bank	**4.250**	**0.204**	**0.631**	**2.939**	**8.668**	**9.757**	**3.412**
Islamic World Bank	**-9.215**	**-0.460**	**1.931**	**2.648**	**2.311**	**-4.634**	**4.991**
Noor Iraq Islamic Bank	**14.721**	**15.431**	**2.206**	**-32.192**	**-16.461**	**-3.126**	**20.699**
Zain Iraq Islamic Bank	**-17.934**	**-39.803**	**-4.607**	**0.519**	**4.252**	**-60.974**	**17.906**
the average	**8.007**	**6.908**	**5.647**	**-40.426**	**-39.879**	**-27.840**	**25.761**

standard deviation	11.262	18.498	2.524	14.222	19.437	25.813	8.382

Source: Prepared by researchers based on the annual reports of the banks in the research sample.

It is noted from table (2) that Noor Iraq Islamic Bank recorded the highest rate of return in the year (2019) and amounted to (15.431), and the lowest return amounted to (-32.192) in the year (2021). The general rate of the bank during the research period was (-3.126), and the standard deviation It is the highest among the banks in the research sample, reaching (20,699), and thus Noor Al-Iraq Islamic Bank is the least stable bank in terms of the rate of return on credit facilities among the banks in the research sample. While the International Islamic Bank recorded the lowest standard deviation among the banks in the research sample, as it reached (2.560), with an overall rate of return of (2.907). This indicates that the International Islamic Bank is the most stable in the rate of return on credit facilities among the banks in the research sample. As for the rest of the banks in the research sample, their stability varies between the two banks above.

Testing research hypotheses:

The researchers tested the research hypothesis using (SPSS.26) program, to link the research variables and reach the research goal and answer: Is there a relationship between financial inclusion and profitability in banks, through the following:

1- Testing the first main hypothesis, which states: "There is a significant relationship between financial inclusion represented by credit facilities and bank profitability".

Table (3)
Pearson correlation coefficient values between the research variables

Y	X Financial inclusion	Pearson correlation coefficient	Probability value	indication	the decision
Bank profitability	Credit facilities	0.537**	0.002	Morally significant	Accept the hypothesis
	Deposits	0.654**	0.000	Morally significant	Accept the hypothesis

(**) Significant effect at (0.05) and (0.01) significance levels.

It is clear from the results of Table (3) that there is a positive correlation between credit facilities resulting from the multiplicity of banks and their branches and profitability, which indicates the role of financial inclusion in improving the profitability of the banks in the research sample, as the Pearson correlation coefficient between them reached (** 0.537) at the probability value. (0.002), which is less than the levels of significance (0.05) and (0.01), and the interpretation of this result indicates that an increase in interest in credit facilities in the banks under study will necessarily lead to an increase in profitability by the amount of the correlation coefficient between them. Thus, the first main hypothesis of the research is accepted.

2- Testing the second main hypothesis, which states: "There is a significant relationship between financial inclusion represented by deposits and bank profitability".

The results of Table (3) showed that the value of the Pearson correlation coefficient between bank deposits resulting from the multiplicity of banks and their branches and profitability amounted to (**0.654), which is a positive value with a direct trend and a significant significance given that the probability value is equal to (0.000) at the same two levels of significance (0.05) and (0.01) respectively, and the interpretation of this result is that the greater the interest in bank deposits in the investigated banks, the more it helps in increasing profitability by the amount of the correlation coefficient between them.

3- Testing the sub-hypotheses of the effect

A- The first sub-hypothesis, which states: "There is a significant impact of credit facilities on the bank's profitability."

From the results of Table (4), the value of the coefficient of determination was (0.29), meaning that the credit facilities explained (29%) of the changes that occurred in banks' profitability during the period (2018 - 2022), while the remaining percentage (71%) was attributed to other variables that were not included. In the tested model, the calculated (F) test value was (11.371), which is greater than the tabulated value (4.182) at a degree of freedom (29) and a significance level (0.05). Thus, the estimated regression equation for the effect of credit facilities on the bank's profitability is as follows:

Bank profitability = 224331227 + (0.040) credit facilities

The value of the regression coefficient in the above equation, amounting to (0.040), indicates that an increase in the credit facilities of the banks under study by one unit will also be accompanied by an increase in the banks' profitability by (4%). Thus, we conclude that the first sub-hypothesis is accepted, which states: "There is a significant effect". The significance of banking facilities in the bank's profitability.

B- The second sub-hypothesis, which states: "There is a significant impact of deposits on the bank's profitability".

From the results of Table (4), the value of the coefficient of determination was (0.43), meaning that deposits explained (43%) of the changes that occurred in banks' profitability during the period (2018 - 2022), while the remaining percentage (57%) was attributed to other variables that were not included in For the tested model, the calculated (F) test value was (20.974), which is greater than the tabulated value (4.182) at a degree of freedom (29) and a significance level (0.05). Thus, the estimated regression equation for the effect of deposits on the bank's profitability is as follows:

Bank profitability = 283177943 + (0.058) deposits

The value of the regression coefficient in the above equation, amounting to (0.058), indicates that an increase in deposits for the banks under study by one unit will also be accompanied by an increase in the banks' profitability by (6%). Thus, we conclude acceptance of the second sub-hypothesis, which states: "There is a significant, morally significant effect". deposits in the bank's profitability.

Table (4)
Analysis of the impact of financial inclusion on bank profitability

Variables		Fixed limit (A)	Regression parameter Beta	R^2	TB	F	Sig
Y	X						
profitability	Credit facilities	224331227	0.040	0.29	3.372	11.371	0.002
	Deposits	283177943	0.058	0.43	4.580	20.974	0.000
	Financial inclusion	338833764	0.060	0.44	4.680	21.899	0.000

4. Testing the third main research hypothesis, which states: "There is a significant effect of financial inclusion on the bank's profitability".

The tested model for financial inclusion, with its dimensions (credit facilities and deposits), explained (44%) of the changes that occurred in banks' profitability during the period (2018 - 2022), while the remaining percentage of the model (56%) was attributed to other variables that were not included in the tested research model. The calculated (F) value was (21.899), which is greater than the tabulated value (4.182) at a degree of freedom (29) and a level of significance (0.05). Thus, the estimated regression equation for the effect of the total financial inclusion variable on the bank profitability variable is as follows:

Bank profitability = 338833764 + (0.060) financial inclusion

The value of the regression coefficient in the above equation, amounting to (0.060), indicates that an increase in the financial coverage of the banks under study by one unit will also be accompanied by an increase in the banks' profitability by (6%). Thus, we conclude that the third main hypothesis is accepted, which states: "There is a significant effect". Significant significance of financial inclusion in bank profitability.

FOURTH AXIS: CONCLUSIONS AND RECOMMENDATIONS

Conclusions:

1- Deposits and credit facilities explained that (43.9%) of the variables that occur on profitability, while (56.1%) were due to other elements and variables that were not included in the tested model.

Financial inclusion is an important topic essential for the banking service to reach all segments of society and to provide them with banking services equally.

2- The spread of branches of the banks in the research sample in the governorates of Iraq in a varying manner led to them acquiring a large share of deposits, and the growth of deposits was significant, as published in the annual financial reports, and thus they had close returns, and at the same time very large credit facilities were granted to the public through (speculation). Participation and good loan.

3- There is a direct relationship between financial inclusion and banking profitability for the banks in the research sample. Whenever new bank branches are opened, this leads to an increase in deposits and an increase in credit facilities, which leads to an increase in profit.

Recommendations:

1- Bank administrations must educate bank employees and the financial consumer about the issue of financial inclusion by holding seminars and advertising for the bank.
2- Bank managements must compete and create new Islamic financial services that enable them to compete with other banks to achieve the largest share of financial consumer deposits and thus be able to employ them more to gain an increase in profitability, which leads to an increase in profit.
3- Banks should manage electronic banking services more to achieve greater financial inclusion in their work, and thus banking profitability will be improved.

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