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The relationship between external financial transfer and documentary credits A study in the Iraqi banking sector for the period (2009-2013)

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Abstract : The research seeks to explain the relationship between financial transfers and documentary credits, and to explain the impact of these transfers on the documentary credit and to clarify the relationship between them for the period (2009-2013) for the Iraqi banking system and through indicators of growth and change in the quantities and amounts of transfers and credits in the banking sector. The research problem was the impact of financial transfer Documentary credit on the import and export process and its impact on external transfer. The relationship between the variables of the study: financial transfer and documentary credit, where the relationship is direct between them, and where there is an effect of financial transfer on documentary credit, which makes merchants reluctance to import or export goods due to the difficult conditions for opening documentary credit, which led By conducting financial transfers, the research concluded that the relationship between the two variables is a direct relationship that leads to a decrease in one variable and an increase in the other variable, and through the indicators of growth and change that were measured, these indicators showed the growth and change rates of remittances during the period, as well as documentary credit, and they showed significant growth in financial transfers. The research reached a set of conclusions and recommendations, the most important of which is that the relationship between external financial transfer and documentary credits is a direct relationship, which is proof of the hypothesis in the research methodology, which explains the effect of both variables on each other, as the lower the credit, the higher the external transfers. The research recommended that external financial transfer and documentary credit are related to foreign trade. This clarification of the concepts of their work and the methods, methods, instructions and controls regulating the conduct of commercial operations contributes to their development.
Keywords: financial transfer. Letter of credit .

Introduction: merchants and importers have followed a special pattern of making these payments, which are through financial transfers, and the loss of the Central Bank's control over these transfers has led to an increase in their amounts. larger than the amounts of documentary credits, and therefore this affects the profitability of the banking sector and also affects the decline in the use of documentary credits and the reduction in the use of this tool despite the advantages it provides to the importer, which are achieved in providing guarantee and security and the presence of a guarantor and mediator in the agreement process between the exporter (the seller) and the importer (Buyer) This is in contrast to what remittances provide, their use contains a kind of suspicion of smuggling and money laundering, and by calculating the rates of growth and change for both variables and stating their amounts, as well as the sum and arithmetic average of them, it is clear that there is a big difference between remittances and credits, and also the difference is itself in the credits when measuring the extent The change in the growth rate and the rate of change in the research period in exchange for small amounts does not achieve economic activity and benefit for the banking sector compared to what is available in transfers that start with high amounts and recorded growth rates at high rates despite the Central Bank issuing instructions and controls for financial transfer. It has clearly affected and reduced their amounts.

Research Methodology:

1) Research problem

The problem of research has been the impact of remittance and documentary dependence on import and export and its impact on external transfer. The relationship between the study variables of remittance and documentary dependence where the relationship between the two is exclusive and where there is an impact of remittance on documentary reliance. This makes the reluctance of traders to import or export goods due to the difficult conditions for opening documentary credits, resulting in remittance.

Through the research problem, we find the following.
- What is the relationship between financial transfer and documentary credits?
- What are the reasons behind the trend towards external financial transfer?
- How does external financial transfer affect documentary credits?

2) The importance of research
The importance of the research stems from the importance of the two variables, especially documentary credits, because of their role in commercial movement, commercial turnover, and controlling import operations, such as the quality of the goods, reducing money laundering operations, tax control, and monitoring. The research seeks to understand the formula of documentary credit, as well as explaining the importance of this tool in the bank, which makes it much easier for importers. Developing the bank's knowledge by reviewing the experiences of international and modern banks in implementing this tool, explaining how to carry out external financial transfers, and understanding the reasons for this transfer.

3) Research objective :-
1) a statement of the relationship between the financial transfer and documentary credits and what are the terms of both the financial transfer and documentary credits .
2) identification of external transfers and the mechanism of control followed by the central bank on them.
3) facilitate the procedures for opening documentary credits .

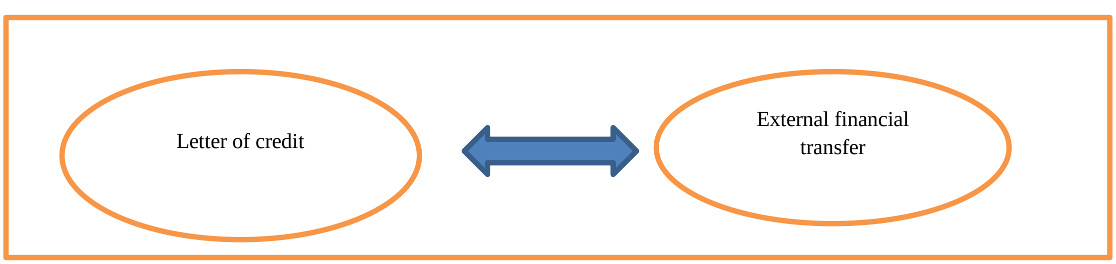
4) research hypotheses :-
In order to take note of the study problem, it is necessary to develop appropriate hypotheses that express the relationship between the two study variables, and on the basis of this, the current study came to address its problem in developing the main hypotheses that were represented in the hypothetical scheme of the study, namely :
1) What is the relationship between external financial transfer and documentary credits.
2) there is an impact of external financial transfer on documentary credits ..

5) Research population and sample
Iraqi banking sector

6) Research limitations
Spatial boundaries:
The Iraqi banking sector was chosen, through which the relationship between financial transfer and documentary credit can be measured
Time limits:
The period was limited to five years and was extracted from the main research, so the period was from 2009 to 2013.

7) Data collection methods
1) The theoretical aspect: Arabic and foreign books, university theses research, and theses.
2) The applied aspect: The study relied on the descriptive and analytical approach.

8) Default search form:
A hypothetical research model was designed, as in Figure (1), which explains the relationship between the research variables, based on the conceptual framework of foreign transfers and documentary credits. In light of the research problem and its objectives, a research model was formulated that explains the effect between the research variables, as follows:
1-Independent variable: external remittances.
2 -Dependent variable: documentary credits.
As the diagram shows-:
1- There is a relationship between the variables.



Previous studies :

Table no(1)	
1-(Idrees,2020)	
Study Title	"Long and Short-term Relationship between Migration, Foreign Remittances and Economic Growth of Pakistan: A Case of COVID-19"
Purpose of the study	Determine the short and long-run relationship between Pakistan's economic growth with foreign remittances,
Study method	Relying on the descriptive method. Relying on the statistical approach.
Study population and sample	The state of the economy in Pakistan Comparison with 9 selected countries
The most important conclusions	The study proved that there is a positive and significant relationship between foreign remittances and economic growth in the short term as well.
The most important recommendations	It is suggested that future studies be conducted to make a cross-country comparison of impacts and these variables affect economic growth along with the Pakistani economy, in this way، Improving the situation of labor migration and outward remittances in the context of the current situation (i.e. post-pandemic scenario).

Table no(2)	
2- (Ahmad, And others ,2022)	
Study Title	Export and Import Procedure with Letter of Credit
Purpose of the study	This study aims to analyze and examine international trade procedures using the letter of credit transaction method. This research aims to obtain data in the form of a systematic literature review sourced from different articles or journals including Emerald, ScienceDirect, etc. Regarding the existing data, the author applies a study method. Literature review plus content analysis with data obtained in journal format. Review and analysis are carried out to retrieve various relevant information that will later be included in this study. This research is a type of qualitative research that produces different hypotheses from previous research as data.
Study method	Relying on the descriptive method. Relying on the statistical approach.
Study population and sample	International trade activity in the economy The state of the economy of Indonesia
The most important conclusions	Letters of credit are an easy way to create a payment method between countries in this case a letter of credit is a very preferred payment method for import and export transactions. There are several stages in analyzing the use of a letter of credit among others First, understand the letter of credit procedure at this stage, the letter of credit procedure that is carried out in the company will be shown Secondly. Compare the company's letter of credit procedures with those found in the literature.
The most important recommendations	There are several ways to avoid problems in processing export-import payment transactions using a letter of credit first, exporters should make requirements so that the issuing bank / issuing bank uses a large foreign exchange bank and has reliable credibility. In addition to that. Advising Ban is a correspondent bank.. In addition, the bank is able to continuously improve the banking system and instruct the bank's leaders and employees.

First: Definition of financial transfer.

Electronic Funds Transfer System (EFT) is an important part of the banking infrastructure. These systems allow the secure transfer of financial attachments between bank accounts, in addition to the transfer of information related to these transfers. The definition of the electronic funds transfer system stipulates the following:

The process of granting authority to a bank to make financial transfers (credit and debit) electronically from one bank account to another bank account.

Three things become clear from this definition

First: Banks are the relevant entity through which funds are transferred, and through which all types of payments are settled.

Second: The comprehensiveness of these systems for banking operations and services in which funds are transferred electronically, whether credit or debit, as the mechanism of these systems is the transfer of debts from one bank to another. In fact, these debts are kept by each bank in records stored in its computers, and electronic money transfer systems manage the information related to these cash debts, allowing this information to be transmitted quickly and efficiently between banks, and the records to be corrected as a result. Of these transfers, this is done in cooperation with some specialized organizations such as the CHIPS system and the SWIFT system. At the local level, we find that the most famous and broadest types of electronic money transfer systems are what is known as the Automated Clearing House (ACH) and the Automated Gross Settlement System. Each of these mechanisms allows member financial institutions to exchange instructions

Payment and settlement of obligations electronically, and automated clearing systems can also accept instructions. Payments from financial institutions or directly from customers who can connect to these systems using special debit or credit cards. These networks are often owned and operated by central banks, such as the Saudi Rapid Transfer System, which is owned by the Saudi Arabian Monetary Agency, although its major institutions and the private sector, such as Visa, operate automated clearing systems. At the international level, we find that the most commonly used system to facilitate electronic financial transfers is the one managed by the World Society for Interbank Telecommunication in Finance (SWIFT), which provides services for sending payments in real time to member institutions. The change resulting from these systems is the replacement of means of transportation.

Third: The most obvious and important change brought about by these systems is the replacement of the means of physical transmission of instructions to the debtor or creditor between banks in paper form by sending two electronic messages and processing the instructions by electronic computers. It should be noted that the basic method of sending money is the same in both cases, the method of transferring instructions between banks or to the bank account. Until 1975 AD, the number of methods available was limited. A person who wishes to transfer money to another country, whether to fulfill an obligation or for a specific situation. The funds under His behavior in foreign countries. (Al-Salama, 2010, 20-23).

The concept of electronic money transfer

It is a banking operation in which money is transferred or transferred between accounts without making an actual transfer. Due to its importance in the life of citizens in general and businessmen in particular, it has become inherent in commercial activities.(Saher ,2023 , 63)

(Al-Barzanji ,2018 ,165)

It is a payment order issued by the bank (the transferor) at the request of one of the customers to another branch or bank (the payer bank) to pay a certain amount to a certain person (the beneficiary) and the transfer is issued to the beneficiary at home or abroad by regular mail, Telegram, telex or SWIFT system.

Reasons for transferring abroad

1-Personal transfers for specific purposes-:

a. Expenses for the student's study abroad.
2. Family assistance.
3. The cost of treatment abroad.
4. Transfer any amount and capital interest from a non-resident account
5. Foreign investors in the country\
6. Wages and benefits of foreigners working in the country
7. Convert home sale. (Khaled, Ismail, 2006, 243)

2- Outward trade transfers to pay for imported goods.

What is documentary credit?

Documentary credits are considered one of the important tools used to finance foreign trade operations. Fiscal policy plays a role in managing economic activities, whether within the country or through the import and export process. This requires financial institutions to support, guarantee and transfer. You often hear the term letter of guarantee or documentary credit. The bank or financial institution contributes to providing guarantee and stability due to the confidence of the importer and exporter through the mediation of banks in implementing the agreement. Documentary credits inherently imply trust and security, and are a means of settling external payments. Documentary credits are also considered among the activities practiced by banks in accordance with the laws of the country or in accordance with international norms and principles or whatever is agreed upon. (Abboud, 2017, 13(

Documentary credit is defined as (Ismail, 2011, 530):

A written undertaking issued by the bank on behalf of the customer (importer) requiring the payment of a specified amount at a specified time to a specified beneficiary (supplier), according to the documents requested by the importer, representing bank commissions. These documents are the specifications of the imported goods, shipping conditions, and payment instructions specified by both the importer and the bank. source for approval.

It was known (Al-Baroudi, 2001, 394)

A documentary credit is an undertaking issued by the bank at the request of the customer, who is called the orderer or giver of the order, in favor of the third party issuing, called the beneficiary, according to which the bank is obligated to pay or accept the pledge of bonds drawn on it by this beneficiary, taking into account certain conditions contained in this pledge and secured by a mortgage on the documents. Representative of exported goods.

(Al-Huwaidi, 2021, 31)

A documentary credit is an undertaking issued by the bank upon the request of the ordering buyer (buyer). The bank pays the price of the goods to the beneficiary (seller) according to certain conditions, and is opened in implementation of the buyer's obligation to pay the price. The obligations arising from its creation are limited to the two parties to the contract, which are the requesting party (buyer) and the bank only, and it does not bear The beneficiary (seller) is responsible for the credit. He does not have any obligation, and the bank is obligated to pay the value of the documents to the beneficiary and then places the documents related to shipping the goods at the disposal of the orderer in exchange for obtaining them and their value from the aforementioned ordering person. The ordering buyer is also obligated to pay the value of the documents that are the subject of the credit to the bank upon receiving them from him.

Parties to the documentary credit

1- The beneficiary is a Beneficiary. Under the letter of credit is the source of the goods for which the letter of credit was issued .(Jain,2012,19)

2- The buyer is an Applicant. It is he who requests the opening of a documentary credit in favor of the issuer (seller).(Al-Badiri ,2013, 201)

3- The importing bank . Issuing bank: the one who receives the documents from the issuer and sends them to the bank, which will handle the collection in accordance with the instructions issued to it in this regard .(Fawzia ,2018, 21)

4- Correspondent bank (issuing bank) Advising bank. : It is the bank with which the exporter deals, and it is considered to be the correspondent of the importing bank, and it is the bank that notifies the documentary credit to the exporter, at the request of the issuing bank of the credit. This bank may consolidate the documentary credit, that is, it adds its pledge to the beneficiary. By payment if the documents were received in accordance with the terms of accreditation.(Phosphos ,2010 ,178)

Advantages of documentary credits

- It regulates the relationship between the seller and the buyer, by specifying the specifications of the goods subject to approval, specifying the location, the date of submission of documents stating the shipping method, the place and time of payment for the goods.
- The seller does not have to make the effort and time to inquire about the financial and business situation of the buyer, because he is assured of his rights according to the accreditation.
- Minimizing the disadvantages of exchange laws, currency rates, import and export regulations in the country of each buyer and seller, which will be applied in the event that the prices of the goods are not settled through documentary credits by requiring the issuance of credit in a specific currency.(Bliss ,2005 ,30)
- The bank is more experienced and knowledgeable in the field of judging the compatibility of what is stated on the surface of the documents required for payment and what is stated in the letter of credit, which in turn is the basis for judging the shipment of the goods as desired by the buyer, which reduces disputes in this regard.
- Documentary credit is low-cost as the bank's Commission is low and the reason the bank is not exposed to risks as a result is that it deals only with documents, not goods.(Sota, qalmi, 2018, 40)

Disadvantages of documentary credits

1) The commission for documentary credits is high.
2) Procedures need more time
3) The buyer may be exposed to fraud and fraud.
4) A documentary letter of credit has a specific validity date. (Al-ghariyani ,2016,294)

Objectives of documentary credit

A. Documentary credit is an ideal means of settling most commercial transactions and international deals because of the guarantees it provides and the facilities that exporters and importers alike seek in carrying out import and export operations. (Unified Guide to Documentary Credits, 2018, 7)

B. It is one of the important banking methods in financing international trade, which allows financing the required goods guaranteed by documentary credit. (2017, 3 Mulaudzi)

C. It serves as an enabling factor that enables the issuing bank to grant credit facilities and direct their use. (Al-Najafi, 1990, 12)

D. Documentary credit is considered an important tool for financing internal trade operations when the volume of credit is large. (Al-Hasnawi et al., 2019, 202)

E. It is a successful way to build the confidence of the parties to the commercial process and encourage these parties to enter into trade deals with the aim of expanding international trade. (Mustafa, 2020, 51)

F. Reducing to a minimum the problems that banks and their customers may face when using documentary credits. (51 Otieno, 2013)
G. A secure payment system, and thanks to its flexibility, it has become a complete facility for financing foreign trade due to the nature of the entities issuing it. (Kazmierczyk, 2006, 39)

Expiration of the documentary credit

The effects of the documentary credit end when the seller (beneficiary) delivers the documents representing the goods to the importing bank, and the bank pays the value of the credit to the seller when this is done (delivery and fulfillment) within the limits of the credit card. The credit also ends at the end of its term specified in the documentary credit, even before its implementation, and the contract for opening the documentary credit ends. The bank gives the documents to the customer (buyer) in exchange for the customer paying the value of the credit and the expenses and commissions of the bank issuing the credit. The credit opening contract also ends with the death or bankruptcy of the customer, but this does not affect the relationship of the bank issuing the credit with the beneficiary (seller), because this relationship is independent of the credit opening contract because it arises from a letter of credit.
The relationship between external financial transfer and documentary credits
In general
an external financial transfer can affect documentary credits through the provision of financial guarantees, currency changes, the influence of policies and laws, increased credit risks, and the impact of international trade. External transfer and documentary credit are two financial instruments used in international commercial transactions, and the relationship between them relates to the way in which commercial transactions are carried out between parties. External transfer (telegraphic transfer): It is the process of transferring funds from an account in one country to an account in another country. Usually done through banks or international money transfer services, the process is quick and straightforward. Documentary credit: It is a type of guarantee used in international commercial transactions. A documentary credit is a financial document issued by a bank in which the bank pledges to pay a specific amount to the seller when he meets certain conditions, such as submitting certain documents proving the shipment of goods. The relationship between them lies in the fact that a documentary credit can be used as a means of implementing an external transfer. For example, in a trade transaction, a buyer (importer) can open a documentary credit in his local bank, and the bank undertakes to pay a certain amount to the seller (exporter) abroad upon presentation of the required documents according to the terms of the credit. When the conditions are met, the bank transfers the specified amount to the seller's external account, which represents the external transfer.
In short, a documentary credit can be used as a means of executing an external transfer within the framework of international commercial transactions, where payment is linked to the submission of documents according to specific conditions

Analysis of external transfers and documentary credits External transfers

External remittances are one of the modern means used in foreign trade operations carried out by the Iraqi banking sector, represented by imports. The development of modern life and the requirements of commercial life, and the rapid changes that accompany them, have contributed to making banking performance more flexible and highly effective, and have become a reflection of the nature of the development that is taking place. Perhaps one of the evidences of this development is allowing bank customers to carry out buying and selling transactions using the Internet via electronic payment methods provided by banks. The development did not stop there, but rather led to the emergence of electronic payment methods and systems, whether in the infrastructure, or in the supply chain, or In policies, individuals, or marketing activities, the electronic payments system is one of the important systems in the banking sector and plays a major role in achieving the goals and benefits of banks.

External financial transfer (external remittances) issued by the Iraqi banking sector for the period (2009-2013)

Year	of external remittances (Million Dollars)	Exchange rate Dollar	for external remittances (Million dinars)
2008	20,301	1193	24,219,093
2009	29,422	1170	34,423,740
2010	33,978	1170	39,754,260
2011	38,339	1170	44,856,630
2012	44,985	1166	52,452,510
2013	41,005	1166	47,811,830
∑=	167,025		195,706,233
μ	33405		39,141,247

External transfer activity began in the Iraqi banking sector in the year (2008) for the purposes of commercial operations in importing, and merchants followed a new method of importing through external financial transfer, which is based on importing from abroad, and sending the amounts of these imports through banks and financial transfer companies using... Financial transfer systems provide the transfer with ease through existing procedures and do not

require complex procedures in transferring money. The emergence of financial transfer for import purposes is a result of merchants not resorting to documentary credits and opening them in banks and as an easy procedure for the merchant to perform that does not require any complications while adhering to the laws and instructions issued. By the Central Bank regarding it.
The actual activity of external remittances was recorded in the year (2008) at an amount of (24,219,093) million dinars, and the official exchange rate was (1193) dollars for each Iraqi dinar, with an average amount of external

Year	Growth rate %	change rate %
2008	---	56.1
2009	42.1	42.1
2010	64.1	15.5
2011	85.2	12.8
2012	116.5	16.9
2013	97.4	(8.8)
∑=	307.9	143.4
μ	76.975	28.68

remittances of (20,301) million dollars.
In the year (2009) external remittances recorded a high activity amounting to (34,423,740) million dinars compared to the previous year with a percentage change rate of (42.1) and in the year (2010) external remittances recorded an amount of (39,754,260) million dinars with a percentage change over the previous year (15.5) and a growth rate. (64.1) As a result of the increase in the amounts of foreign transfers due to the stability of exchange rates and the transformation of merchants to modern systems in dealing with abroad and through bank operations, the decrease in the cost of financial transfers and the speed of conducting these operations in the bank and through financial transfer companies affiliated with the banking sector, and the increase in merchants' dealings with abroad in Import operations, which require payment of invoices for these activities. These amounts continued to rise.

In the year (2011) in the amount of approximately (44,856,630), and the percentage of change over the previous year in (2010) was (12.8), and the percentage of growth over the base year (2008) was approximately (85.2), and in the year (2012) it increased by approximately (52,452,510) in the percentage of change over the previous year. (16.9) and a growth rate of (116.5.(
In the year (2013), remittances decreased compared to the previous year by about (47,811,830), and the percentage of decrease was (8.8), and the growth rate compared to the base year was (97.4).
Table shows the percentage of growth and change and their comparison.

Remittances in the year (2009) showed a change in rate from the year (2008) at a rate of about (42.1) and a growth rate in the year (2010) over the previous year (64.1). In the year (2012) remittances recorded a higher growth rate than previous years at a rate of (116.5). Year (2013 - 2014) remittances decreased by a percentage change of (8.8)

Letter of credit

Documentary credit is considered an important means of facilitating import and export operations in foreign trade, through which the exporter and importer need to obtain the necessary financing and coverage to complete these operations, as the Iraqi banking sector seeks to provide these services through its banks and branches to meet customer requirements and provide these services within the controls issued by The relevant authorities, represented by the Central Bank of Iraq, which is considered the highest supervisory authority over banking activities.

Documentary credits issued by the Iraqi banking sector for the period (2009-2013)	
Year	Documentary credits (million dinars)
2008	11,178,238
2009	27,309,387
2010	28,015,801
2011	30,175,957
2012	31,385,326
2013	38,235,854
∑=	128,064,709
μ	25,612,942

Documentary credits issued by the Iraqi banking sector for the period (2009-2013)			
Year	Documentary credits (million dinars)	Growth rate %	change rate %
2008	11,178,238	---	74.1
2009	27,309,387	144.3	144.3
2010	28,015,801	150.6	2.5

2011	30,175,957	169.9	7.7
2012	31,385,326	180.7	4.0
2013	38,235,854	242.0	21.8
∑=	128,064,709	888	233
µ	25,612,942	177.5	46.52

The amount of documentary credit in 2008 was about (11,178,238) million dinars, and this amount increased in 2009 to become (27,309,387), with a change rate from the previous year of about (144.3). The change in the movement of documentary credits indicates improved security conditions and political stability, as well as the stability of the global economy. It overcame the financial crisis, which in turn was reflected in the national economic situation, which positively affected the increase in import traffic, which in turn led to an increase in the issuance of documentary credits.

The amounts of documentary credits in the Iraqi banking sector in 2010 were recorded at about (28,015,801) million dinars, with a change rate of about (2.5) over the year 2009 and a growth rate compared to the base year (2008), where it was recorded (150.6). This was represented by the return of prosperity and high growth rates of documentary credits for settlement. International commercial exchanges and increased demand for Iraqi banks to request financing for goods imported from abroad, with increased banking awareness among importers and awareness of the importance of this technology, as documentary credits in the years 2011 and 2012 witnessed high rates of change in their amounts and respectively (7.7) (4.0) and the growth rate was Also, respectively (169.9, 180.7).

In the year (2013), there was a major positive boom in the growth of documentary credit, as the amount of (38,235,854) million dinars was recorded. This increase is due to the increased demand for opening documentary credits by private sector owners, especially importers, to finance their imported goods, as this tool is considered a tributary of... Tributaries of financing for foreign trade, as the percentage shown above reflects to us the positive development and significant recovery of the movement of documentary credits, which shows us the awareness of those interested in national economic affairs of the importance of this tool and its role in organizing commercial aspects, especially import ones, as well as preserving the country’s stock of foreign currency that may be crowned In the future, towards establishing productive projects that serve the process of economic development that the Iraqi government seeks to achieve, if the changes in the growth of documentary credits continue and the percentage of change from the previous year was about (21.8) and with a growth rate of (242.0) with the base year.

Table shows the difference between the growth rates and the increase rates over the research period (2009-2013)

Documentary credits issued by the Iraqi banking sector for the period (2009-2013)		
Year	Growth rate %	change rate %
2008	---	74.1
2009	144.3	144.3
2010	150.6	2.5
2011	169.9	7.7
2012	180.7	4.0
2013	242.0	21.8
∑=	888	233
M	177.5	46.52

There was a clear increase in the rate of growth and increase in documentary credit in the year (2009). The rate of increase reached (144.3) indicating an increase in the use of documentary credits in the banking sector, followed by subsequent years with a growth rate in (2010), (2011) and (2012). (2013) reached (2.6), (7.7), (4.0) and (21.8). The year (2013) recorded the highest growth rate of change in documentary credit. The percentage shown reflects to us signs of positive development and a significant recovery in the movement of documentary credits, which shows us the awareness of those interested. In the national economic affairs, the importance of this tool and its role in organizing commercial aspects, especially import ones, as well as preserving the country’s stock of foreign currencies, which may be directed in the future to establish productive projects that serve the process of economic development that the Iraqi government seeks to achieve if the increase in the growth of documentary credits continues.

Table shows the difference between the percentages of credits and external transfers issued by the Iraqi banking sector (2009-2013)

	External remittance ratios		documentary credit ratios	
Year	Growth rate%	change rate %	Growth rate%	change rate %
2008	---	56.1	---	74.1
2009	42.1	42.1	144.3	144.3
2010	64.1	15.5	150.6	2.5
2011	85.2	12.8	169.9	7.7
2012	116.5	16.9	180.7	4.0
2013	97.4	(8.8)	242.0	21.8
∑=	307.9	143.4	888	233
M	76.975	28.68	177.5	46.52

The table above shows the difference between the growth and change rates in foreign transfers and documentary credits in the year (2009). The change rates were clear in the presence of a large difference between foreign transfers and documentary credits, as the transfers recorded a high percentage at a rate of (42.1), despite the change in the documentary credits from the year (2008). However, remittances are more widely used in the Iraqi banking sector, and the resort of merchants and importers to them has led to an increase in their amounts. Despite the benefits obtained by the banking sector, not all remittances that took place this year are for the purposes of trade and import, especially when the Central Bank issued a guide to combating... Money laundering and terrorist financing. Some of its guidelines stipulate that transfers made through banks should be investigated.

The documentary credit in the year (2009) shows the percentage of change from the previous year. By referring to the documents of documentary credits in banks, it is possible to know the importance of the credit for the purposes of trade financing and the confidence of merchants in carrying out commercial operations and financing their imports through this process by the banks that have open credits, and as the banking sector seeks to Through documentary credit, it aims to advance the reality of foreign trade and enhance confidence among merchants in the importance of the bank's presence as an intermediary and guarantor of the transaction between it and the exporter through the correspondent bank, and the benefits the credit brings to the banking sector through which its profitability rates can rise, which is reflected in banking activity in general and the establishment of banks. By developing and updating the basic evidence in foreign trade operations, in terms of the amounts of foreign remittances, their amounts were higher than documentary credits by a difference of (7,114,353). This difference explains the extent of the use of remittances in foreign trade for the purposes of imports and their emergence as a new type of payment for imports through financial transfers.

In the year (2013), the documentary credit recorded a higher growth rate than the growth rate in external transfers at a rate of (242.0) compared to the base year in the documentary credit, and it also recorded a rate of change at a rate of (21.8) compared to the previous year in the documentary credit, in contrast to the external transfers, which recorded a rate of (21.8) compared to the previous year in the documentary credit. Its growth was (97.4) compared to the base year, and the rate of decline was (8.8) compared to the previous year. This is evident from the control imposed by the Central Bank of Iraq on external transfers.

Conclusions:

1) A documentary credit is a banking transaction of bank credit, issued by order of the customer (buyer) to the bank issuing the credit for the benefit of the beneficiary (seller), in which the buyer undertakes to pay the value of the goods according to the documents provided, and in which the bank is an intermediary between the seller and the buyer. It is based on The principle of independence and the principle of formality, which is the ideal means of settling international commercial transactions in which banks deal with documents only.

2) External transfers are one of the very important banking operations in banks because of the profits and commissions they generate for the bank. This is what the study made clear, and that foreign trade operations target foreign remittances more than documentary credits, due to the ease of procedures enjoyed by foreign remittances and the low commission.

3) The theoretical formula between external financial transfer and documentary credit is a related formula because they are considered a source of financing foreign trade (imports), but from practical aspects this formula differs between them, as financial transfer is considered easier in its procedures than documentary credit, as well as the tendency and preference of merchants and importers for a type of these operations that is determined and reduced. From the size of the other type of services, documentary credit appears in numbers that shrink and decrease as the economic situation develops and the volume of imports increases using financial transfer methods away from bank intervention by any means, since merchants and importers use the speed method for the purpose of avoiding any problems that may occur and affect imports as they are linked to exchange rates. Fixed and defined.

4) The relationship between external financial transfer and documentary credits is clear and inverse, which is proof of the hypothesis in the research methodology, which explains the effect of both variables on each other, as the lower the credit, the higher the external transfers.

5) The results of the financial analysis show that the use of financial transfers is greater than that of documentary credits, and this tool must be monitored for the purpose of detecting the smuggling operations that occur in it, and it may be necessary to develop it for the purpose of keeping up with financial transfer operations, which have become a higher percentage in commercial operations.

Recommendations

1- Clarifying the difference between external financial transfer and documentary credit, since they are related to foreign trade. This clarification of the concepts of work of each of them and the methods, methods, instructions and controls regulating the conduct of commercial operations contributes to their development. Merchants and importers may use these two processes in conducting foreign trade financing. This difference is known through practices. The activities and events carried out by the banking sector contribute to increasing the knowledge of merchants and importers in using the best tool for foreign trade.

2- The global development in banking and economic technologies and global payment methods for foreign trade does not remain stable on a specific activity or service, but rather develops over time. Therefore, despite the importance of documentary credit, the means of financial transfer is better and more widely used due to the speed in performing commercial operations. Therefore, documentary credit is no longer Like the previous one, the basic element in foreign trade, and with emphasis on the use of financial transfer, it is necessary to establish controls, instructions, and work laws specific to financial transfer that can contribute to reducing suspicious operations.

3- Simplifying the procedures for documentary credits and expanding the scope of their issuance through private banks, and not limiting them or restricting their centralization to the Iraqi Trade Bank due to the universality of this tool and the large revenues it provides and the flexibility in dealing, in addition to its types that are compatible with the data that is appropriate to the financial situation of the Iraqi importer, By working to educate and encourage importers to prefer documentary credit over financial transfer as a means of financing their imports through... reducing the commissions and insurances charged.

4- A comprehensive restructuring of banking institutions and modernizing their banking systems by introducing the technology used in this field to keep pace with current developments, in addition to making information available electronically, and opening the way for some emergency instructions and controls on the provisions of documentary credit technology, as it is characterized by vitality and speed of development, and the necessity of reducing administrative procedures. And its duration, along with reconsidering bank commissions when dealing with documentary credit to avoid wasting time for the parties, and the necessity of approving the least expensive methods of communication for them, and the necessity of leaving the freedom to choose means of payment to the parties in the field of foreign trade, in application of the principle of freedom of trade without forcing them to choose one method.

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