

# Deposit and Loan Guarantee Institutions and its Expected Role in Economic Development in Iraq.

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- **Abstract:** Starting from the role of deposits and loans in supporting banking stability, any risk that threatens this role constitutes a direct threat to the banking system in particular and to economic development in general. Therefore, mechanisms should be put in place to protect and guarantee the rights of depositors (guarantee deposits), and mechanisms to protect banks from non-payment of bank credit and protect them from default and bankruptcy through the establishment of the institution of loan guarantee, which represents a real requirement to ensure the stability of the banking system and restore lost confidence in the Iraqi banking system and its role in the development process. Accordingly, the research problem emerged from a group of them. Do deposit and loan guarantee institutions actually lead to the stability of the banking system ? Does this affect the degree of stability of deposits and attract more deposits, especially since the percentage of deposits within the banking system (23%), while there is a percentage (77%) of the monetary mass outside the banking system, As well as the question, will it increase bank credit after this credit is guaranteed by the loan institution? Thus, activating the deposit guarantee law and approving the loan guarantee law, will it contribute to the forthcoming role by restoring confidence in the Iraqi banking system and activating its future role in development? It represents the true problem of research, especially since the Deposits Law, despite its approval, has not been implemented, and the Iraqi Credit Corporation Law is still not activated by the Central Bank of Iraq. Therefore, the research hypothesis stresses that (activating the deposit guarantee law and adopting the loan guarantee institution law will contribute to restoring confidence in the Iraqi banking sector as well as its future role in economic development).
- **Keywords:** deposits, loans, economic development, banking system